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**DU Québec**

Part

**2**

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**Laws and Regulations**

Volume 149

**Summary**

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### Contents

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**Acts 2017**

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**PROVINCE OF QUÉBEC**

1ST SESSION

41ST LEGISLATURE

QUÉBEC, 8 FEBRUARY 2017

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OFFICE OF THE LIEUTENANT-GOVERNOR

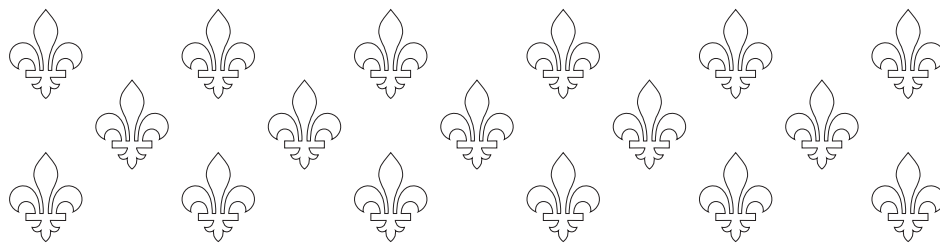
*Québec, 8 February 2017*

This day, at ten minutes past one o'clock in the afternoon, His Excellency the Lieutenant-Governor was pleased to assent to the following bill:

112     An Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016

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





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# NATIONAL ASSEMBLY

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FIRST SESSION

FORTY-FIRST LEGISLATURE

Bill 112  
(2017, chapter 1)

**An Act to give effect mainly to fiscal  
measures announced in the Budget  
Speech delivered on 17 March 2016**

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**Introduced 15 November 2016  
Passed in principle 23 November 2016  
Passed 8 February 2017  
Assented to 8 February 2017**

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**Québec Official Publisher  
2017**

## EXPLANATORY NOTES

*This Act amends various Acts to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 and in various Information Bulletins published in 2014, 2015 and 2016.*

*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 progressively increase the investment requirement of tax-advantaged funds.*

*The Act respecting duties on transfers of immovables is amended to ensure its integrity and fairness.*

*The Act respecting municipal taxation is amended to set up an assistance program for seniors to partially offset a municipal tax increase following the coming into force of an assessment roll.*

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

*(1) review of the tax assistance granted to persons who require certain medical techniques to become parents;*

*(2) introduction of a temporary refundable tax credit for eco-friendly renovation (RénoVert);*

*(3) greater access to the fiscal shield;*

*(4) enhancement of the refundable tax credit granting a work premium to households without children;*

*(5) improvement of the fiscal treatment applicable to gifts;*

*(6) fiscal tightening of the contributions for political purposes;*

*(7) restructuring of corporate income tax;*



(8) revision of the rates and extension of the tax credit for investments relating to manufacturing and processing equipment;

(9) enhancement of the refundable tax credit relating to information technology integration;

(10) enhancement of the refundable tax credit to promote employment in the Gaspésie and certain maritime regions of Québec;

(11) revision of the refundable tax credits for the production of multimedia titles and shows;

(12) replacement of part of the refundable tax credit for international financial centres by a non-refundable tax credit;

(13) enhancement of the refundable tax credit in respect of mining exploration expenses incurred in Québec's Near North and Far North;

(14) compulsory disclosure mechanism for certain transactions;  
and

(15) relaxation of the rules applicable to the transfer of family businesses.

*The Act respecting the sectoral parameters of certain fiscal measures is amended to, among other things, enhance the tax holiday for large investment projects.*

*The Act respecting the Régie de l'assurance maladie du Québec is amended to, among other things,*

(1) speed up the plan to reduce the health contribution for the year 2016 and abolish it as of the year 2017; and

(2) reduce the employers' contribution rate to the Health Services Fund for all small and medium-sized businesses.

*The Act respecting the Québec sales tax is amended to, among other things, broaden the lodging tax base and standardize its rate to 3.5%.*

*In addition, the Tax Administration Act, the Taxation Act and the Act respecting the Québec sales tax are amended to make amendments similar to those made to the Income Tax Act and the Excise Tax Act by federal bills assented to in 2013, 2014, 2015 and 2016. The Act gives effect mainly to harmonization measures announced in various*

*Information Bulletins published in 2013, 2014 and 2015 and in the Budget Speech delivered on 4 June 2014. More specifically, the amendments deal with*

*(1) administrative penalties in respect of electronic suppression of sales software;*

*(2) fiscal treatment of certain testamentary trusts;*

*(3) financial arrangements that consist in synthetic disposition transactions;*

*(4) corporate and trust loss trading; and*

*(5) leveraged life insurance schemes.*

*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 prescription drug insurance (chapter A-29.01);
- Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);
- Act respecting international financial centres (chapter C-8.3);
- Act respecting duties on transfers of immovables (chapter D-15.1);
- Act respecting municipal taxation (chapter F-2.1);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1);
- Mining Tax Act (chapter I-0.4);
- Tobacco Tax Act (chapter I-2);

- Taxation Act (chapter I-3);
- Act respecting the 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 representation of family-type resources and certain intermediate resources and the negotiation process for their group agreements (chapter R-24.0.2);
- Educational Childcare Act (chapter S-4.1.1);
- Act respecting the Québec sales tax (chapter T-0.1);
- Fuel Tax Act (chapter T-1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2003, chapter 2).



## Bill 112

### AN ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON 17 MARCH 2016

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### TAX ADMINISTRATION ACT

**1.** (1) Section 12.0.2 of the Tax Administration Act (chapter A-6.002) is amended by inserting “210.1 to 210.19 or” before “220.2 to 220.13” in the portion of the first paragraph before subparagraph *a*.

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

**2.** Section 17.3 of the Act is amended by replacing subparagraph *a.1* of the first paragraph by the following subparagraph:

“(a.1) within the preceding five years, has been assessed a penalty provided for in any of sections 59.3, 59.3.1, 59.4, 59.5.3, 59.5.10 and 59.5.11 or in section 1049 or 1049.0.5 of the Taxation Act (chapter I-3) or is a person one of whose directors or senior officers has been assessed such a penalty within the preceding five years;”.

**3.** Section 17.5 of the Act is amended by replacing subparagraph *a.1* of the first paragraph by the following subparagraph:

“(a.1) within the preceding five years, has been assessed a penalty provided for in any of sections 59.3, 59.3.1, 59.4, 59.5.3, 59.5.10 and 59.5.11 or in section 1049 or 1049.0.5 of the Taxation Act (chapter I-3) or is a person one of whose directors or senior officers has been assessed such a penalty within the preceding five years;”.

**4.** (1) Section 36.0.1 of the Act is replaced by the following section:

“**36.0.1.** Section 36 does not apply in respect of the time limit for filing a prescribed form containing prescribed information provided for in section 210.13 of the Act respecting municipal taxation (chapter F-2.1) and in sections 230.0.0.4.1, 1029.6.0.1.2 and 1029.8.0.0.1 of the Taxation Act (chapter I-3).”

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

**5.** (1) Section 36.1 of the Act is amended by replacing the third paragraph by the following paragraph:

“The first paragraph does not apply in respect of a prescribed form, prescribed information or a document referred to in section 210.13 of the Act respecting municipal taxation (chapter F-2.1), in the first paragraph of section 230.0.0.4.1 or 1029.6.0.1.2 of the Taxation Act (chapter I-3) or in section 1029.8.0.0.1 of that Act and filed with the Minister after the expiry of the time limit provided for in any of those provisions.”

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

**6.** (1) Section 58.1.1 of the Act is amended

(1) by replacing “réfère le premier alinéa de l’article 58.1” in the portion before paragraph *a* in the French text by “le premier alinéa de l’article 58.1 fait référence”;

(2) by replacing “section 415” in paragraph *h* by “any of sections 415, 415.0.2 and 415.0.6”.

(2) Paragraph 2 of subsection 1 has effect from 1 January 2013. However, where section 58.1.1 of the Act applies before 19 June 2014, it is to be read as if “any of sections 415, 415.0.2 and 415.0.6” in paragraph *h* were replaced by “section 415 or 415.0.2”.

**7.** The Act is amended by inserting the following sections before section 59.6:

**“59.5.10.** A person who contravenes section 34.1 or who, knowingly, through carelessness or voluntary omission, assents to, acquiesces in or participates in another person contravening that section incurs a penalty equal to

(a) \$50,000 if the action of the person occurs after the Minister has assessed a penalty payable by the person under this section or section 59.5.11; or

(b) \$5,000 in any other case.

Subject to the third paragraph of section 34.1, a person may not invoke against the assessment of a penalty that the person exercised due diligence to prevent the action from occurring.

**“59.5.11.** A person who contravenes section 34.2 incurs a penalty equal to

(a) \$100,000 if the person contravenes that section after the Minister has assessed a penalty payable by the person under this section;

(b) \$50,000 if the person contravenes that section after the Minister has assessed a penalty payable by the person under section 59.5.10; or

(c) \$10,000 in any other case.

A person does not incur the penalty provided for in the first paragraph in respect of an action of the person if the person exercised the degree of care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances to prevent the action from occurring.

**“59.5.12.** Despite section 25, where at any time the Minister assesses a penalty payable by a person under section 59.5.10 or 59.5.11, the Minister is not to assess, at or after that time, another penalty payable by the person under either of those sections that is in respect of an action of the person that occurred before that time.

**“59.5.13.** For the purposes of sections 59.5.10 to 59.5.12, if an assessment of a penalty referred to in section 59.5.10 or 59.5.11 is vacated, the penalty is deemed to have never been assessed.”

**8.** Section 59.6 of the Act is replaced by the following section:

**“59.6.** No person shall incur, in respect of the same statement, omission or action, both the penalty provided for in any of sections 59.3, 59.5.10 and 59.5.11 or in section 1049 of the Taxation Act (chapter I-3) and the penalty provided for in section 59.4 or, in respect of the same omission, both the penalty provided for in section 59 and the penalty provided for in any of sections 59.0.0.1, 59.0.0.3 and 59.0.0.4. Moreover, no person shall incur, in respect of the same omission, both the penalty provided for in any of sections 59, 59.0.0.1 and 59.2 or in section 1045 of the Taxation Act and the penalty provided for in section 59.3.1. In addition, no person shall incur, in respect of the same statement, omission or action, both a penalty provided for in any of those sections, in section 59.5.3 or in section 1049.0.5 of the Taxation Act and the payment of a fine provided for in a fiscal law unless, in the latter case, the penalty was imposed before the proceedings giving rise to the fine were brought.”

**9.** Section 60.1 of the Act is amended by replacing the first paragraph by the following paragraph:

**“60.1.** Every person who contravenes section 34.1 is guilty of an offence and, in addition to any penalty otherwise provided, is liable to a fine of not less than \$2,000 nor more than \$25,000 and, for a second offence within five years, to a fine of not less than \$25,000 nor more than \$100,000 and, for a third or subsequent offence within that period, to a fine of not less than \$100,000 nor more than \$500,000.”

**10.** Section 60.2 of the Act is amended by replacing the portion of the first paragraph before subparagraph *b* by the following:

“**60.2.** A person is guilty of an offence and, in addition to any penalty otherwise provided, is liable to a fine of not less than \$25,000 nor more than \$500,000 and, for a subsequent offence within five years, to a fine of not less than \$100,000 nor more than \$1,000,000, if the person

(a) contravenes section 34.2; or”.

**11.** Section 64 of the Act is replaced by the following section:

“**64.** No person who is convicted of an offence under any of sections 60.1, 60.2, 62, 62.0.1 and 62.1 may incur, for the same action, tax evasion or attempted tax evasion, a penalty provided for in any of sections 59, 59.3, 59.3.1, 59.4, 59.5.3, 59.5.10 and 59.5.11 or in section 1049 or 1049.0.5 of the Taxation Act (chapter I-3), unless the penalty was imposed on the person before proceedings were brought against the person under any of sections 60.1, 60.2, 62, 62.0.1 and 62.1.”

**12.** Section 65 of the Act is amended by replacing the first paragraph by the following paragraph:

“**65.** If, in any appeal brought under a fiscal law, substantially the same facts are at issue as those that are at issue in a prosecution under any of sections 60.1, 60.2, 62, 62.0.1 and 62.1, the Minister may apply for suspension of the appeal pending before the Court of Québec.”

**13.** (1) Section 93.1.1 of the Act is amended, in the second paragraph,

(1) by replacing “testamentary trust” by “succession that is a graduated rate estate, within the meaning assigned to that expression by section 1 of the Taxation Act,”;

(2) by inserting “210.1 to 210.19 or” before “220.2 to 220.13”.

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

**14.** (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 file with 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, 752.0.10.4.1, 752.0.10.15, 776.1.35 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, 1012.4, 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 27 March 2015.

**15.** (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 appeal from 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, 752.0.10.4.1, 752.0.10.15, 776.1.35 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, 1012.4, 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 27 March 2015.

**16.** (1) Section 93.2 of the Act is amended by replacing paragraph *l* by the following paragraph:

*“(l) an assessment pursuant to sections 210.1 to 210.19 or 220.2 to 220.13 of the Act respecting municipal taxation (chapter F-2.1);”*

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

**17.** (1) Section 94.5 of the Act is amended by inserting “and for the following year under section 210.7 of the Act respecting municipal taxation” at the end of the second paragraph.

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

**18.** Section 96.1 of the Act is amended by replacing “paid advice” by “written opinions”.

#### ACT RESPECTING PRESCRIPTION DRUG INSURANCE

**19.** (1) Section 15.1 of the Act respecting prescription drug insurance (chapter A-29.01) is amended by replacing paragraph 2 by the following paragraph:

*“(2) qualify for coverage under the group insurance contract, employee benefit plan or individual insurance contract applicable to the group, which includes coverage for the cost of pharmaceutical services and medications.”*

(2) Subsection 1 has effect from 30 August 2006.

ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF  
DESJARDINS

**20.** (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 subparagraphs 3 and 4, either of the following amounts, if the capitalization period begins after 29 February 2008:”;

(2) by adding the following subparagraph after subparagraph 3:

“(4) \$135,000,000, if the capitalization period is the period that ends on 28 February 2017 or the period that ends on 28 February 2018.”

(2) Subsection 1 applies from 1 March 2016.

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

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

“However, for a particular fiscal year, the Société shall comply with the following requirements:

(1) its eligible investments must represent, on the average, at least the following percentage of its average net assets for the preceding fiscal year:

(a) 60%, if the particular fiscal year ends on 31 December 2015,

(b) 61%, if the particular fiscal year ends on 31 December 2016,

(c) 62%, if the particular fiscal year ends on 31 December 2017,

(d) 63%, if the particular fiscal year ends on 31 December 2018,

(e) 64%, if the particular fiscal year ends on 31 December 2019, or

(f) 65%, if the particular fiscal year begins after 31 December 2019; and

(2) its eligible investments made in entities situated in the resource regions of Québec referred to in Schedule 2 or in eligible cooperatives must represent, on the average, at least 35% of the percentage applicable under subparagraph 1.”;

(2) by replacing “31 May 2016” in subparagraph 7 of the fifth paragraph by “31 May 2021”;

(3) by replacing “1 January 2017” in subparagraph 4 of the tenth paragraph by “1 January 2022”.

(2) Paragraph 1 of subsection 1 has effect from 26 March 2015.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 17 March 2016.

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

**“19.0.1.** If, for a particular fiscal year, the Société fails to comply with any of the requirements of the second paragraph of section 19, the Société may not issue shares or fractional shares in the capitalization period that begins in the following fiscal year for a total consideration exceeding one of the following amounts or, in the case where two of the following amounts apply, the lesser of the two:

(1) 87.5% of the total amount of the subscription for the Société’s shares and fractional shares that is authorized for that capitalization period under section 10 if

(a) the percentage that, on the average, the Société’s eligible investments for the particular fiscal year are of the Société’s average net assets for the preceding fiscal year is

i. less than 61%, but not less than 51%, if the particular fiscal year ends on 31 December 2016,

ii. less than 62%, but not less than 52%, if the particular fiscal year ends on 31 December 2017,

iii. less than 63%, but not less than 53%, if the particular fiscal year ends on 31 December 2018,

iv. less than 64%, but not less than 54%, if the particular fiscal year ends on 31 December 2019, or

v. less than 65%, but not less than 55%, if the particular fiscal year begins after 31 December 2019, or

(b) the percentage that, on the average, the investments described in subparagraph 2 of the second paragraph of section 19 for the particular fiscal year are of the Société’s average net assets for the preceding fiscal year is

i. less than 21.35%, but not less than 17.85%, if the particular fiscal year ends on 31 December 2016,

ii. less than 21.7%, but not less than 18.2%, if the particular fiscal year ends on 31 December 2017,

iii. less than 22.05%, but not less than 18.55%, if the particular fiscal year ends on 31 December 2018,

iv. less than 22.4%, but not less than 18.9%, if the particular fiscal year ends on 31 December 2019, or

v. less than 22.75%, but not less than 19.25%, if the particular fiscal year begins after 31 December 2019;

(2) 75% of the total amount of the subscription for the Société's shares and fractional shares that is authorized for that capitalization period under section 10 if

(a) the percentage that, on the average, the Société's eligible investments for the particular fiscal year are of the Société's average net assets for the preceding fiscal year is

i. less than 51%, but not less than 41%, if the particular fiscal year ends on 31 December 2016,

ii. less than 52%, but not less than 42%, if the particular fiscal year ends on 31 December 2017,

iii. less than 53%, but not less than 43%, if the particular fiscal year ends on 31 December 2018,

iv. less than 54%, but not less than 44%, if the particular fiscal year ends on 31 December 2019, or

v. less than 55%, but not less than 45%, if the particular fiscal year begins after 31 December 2019, or

(b) the percentage that, on the average, the investments described in subparagraph 2 of the second paragraph of section 19 for the particular fiscal year are of the Société's average net assets for the preceding fiscal year is

i. less than 17.85%, but not less than 14.35%, if the particular fiscal year ends on 31 December 2016,

ii. less than 18.2%, but not less than 14.7%, if the particular fiscal year ends on 31 December 2017,

iii. less than 18.55%, but not less than 15.05%, if the particular fiscal year ends on 31 December 2018,

iv. less than 18.9%, but not less than 15.4%, if the particular fiscal year ends on 31 December 2019, or

v. less than 19.25%, but not less than 15.75%, if the particular fiscal year begins after 31 December 2019;

(3) 62.5% of the total amount of the subscription for the Société's shares and fractional shares that is authorized for that capitalization period under section 10 if

(a) the percentage that, on the average, the Société's eligible investments for the particular fiscal year are of the Société's average net assets for the preceding fiscal year is

i. less than 41%, but not less than 31%, if the particular fiscal year ends on 31 December 2016,

ii. less than 42%, but not less than 32%, if the particular fiscal year ends on 31 December 2017,

iii. less than 43%, but not less than 33%, if the particular fiscal year ends on 31 December 2018,

iv. less than 44%, but not less than 34%, if the particular fiscal year ends on 31 December 2019, or

v. less than 45%, but not less than 35%, if the particular fiscal year begins after 31 December 2019, or

(b) the percentage that, on the average, the investments described in subparagraph 2 of the second paragraph of section 19 for the particular fiscal year are of the Société's average net assets for the preceding fiscal year is

i. less than 14.35%, but not less than 10.85%, if the particular fiscal year ends on 31 December 2016,

ii. less than 14.7%, but not less than 11.2%, if the particular fiscal year ends on 31 December 2017,

iii. less than 15.05%, but not less than 11.55%, if the particular fiscal year ends on 31 December 2018,

iv. less than 15.4%, but not less than 11.9%, if the particular fiscal year ends on 31 December 2019, or

v. less than 15.75%, but not less than 12.25%, if the particular fiscal year begins after 31 December 2019; or

(4) 50% of the total amount of the subscription for the Société's shares and fractional shares that is authorized for that capitalization period under section 10 if

(a) the percentage that, on the average, the Société's eligible investments for the particular fiscal year are of the Société's average net assets for the preceding fiscal year is less than

- i. 31%, if the particular fiscal year ends on 31 December 2016,
- ii. 32%, if the particular fiscal year ends on 31 December 2017,
- iii. 33%, if the particular fiscal year ends on 31 December 2018,
- iv. 34%, if the particular fiscal year ends on 31 December 2019, or
- v. 35%, if the particular fiscal year begins after 31 December 2019, or

(b) the percentage that, on the average, the investments described in subparagraph 2 of the second paragraph of section 19 for the particular fiscal year are of the Société's average net assets for the preceding fiscal year is less than

- i. 10.85%, if the particular fiscal year ends on 31 December 2016,
- ii. 11.2%, if the particular fiscal year ends on 31 December 2017,
- iii. 11.55%, if the particular fiscal year ends on 31 December 2018,
- iv. 11.9%, if the particular fiscal year ends on 31 December 2019, or
- v. 12.25%, if the particular fiscal year begins after 31 December 2019."

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2015.

#### ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**23.** (1) Section 6 of the Act respecting international financial centres (chapter C-8.3) is amended by replacing subparagraph 2 of the first paragraph by the following subparagraph:

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

(2) Subsection 1 has effect from 27 March 2015.

**24.** (1) Section 9 of the Act is amended by replacing the second paragraph by the following paragraph:

“After 30 March 2010, an application for such a qualification certificate must be filed under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1).”

(2) Subsection 1 has effect from 27 March 2015.

**25.** (1) Section 11 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, if the qualification certificate was issued under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), the application for the issue of a certificate must be filed under that Act.”

(2) Subsection 1 has effect from 27 March 2015.

## ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES

**26.** (1) The Act respecting duties on transfers of immovables (chapter D-15.1) is amended by inserting the following after the heading of Chapter II:

### “DIVISION I

“LIABILITY AND OTHER RULES FOR DETERMINING THE AMOUNT OWED AS TRANSFER DUTIES”.

(2) Subsection 1 has effect from 18 March 2016.

**27.** (1) The Act is amended by inserting the following sections after section 4:

“**4.1.** A transferee exempt from the payment of transfer duties under subparagraph *a* of the first paragraph of section 19 in respect of the transfer of an immovable is required to pay the transfer duties that would have been otherwise payable in respect of the transfer if, at a particular time in the 24-month period following the date of the transfer, the percentage of voting rights that may be exercised by the transferor under any circumstances at the annual meeting of shareholders of the transferee falls below 90%.

A transferee exempt from the payment of transfer duties under subparagraph *d* of the first paragraph of section 19 in respect of the transfer of an immovable is required to pay the transfer duties that would have been otherwise payable in respect of the transfer if, at a particular time in the 24-month period following the date of the transfer, the transferor and the transferee that are parties to the transfer cease to be closely related legal persons.

Where the transferor referred to in the first paragraph dies in the 24-month period following the date of the transfer of the immovable, the first paragraph is to be read as if “at a particular time in the 24-month period following the date of the transfer” were replaced by “at a particular time in the period preceding the date of the transferor’s death and following the date of the transfer”.

The transferee who is required to pay transfer duties under the first or second paragraph in respect of the transfer of an immovable may be so required only once in the 24-month period referred to in that paragraph.

**“4.2.** For the purposes of the second paragraph of section 4.1, a legal person that, at the time of the transfer, is closely related to a particular legal person, within the meaning of the second paragraph of section 19, ceases, at a particular time, to be closely related to the particular legal person if, at that time, the percentage of voting rights that may be exercised by the particular legal person and one or more legal persons referred to in the second paragraph of section 19 under any circumstances at the annual meeting of shareholders of the legal person falls below 90%.

For the purpose of determining the percentage of voting rights mentioned in the first paragraph, the second and third paragraphs of section 19 apply by replacing “at the time of the transfer” by “at the particular time”.

**“4.3.** For the purposes of the first and second paragraphs of section 4.1 and section 4.2, each person, other than the transferor or the transferee, who, at any time, has a right under a contract or otherwise, either immediately or in the future and either absolutely or contingently, to, or to acquire, shares of a legal person or to control the voting rights of such shares, or to cause a legal person to redeem, acquire or cancel any shares of its capital stock owned by other shareholders of the legal person, is deemed, at that time, to have exercised that right, except where the right is not exercisable at that time because its exercise is contingent on the death, bankruptcy or permanent disability of a person.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**28.** (1) Section 5 of the Act is amended by replacing paragraphs *a* and *a.1* by the following paragraphs:

“(a) if the amount of the consideration furnished by the transferee for the transfer of the immovable exceeds the amount mentioned in the application for registration in accordance with subparagraph *e* of the first paragraph of section 9 or in the notice of disclosure referred to in the second paragraph of section 6 or 6.1;

“(a.1) if the amount of the consideration furnished by the transferee for the transfer of movables referred to in section 1.0.1 exceeds the amount mentioned in the declaration provided for in the second paragraph of any of sections 9, 10.1 and 10.2; or”.

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**29.** (1) Section 6 of the Act is replaced by the following section:

**“6.** The transfer duties are payable from the date of the transfer of the immovable. They are due as prescribed in section 11.



The transferee of the immovable shall declare the transfer by filing an application for registration in the land register of the deed evidencing the transfer. However, if the deed evidencing the transfer of the immovable is not registered in the land register on or before the ninetieth day after the date of the transfer, a notice of disclosure of the transfer of the immovable containing the information listed in section 10.1 must be filed, on or before that ninetieth day, with the municipality in whose territory the immovable is situated.

For the purposes of the second paragraph, if the transfer that is the subject of a notice of disclosure has been made to two or more transferees, each of them is required to file a notice of disclosure with the municipality. However, a notice of disclosure filed by a transferee, on behalf of all the transferees, is deemed to have been filed by each of them.

Despite the first and second paragraphs, where an immovable is transferred as a consequence of a death, the transfer duties are payable from the date of the registration in the land register of the declaration of transmission of the immovable relating to the transfer.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**30.** (1) The Act is amended by inserting the following sections after section 6:

**“6.1.** Despite the first paragraph of section 6, the transfer duties that a transferee is required to pay under the first or second paragraph of section 4.1 are payable from the particular time referred to in that paragraph. They are due as prescribed in section 11.

The transferee shall declare to be required to pay transfer duties under the first or second paragraph of section 4.1 in respect of an immovable by filing a notice of disclosure containing the information listed in section 10.2 with the municipality in whose territory the immovable is situated on or before the ninetieth day after the particular time referred to in that paragraph.

For the purposes of the second paragraph, if the transfer that is the subject of a notice of disclosure has been made to two or more transferees, each of them is required to file a notice of disclosure with the municipality. However, a notice of disclosure filed by a transferee, on behalf of all the transferees, is deemed to have been filed by each of them.

**“6.2.** A transferee is not required to pay transfer duties on the registration in the land register of a deed evidencing the transfer of an immovable if the transfer has been the subject of a notice of disclosure referred to in section 10.1 or 10.2 or of special duties described in section 1129.33.0.3 of the Taxation Act (chapter I-3).”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

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

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

“**8.** The value of the consideration furnished by the transferee for the transfer of an immovable acquired in replacement of an immovable right conveyed by the transferee at the time of an expropriation or which the transferee conveyed to a person pursuant to a notice of expropriation from such person must be reduced, for the purpose of computing the transfer duties, by an amount equal to the proceeds of disposition which may reasonably be attributed to such immovable right.

The reduction referred to in the first paragraph must not be made unless”;

(2) by replacing subparagraphs *A* to *C* of subparagraph ii of paragraph *b* of subsection 2 by the following subparagraphs:

“(1) the day the transferee has agreed to an amount as full compensation for that immovable right;

“(2) where a claim or other proceeding has been taken before a tribunal of competent jurisdiction, the day on which the amount of the compensation is finally determined by that tribunal; or

“(3) where a claim or other proceeding referred to in subparagraph 2 has not been taken within two years after the event giving rise to compensation, the day that is two years following the day of that event.”;

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

“The reduction referred to in the first paragraph does not apply if the replaced immovable right was intended for purposes of speculation.”

(2) Subsection 1 has effect from 18 March 2016.

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

**“DIVISION II**

**“APPLICATION FOR REGISTRATION AND NOTICE OF DISCLOSURE”.**

(2) Subsection 1 has effect from 18 March 2016.

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

**“10.1.** The notice of disclosure referred to in the second paragraph of section 6 must contain the following particulars:

(a) in the case where the transferor or transferee is a natural person, the name of the natural person and the address of the natural person’s principal residence, or the address where the account relating to the transfer duties may be sent if that address is different from the address of the natural person’s principal residence;

(b) in the case where the transferor or transferee is a public body, a legal person, a partnership, an association, a trust or any other group of any kind whatever,

i. its name and, if applicable, the address of its head office or principal place of business,

ii. the Québec business number assigned to it under the Act respecting the legal publicity of enterprises (chapter P-44.1) or the identification number assigned to it by the Minister of Revenue, if applicable, and

iii. the name, position and contact information of each person authorized to act on its behalf;

(c) the name of the members of a professional order who have rendered services in the course of the transfer of the immovable;

(d) the identity of the owner of the immovable that appears in the deed registered in the land register;

(e) the other particulars that must appear in the application for registration in the land register of a deed evidencing the transfer of an immovable under the first paragraph of section 9, if they have been omitted in the deed evidencing the transfer of the immovable; and

(f) in the case where the notice of disclosure is filed by a transferee on behalf of two or more transferees, the information listed in subparagraph *a* or *b* for each transferee.

In addition, the notice of disclosure must specify whether or not the transfer is of both a corporeal immovable and movables referred to in section 1.0.1. If so, the notice must also include the particulars required under subparagraphs *e* to *h* of the first paragraph of section 9 in respect of the movables referred to in section 1.0.1 which are transferred with the immovable.

The notice of disclosure must be accompanied by an authentic copy of the notarial deed en minute or a copy of the private writing evidencing the transfer of the immovable.

**“10.2.** The notice of disclosure referred to in the second paragraph of section 6.1 must contain the following particulars:

(a) in the case where the transferor or transferee is a natural person, the name of the natural person and the address of the natural person’s principal residence, or the address where the account relating to the transfer duties may be sent if that address is different from the address of the natural person’s principal residence;

(b) in the case where the transferor or transferee is a legal person,

i. its name and the address of its head office or principal place of business,

ii. the Québec business number assigned to it under the Act respecting the legal publicity of enterprises (chapter P-44.1) or the identification number assigned to it by the Minister of Revenue, if applicable, and

iii. the name, position and contact information of each person authorized to act on its behalf;

(c) the name of the members of a professional order who have rendered services in the course of the transfer of the immovable;

(d) the other particulars that must appear in the application for registration in the land register of a deed evidencing the transfer of an immovable under the first paragraph of section 9, if they have been omitted in the deed evidencing the transfer of the immovable;

(e) the date of the day that includes the particular time referred to in the first or second paragraph of section 4.1 and the documents evidencing that date; and

(f) in the case where the notice of disclosure is filed by a transferee on behalf of two or more transferees, the information listed in subparagraph *a* or *b* for each transferee.

In addition, the notice of disclosure must specify whether or not the transfer is of both a corporeal immovable and movables referred to in section 1.0.1. If so, the notice must also include the particulars required under subparagraphs *e* to *h* of the first paragraph of section 9 in respect of the movables referred to in section 1.0.1 which are transferred with the immovable.

The notice of disclosure must be accompanied by an authentic copy of the notarial deed en minute or a copy of the private writing evidencing the transfer of the immovable, if the transfer is not registered in the land register at the time it is the subject of the notice.

**“DIVISION III****“PAYMENT AND RECOVERY”.**

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**34.** (1) Section 13 of the Act is replaced by the following section:

**“13.** Except in the case provided for in section 13.1, any claim resulting from transfer duties, except the portion of the claim that is unpaid as the result of fraudulent representation or of a declaration equivalent to fraud, is prescribed by three years from the date of filing with the municipality of the notice of disclosure of the transfer of the immovable referred to in section 10.1, or from the date of registration of the transfer, where the transfer has not been the subject of such a notice of disclosure and the deed evidencing the transfer is registered in the land register.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

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

**“13.1.** Any claim resulting from transfer duties payable in respect of an immovable under the first or second paragraph of section 4.1, except the portion of the claim that is unpaid as the result of fraudulent representation or of a declaration equivalent to fraud, is prescribed by three years from the date of filing of the notice of disclosure referred to in section 10.2 relating to the immovable.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**36.** (1) Section 14 of the Act is amended by replacing the first paragraph by the following paragraph:

**“14.** Where the officer in charge of tax collection in the municipality is of the opinion that the amount of the basis of imposition of the transfer duties or the amount of such duties differs from the amount mentioned in the application for registration, in the notice of disclosure and in the declaration provided for in the second paragraph of any of sections 9, 10.1 and 10.2, or that the transfer has been falsely interpreted as being a transfer subject to Chapter III, the officer must mention in the account any change that the officer considers should be made to the information contained in the application, the notice of disclosure and the declaration.”

(2) Subsection 1 has effect from 18 March 2016.

**37.** (1) Section 16 of the Act is amended by replacing the second paragraph by the following paragraph:

“Where the difference between the amount of the transfer duties mentioned in the application for registration, in the notice of disclosure and in the declaration provided for in the second paragraph of any of sections 9, 10.1 and 10.2, and the amount specified in the account as established under section 14 is not over the maximum amount of a claim which may be recovered before the courts in accordance with Title II of Book VI of the Code of Civil Procedure (chapter C-25.01), the transferee having paid the account in full within the time prescribed in section 11 may bring an action in accordance with that Title to recover any overpayment of the amount the transferee may be lawfully bound to pay. The transferee must exercise such recourse within 90 days from the expiry of the time provided in section 11, and thereupon it is incumbent on the municipality to justify the account as established under section 14.”

(2) Subsection 1 has effect from 18 March 2016.

**38.** (1) Section 17 of the Act is amended by inserting the following paragraph after paragraph *a.1*:

“(a.2) where the transferee is an international governmental organization listed in Schedule A or B to the Regulation respecting tax exemptions granted to certain international governmental organizations and to certain of their employees and members of their families (chapter A-6.002, r. 3);”

(2) Subsection 1 is declaratory.

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

(1) by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) the transfer is made by a transferor who is a natural person to a transferee that is a legal person if, immediately after the transfer, the transferor owns shares of the capital stock of the transferee carrying at least 90% of the voting rights that may be exercised under any circumstances at the annual meeting of shareholders of the transferee;

“(b) the transfer is made by a transferor that is a legal person to a transferee who is a natural person if, throughout the 24-month period immediately preceding the transfer, or, where the legal person has been constituted for less than 24 months on the date of the transfer, throughout the period that begins on the date of constitution of the legal person and ends on the date of the transfer, the transferee owns shares of the capital stock of the transferor carrying at least 90% of the voting rights that may be exercised under any circumstances at the annual meeting of shareholders of the transferor;

“(c) the transferee is a new legal person resulting from the amalgamation of several legal persons;”;

(2) by replacing the second, third and fourth paragraphs by the following paragraphs:

“For the purposes of subparagraph *d* of the first paragraph, a legal person is closely related to a particular legal person if, at the time of the transfer, the particular legal person, a qualifying subsidiary of the particular legal person, a legal person of which the particular legal person is a qualifying subsidiary, a qualifying subsidiary of a legal person of which the legal person is a qualifying subsidiary or two or more such legal persons or subsidiaries owns shares of the capital stock of the legal person carrying at least 90% of the voting rights that may be exercised under any circumstances at the annual meeting of shareholders of the legal person.

For the purposes of the second paragraph, a legal person whose shares of the capital stock carrying at least 90% of the voting rights that may be exercised under any circumstances at the annual meeting of shareholders of the legal person are owned, at the time of the transfer, by another legal person is a qualifying subsidiary of that other legal person at that time.

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

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**40.** (1) Section 20 of the Act is amended

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

“(d.1) the deed relates to the transfer of an immovable between former de facto spouses or to a transferee who is the former de facto spouse of the son, daughter, father or mother of the transferor or who is the son, daughter, father or mother of the former de facto spouse of the transferor, if the transfer occurs within 12 months after the date on which they began to live apart because of the breakdown of their union;”;

(2) by replacing subparagraphs *e* and *e.1* of the first paragraph by the following subparagraphs:

“(e) the deed relates to the transfer of an immovable by a transferor who is a natural person to a transferee that is a trust, where the transferor and the person for whose benefit the trust is established are the same person or persons related to each other within the meaning of subparagraph *d* or *d.1*;

“(e.1) the deed relates to the transfer of an immovable by a trust to the natural person for whose benefit the trust is established, where that person and the person who transferred the immovable to the trust are the same person or persons related to each other within the meaning of subparagraph *d* or *d.1*.”;

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

“For the purposes of subparagraph *d.1* of the first paragraph, “former de facto spouses” means two persons of opposite or the same sex who have lived in a de facto union for a period of 12 months ending before the date of the transfer or who are the father and mother of a child and are living apart on the date of the transfer because of the breakdown of their union, if the separation lasted for a period of at least 90 days.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 17 March 2016.

**41.** (1) Section 20.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, special duties are not required to be paid where the exemption is provided for in paragraph *a.2* of section 17 or in subparagraph *a* of the first paragraph of section 20.”

(2) Subsection 1 is declaratory.

**42.** (1) Section 20.2 of the Act is replaced by the following section:

**“20.2.** The special duties referred to in section 20.1 are not required to be paid in addition to the special duties provided for in section 1129.29 or 1129.33.0.4 of the Taxation Act (chapter I-3).

If the debtor pays the special duties referred to in section 20.1 before receiving the notice of assessment relating to the special duties provided for in section 1129.29 or 1129.33.0.4 of the Taxation Act, the municipality shall reimburse the special duties referred to in section 20.1 within 30 days after the day on which the amount provided for in section 1129.30 or 1129.33.0.5 of the Taxation Act is forwarded to it.”

(2) Subsection 1 has effect from 18 March 2016.



## ACT RESPECTING MUNICIPAL TAXATION

**43.** (1) Section 68 of the Act respecting municipal taxation (chapter F-2.1) is amended

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

“**68.** Structures forming part of a system of production, transmission or distribution of electric power and any works accessory to such a system or a component of such a system are not to be entered on the roll.”;

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

“Thoroughfares, fences or landscape development works are not to be entered on the roll if they are accessory to the system or a component of the system. In that respect, any public or private road, regardless of its area, is a thoroughfare accessory to an electric system or to a component of such a system, even if it is not used exclusively for the purposes of the system or component.”;

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

“Works accessory to an electric system or a component of such a system include works that have been built because of the existence of the network or component, regardless of whether they are materially connected and whether they are used for the production, transmission or distribution of electric power or for the operation of the system or component.”

(2) Subsection 1 applies from the calendar year 2016.

**44.** (1) The Act is amended by inserting the following after section 210:

“**DIVISION I.1**

“GRANT FOR SENIORS TO OFFSET A MUNICIPAL TAX INCREASE

“§1.—*Interpretation and general rules*

“**210.1.** In this division, unless the context indicates otherwise,

“eligible spouse” of a person for a year means the person who is the person’s eligible spouse for the year for the purposes of Title IX of Book V of Part I of the Taxation Act (chapter I-3);

“family income” of a person for a year means the aggregate of the income of the person for the year, determined under Part I of the Taxation Act, and the income, for the year, of the person’s eligible spouse for the year, determined under that Part I;

“roll” means the property assessment roll.

For the purposes of this division, “spouse” and “former spouse” must be construed in accordance with the rules of sections 2.2 and 2.2.1 of the Taxation Act.

**“210.2.** For the purposes of this division, a person is considered to be a person resident in Québec or Canada if the person is so considered for the purposes of the Taxation Act (chapter I-3), and is considered to be a person not resident in Québec or Canada in any other case.

**“210.3.** For the purposes of the definition of “family income” in the first paragraph of section 210.1, the following rules apply:

(1) the income for a year of a person who was not resident in Canada throughout the year is deemed to be equal to the income that would be determined in respect of the person for the year under Part I of the Taxation Act (chapter I-3) if the person had been resident in Québec and in Canada throughout the year or, if the person died in the year, throughout the period of the year preceding the time of death; and

(2) if a person becomes a bankrupt in a year, section 779 of the Taxation Act does not apply for the purpose of determining the person’s income for the year.

**“210.4.** The amount referred to in paragraph 5 of section 210.5 that must be used for a year subsequent to the year 2016 is to be adjusted annually in such a manner that the amount used for that year is equal to the total of the amount used for the preceding year and 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,

(1) 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

(2) 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.

For the purposes of the first paragraph, where the factor determined by the formula in that paragraph is less than zero, it is deemed to be equal to zero.

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.

If the amount that results from the adjustment provided for in the first paragraph is not a multiple of \$100, it is to be rounded to the nearest multiple of \$100 or, if it is equidistant from two such multiples, to the higher multiple.

“§2.— *Grant entitlement*

**“210.5.** Subject to section 210.13, a person is entitled to a grant for a particular year, subsequent to the year 2015, in respect of an entirely residential assessment unit consisting of only one dwelling (in this division referred to as the “specified assessment unit”), other than the assessment unit referred to in the second paragraph, if

(1) at the end of 31 December of the year preceding the particular year, the person is resident in Québec and has owned the specified assessment unit for at least 15 consecutive years;

(2) the person has reached 65 years of age before the beginning of the particular year;

(3) the person is a person to whom the municipal tax account relating to the specified assessment unit was sent for the particular year;

(4) the specified assessment unit is the person’s principal place of residence at the time of the sending of the municipal tax account relating to the specified assessment unit for the particular year; and

(5) the person’s family income for the year preceding the particular year does not exceed \$50,000.

For the purposes of the first paragraph, an entirely residential assessment unit consisting of only one dwelling does not include a rectory that is exempt, in whole or in part, from municipal or school taxes under section 231.1.

**“210.6.** For the purposes of subparagraph 1 of the first paragraph of section 210.5, where a person has become the owner, as a result of a transfer, of a specified assessment unit that was owned before the transfer by the person’s spouse, or the person’s former spouse if the transfer was made under a decree, order or judgment of a competent tribunal, or under a written separation agreement, within the meaning of section 1 of the Taxation Act (chapter I-3), relating to a partition of property between them in settlement of rights arising out of, or on the breakdown of, their marriage, the person is deemed to have owned the specified assessment unit during each year that preceded the year of the transfer and in which the person’s spouse or former spouse, as the case may be, owned the specified assessment unit or was deemed to own it under this section.

“§3.— *Grant calculation*

“**210.7.** The amount of the grant to which a person to whom section 210.5 applies is entitled in respect of a specified assessment unit situated in the territory of a municipality for a year to which a roll applies (in this section referred to as the “current roll”) is equal to the lesser of \$500 and the amount determined by the formula

$$\{A \times [B - (C \times D)]\} + E.$$

In the formula in the first paragraph,

(1) A is the rate resulting from the addition of the rates of the following municipal property taxes that are applicable for the year to the specified assessment unit for the first fiscal year to which the current roll applies:

(a) the general property tax,

(b) each of the special property taxes that are imposed on all of the specified assessment units situated in the territory of the municipality, on the basis of their taxable value,

(c) a special tax whose purpose is to reimburse the debts of a municipality that ceased to exist following an amalgamation and that is imposed on all of the specified assessment units situated in the territory of the municipality that ceased to exist, on the basis of their taxable value,

(d) if the specified assessment unit is situated in the territory of a borough of Ville de Montréal, the borough tax that is imposed by the borough council on all of the specified assessment units situated in the territory of the borough, on the basis of their taxable value, and

(e) the urban agglomeration tax that is imposed by an urban agglomeration council on all of the specified assessment units situated in the territory of the municipality, on the basis of their taxable value;

(2) B is the value of the specified assessment unit entered on the current roll, as that roll stands on the day of its deposit;

(3) C is the value of the specified assessment unit entered on the roll immediately preceding the current roll, as that roll stands on the day preceding the day of the deposit of the current roll;

(4) D is an amount equal to the amount determined by the formula

$$(F/G) + 0.075;$$

(5) E is the amount of the grant awarded, under this division and in respect of the specified assessment unit, for the last year to which the roll immediately preceding the current roll relates, to the person or to any other person; and

(6) where the difference between the amount that B represents and the product obtained by multiplying the amounts that C and D represent is less than zero, such difference is deemed to be equal to zero.

In the formula in subparagraph 4 of the second paragraph,

(1) F is the amount obtained by dividing the total of the values entered on lines 501, 502 and 514 of the section entitled “VALEURS DES LOGEMENTS” of the form that is prescribed by the regulation made under paragraph 1 of section 263 and that pertains to the summary of the property assessment roll reflecting the state of the current roll on the day of its deposit by the total number of dwellings entered on those lines; and

(2) G is the amount obtained by dividing the total of the values entered on lines 501, 502 and 514 of the section entitled “VALEURS DES LOGEMENTS” of the form that is prescribed by the regulation made under paragraph 1 of section 263 and that pertains to the summary of the property assessment roll preceding the roll referred to in subparagraph 1 and reflecting its state on the day preceding the day of the deposit of the current roll by the total number of dwellings entered on those lines.

For the purpose of applying this section to a particular year subsequent to the year 2016, where the last year to which the roll immediately preceding the current roll relates is the year 2016 and the amount represented by E in the formula in the first paragraph for the particular year in respect of the specified assessment unit is greater than \$500, that amount is deemed to be equal to \$500 for the particular year.

**“210.8.** Where the amount determined by the formula in the first paragraph of section 210.7 is a decimal number, the decimal part is dropped and the integer is increased by 1 if the first decimal digit is greater than 4.

Where the amount determined by the formula in subparagraph 4 of the second paragraph of section 210.7 or the quotient resulting from the division under subparagraph 1 or 2 of the third paragraph of that section is a number that 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.

**“210.9.** Where a municipality applies, in respect of a roll, the measure for averaging the variation in taxable values provided for in Division IV.3, the formula in the first paragraph of section 210.7 is to be replaced, in relation to a particular year to which the roll applies, by

(1)  $\frac{1}{3} \{A \times [B - (C \times D)]\} + E$ , where the averaging measure applies to three fiscal years and the particular year corresponds to the first of those fiscal years;

(2)  $\frac{2}{3} \{A \times [B - (C \times D)]\} + E$ , where the averaging measure applies to three fiscal years and the particular year corresponds to the second of those fiscal years; or

(3)  $\frac{1}{2} \{A \times [B - (C \times D)]\} + E$ , where the averaging measure applies only to two fiscal years and the particular year corresponds to the first of those fiscal years.

**“210.10.** Unless the amount of the grant that a person may obtain for a year (in respect of a specified assessment unit, if section 210.5 applied to the person and if the formula in the first paragraph of section 210.7 were read without reference to “+ E”) is specified on the municipal tax account, a municipality shall specify that amount in the prescribed form containing prescribed information and send the form to the person on or before the last day of February of that year.

**“210.11.** Where, on a date subsequent to the date of the deposit of a roll, an alteration (other than an alteration referred to in section 210.12) is made to the roll to reflect the decrease in the taxable value of a specified assessment unit, subparagraph 2 of the second paragraph of section 210.7 is to be read, in relation to the specified assessment unit, for any year beginning after the date of the alteration and to which the roll applies, as if “as that roll stands on the day of its deposit” were replaced by “as that roll stands at the end of the fiscal year in which the taxable value of the specified assessment unit was reduced”.

**“210.12.** Where an alteration to the taxable value of a specified assessment unit is effective from the date of coming into force of a roll or the day before that date, the amount of the grant provided for in section 210.7, in relation to the specified assessment unit for a year to which the roll applies, is to be determined or redetermined, as the case may be, taking into account, for the purposes of subparagraph 2 or 3 of the second paragraph of that section, the taxable value of the specified assessment unit as altered.

Where an alteration provided for in the first paragraph is made to a roll after an application under section 210.13 has been filed with the Minister of Revenue by a person, in relation to a specified assessment unit, for a particular year to which the roll applies, the following rules apply:

(1) section 210.10 applies to the municipality in respect of which the roll was altered, but the form referred to in that section must, if applicable, be sent again to the person within a reasonable time; and

(2) on or before the sixtieth day after the date of sending of the altered municipal taxes account, if the tax account specifies the amount of the potential grant, or, in any other case, of the form referred to in section 210.10, that was sent to the person because of the alteration to the roll, the person shall file an application for the review with the Minister of Revenue.

“§4.— *Grant application*

“**210.13.** A person wishing to benefit from a grant for a particular year in respect of a specified assessment unit must file an application on or before 31 December of the fourth year that follows the particular year with the Minister of Revenue in the prescribed form containing prescribed information that the person must enclose with the fiscal return the person is required to file under section 1000 of the Taxation Act (chapter I-3) for the year that ended immediately before the beginning of the particular year or would be required to file if tax were payable by the person for that year under Part I of that Act.

“**210.14.** If, for a year, more than one person could, but for this section, be entitled to an amount under section 210.7 in respect of a specified assessment unit that the persons jointly own, the total of the amounts to which each of those persons may be entitled under that section for the year in relation to the specified assessment unit may not exceed the particular amount to which only one of those persons could be entitled under that section for the year in relation to the specified assessment unit if that person were the sole owner of the specified assessment unit.

If the persons cannot agree on the portion of the particular amount to which each person would, but for this section, be entitled under section 210.7, the Minister of Revenue may determine the portion of that amount to which each person is entitled under that section.

“§5.— *Administrative provisions*

“**210.15.** The Minister of Revenue shall examine, with dispatch, the application filed under this division, determine the amount of the grant to which the person is entitled and send the person a notice of determination in that respect.

“**210.16.** The Minister of Revenue may redetermine the amount of a grant

(1) within three years after the date of sending of the notice of determination provided for in section 210.15; or

(2) at any time, if the applicant

(a) misrepresented the facts through negligence or wilful omission, committed fraud in making the application or furnishing any other information for the payment of the grant provided for in this division, or

(b) filed a waiver with the Minister in prescribed form.

“**210.17.** The provisions of the Tax Administration Act (chapter A-6.002), to the extent that they relate to an assessment or reassessment, apply, with the necessary modifications, to the determination or redetermination of an amount under this division.

**“210.18.** The payment of a grant to a person is deemed to be a refund to the person by reason of the application of a fiscal law.

**“210.19.** The sums required for the payment of a grant owing under this division are taken out of the tax revenues collected under the Taxation Act (chapter I-3).

**“210.20.** This division is deemed to be a fiscal law within the meaning of the Tax Administration Act (chapter A-6.002).”

(2) Subsection 1 has effect from 1 January 2016. However, where section 210.7 of the Act applies in respect of a grant application filed before 24 September 2016, the portion of the first paragraph of that section before the formula is to be read without reference to “the lesser of \$500 and”.

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

**45.** (1) Section 18 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 “Aux fins” in the French text by “Pour l’application”;

(2) by adding the following paragraph:

“Except for the purposes of subparagraph 8 of the fifth paragraph of section 19, an investment in an entity that is not an enterprise within the meaning of the first paragraph and that is either a partnership (other than a partnership that is an investment fund) or a legal person is deemed to be an investment in a particular enterprise, if the investment was made with a view to investing in the particular enterprise.”

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

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

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

“However, for a particular fiscal year, the Fund’s eligible investments must represent, on the average, at least the following percentage of the Fund’s average net assets for the preceding year:

(1) 60%, if the particular fiscal year ends on 31 May 2015;

(2) 61%, if the particular fiscal year ends on 31 May 2016;

(3) 62%, if the particular fiscal year ends on 31 May 2017;



- (4) 63%, if the particular fiscal year ends on 31 May 2018;
- (5) 64%, if the particular fiscal year ends on 31 May 2019; or
- (6) 65%, if the particular fiscal year begins after 31 May 2019.”;

(2) by replacing “31 May 2016” in subparagraph 8 of the fifth paragraph by “31 May 2021”;

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

“For the purposes of subparagraph 2 of the fifth paragraph, an investment made by an entity that is neither an enterprise within the meaning of the first paragraph of section 18 nor an investment fund, otherwise than as first purchaser for the acquisition of securities issued by a partnership or a legal person, is deemed to have been made by the Fund in proportion to its share in the entity, if one of the main reasons for which the Fund holds an interest in the entity is to enable the financing of such an acquisition.”;

(4) by replacing “1 January 2017” in subparagraph 4 of the tenth paragraph by “1 January 2022”.

(2) Paragraph 1 of subsection 1 has effect from 26 March 2015.

(3) Paragraphs 2 and 4 of subsection 1 have effect from 17 March 2016.

(4) Paragraph 3 of subsection 1 has effect from 1 June 2016.

**47.** (1) Section 19.2 of the Act is amended by replacing the first paragraph by the following paragraph:

“**19.2.** The approval by the Minister of Finance of an investment policy referred to in the first paragraph of section 19.1 is valid for a maximum period of five fiscal years beginning on the first day of the fiscal year in which the investment policy became applicable.”

(2) Subsection 1 applies in respect of the approval of an investment policy by the Minister of Finance after 30 June 2016.

**48.** (1) Section 20 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

“**20.** If, for a particular fiscal year, the Fund fails to comply with the requirement of the second paragraph of section 19, the Fund may not issue class “A” or class “B” shares or fractional shares in the following fiscal year for a total consideration exceeding the amount determined as follows:

(1) 75% of the total consideration paid for class “A” and class “B” shares or fractional shares issued in the preceding fiscal year, excluding the total

consideration paid for class “A” and class “B” shares or fractional shares acquired and paid by payroll deduction or account debit in accordance with Division V or acquired under a subscription agreement entered into with an employer in favour of the employer’s employees, if the percentage of the Fund’s eligible average investments for the particular fiscal year relative to the Fund’s average net assets for the preceding fiscal year is

(a) less than 60%, but not less than 50%, if the particular fiscal year ends on 31 May 2015,

(b) less than 61%, but not less than 51%, if the particular fiscal year ends on 31 May 2016,

(c) less than 62%, but not less than 52%, if the particular fiscal year ends on 31 May 2017,

(d) less than 63%, but not less than 53%, if the particular fiscal year ends on 31 May 2018,

(e) less than 64%, but not less than 54%, if the particular fiscal year ends on 31 May 2019, or

(f) less than 65%, but not less than 55%, if the particular fiscal year begins after 31 May 2019;

(2) 50% of the consideration referred to in subparagraph 1 if the percentage of the Fund’s eligible average investments for the particular fiscal year relative to the Fund’s average net assets for the preceding fiscal year is

(a) less than 50%, but not less than 40%, if the particular fiscal year ends on 31 May 2015,

(b) less than 51%, but not less than 41%, if the particular fiscal year ends on 31 May 2016,

(c) less than 52%, but not less than 42%, if the particular fiscal year ends on 31 May 2017,

(d) less than 53%, but not less than 43%, if the particular fiscal year ends on 31 May 2018,

(e) less than 54%, but not less than 44%, if the particular fiscal year ends on 31 May 2019, or

(f) less than 55%, but not less than 45%, if the particular fiscal year begins after 31 May 2019; or

(3) 25% of the consideration referred to in subparagraph 1 if the percentage of the Fund’s eligible average investments for the particular fiscal year relative to the Fund’s average net assets for the preceding fiscal year is

(a) less than 40%, but not less than 30%, if the particular fiscal year ends on 31 May 2015,

(b) less than 41%, but not less than 31%, if the particular fiscal year ends on 31 May 2016,

(c) less than 42%, but not less than 32%, if the particular fiscal year ends on 31 May 2017,

(d) less than 43%, but not less than 33%, if the particular fiscal year ends on 31 May 2018,

(e) less than 44%, but not less than 34%, if the particular fiscal year ends on 31 May 2019, or

(f) less than 45%, but not less than 35%, if the particular fiscal year begins after 31 May 2019.

The Fund may not issue any class “A” or class “B” shares or fractional shares in the fiscal year following the particular fiscal year if the percentage of the Fund’s eligible average investments for the particular fiscal year relative to the Fund’s average net assets for the preceding fiscal year is less than

(1) 30%, if the particular fiscal year ends on 31 May 2015;

(2) 31%, if the particular fiscal year ends on 31 May 2016;

(3) 32%, if the particular fiscal year ends on 31 May 2017;

(4) 33%, if the particular fiscal year ends on 31 May 2018;

(5) 34%, if the particular fiscal year ends on 31 May 2019; or

(6) 35%, if the particular fiscal year begins after 31 May 2019.’’

(2) Subsection 1 has effect from 26 March 2015.

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

**49.** (1) Section 14 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 “Aux fins” in the French text by “Pour l’application”;

(2) by adding the following paragraph:

“Except for the purposes of subparagraph 8 of the sixth paragraph of section 15, an investment in an entity that is not an enterprise within the meaning

of the first paragraph and that is either a partnership (other than a partnership that is an investment fund) or a legal person is deemed to be an investment in a particular enterprise, if the investment was made with a view to investing in the particular enterprise.”

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

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

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

“However, for a particular fiscal year, the Fund’s eligible investments must represent, on the average, at least the following percentage of the Fund’s average net assets for the preceding fiscal year:

- (1) 60%, if the particular fiscal year ends on 31 May 2015;
- (2) 61%, if the particular fiscal year ends on 31 May 2016;
- (3) 62%, if the particular fiscal year ends on 31 May 2017;
- (4) 63%, if the particular fiscal year ends on 31 May 2018;
- (5) 64%, if the particular fiscal year ends on 31 May 2019; or
- (6) 65%, if the particular fiscal year begins after 31 May 2019.”;

(2) by replacing “60% of the Fund’s average net assets” in subparagraphs 5, 6 and 7 of the fifth paragraph by “the percentage specified in the second paragraph of the Fund’s average net assets that is applicable”;

(3) by replacing subparagraph 3 of the sixth paragraph by the following subparagraph:

“(3) investments of the Fund or any of its wholly-controlled subsidiaries in new or substantially renovated income-producing immovables situated in Québec, up to 5% of the Fund’s net assets at the end of the preceding fiscal year;”;

(4) by inserting “and before 23 June 2016” after “11 March 2003” in subparagraph 5 of the sixth paragraph;

(5) by inserting the following subparagraph after subparagraph 5 of the sixth paragraph:

“(5.1) strategic investments made by the Fund after 22 June 2016, in accordance with an investment policy adopted by the board of directors of the Fund and approved by the Minister of Finance, in an enterprise whose assets are less than \$500,000,000 or whose net equity is not over \$200,000,000, or

otherwise than as first purchaser for the acquisition of securities issued by an enterprise having such assets or net equity;”;

(6) by replacing “31 May 2016” in subparagraph 8 of the sixth paragraph by “31 May 2021”;

(7) by striking out subparagraphs 10 and 11 of the sixth paragraph;

(8) by adding the following subparagraph after subparagraph 15 of the sixth paragraph:

“(16) investments made by the Fund in Fonds de solidarité FTQ Pôles Logistiques, S.E.C.”;

(9) by replacing “8 to 10” and “13 and 15” in the ninth paragraph by “8, 9” and “13, 15 and 16”, respectively;

(10) by replacing “subparagraph 2” in the tenth paragraph by “subparagraphs 2 and 5.1”;

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

“For the purposes of subparagraphs 2, 5.1 and 6 of the sixth paragraph, an investment made by an entity that is neither an enterprise within the meaning of the first paragraph of section 14 nor an investment fund, otherwise than as first purchaser for the acquisition of securities issued by a partnership or a legal person, is deemed to have been made by the Fund in proportion to its share in the entity, if one of the main reasons for which the Fund holds an interest in the entity is to enable the financing of such an acquisition.”;

(12) by replacing “20%” in subparagraph 1 of the eleventh paragraph by “12.5%”;

(13) by replacing “in subparagraph 5” and “7.5%” in subparagraph 2 of the eleventh paragraph by “in subparagraphs 5 and 5.1” and “17.5%”, respectively;

(14) by replacing subparagraph 3 of the eleventh paragraph by the following subparagraph:

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

(15) by inserting the following subparagraph after subparagraph 3 of the eleventh paragraph:

“(3.1) the aggregate of the investments described in subparagraph 7 of that paragraph may not exceed 7.5% of the Fund’s net assets at the end of the preceding fiscal year;”;

(16) by replacing “1 January 2017” in subparagraph 4 of the eleventh paragraph by “1 January 2022”;

(17) by striking out subparagraph 7 of the eleventh paragraph;

(18) by adding the following subparagraph after subparagraph 8 of the eleventh paragraph:

“(9) the investments described in subparagraph 16 of that paragraph are deemed to be increased by 25%, but the aggregate of those investments may not exceed \$100,000,000 for the particular fiscal year before the increase.”;

(19) by replacing the twelfth paragraph by the following paragraph:

“The following investments are not permitted under subparagraph 3 of the sixth paragraph:

(1) investments in immovables situated in Québec and intended mainly for the operation of shopping centres otherwise than as part of a project in the recreation and tourism sector; and

(2) investments made after 22 June 2016, in accordance with an investment policy referred to in subparagraph 5.1 of that paragraph, in property infrastructure projects with a socio-economic vocation.”

(2) Paragraphs 1 and 2 of subsection 1 have effect from 26 March 2015.

(3) Paragraph 3 of subsection 1 applies to a fiscal year that begins after 30 June 2001.

(4) Paragraphs 4, 5, 10, 12 to 15 and 19 of subsection 1 apply to a fiscal year that begins after 31 May 2016.

(5) Paragraphs 6 and 16 of subsection 1 have effect from 17 March 2016.

(6) Paragraphs 8 and 18 of subsection 1 apply to a fiscal year that begins after 31 May 2014.

(7) Paragraph 9 of subsection 1, where it replaces “13 and 15” by “13, 15 and 16”, applies to a fiscal year that begins after 31 May 2014.

(8) Paragraph 11 of subsection 1 has effect from 1 June 2016.

**51.** (1) Section 15.0.2 of the Act is amended by replacing the first paragraph by the following paragraph:

“**15.0.2.** The approval by the Minister of Finance of an investment policy referred to in subparagraph 5.1 of the sixth paragraph of section 15 or in the first paragraph of section 15.0.1 is valid for a maximum period of five fiscal

years beginning on the first day of the fiscal year in which the investment policy became applicable.”

(2) Subsection 1 applies in respect of the approval of an investment policy by the Minister of Finance after 30 June 2016.

**52.** (1) Section 15.1 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

**“15.1.** If, for a particular fiscal year, the Fund fails to comply with the requirement of the second paragraph of section 15, the Fund may not issue class “A” shares or fractional shares in the following fiscal year for a total consideration exceeding the amount determined as follows:

(1) 75% of the total consideration paid for class “A” shares or fractional shares issued in the preceding fiscal year, excluding the total consideration paid for class “A” shares or fractional shares acquired and paid by payroll deduction in accordance with Division IV or acquired under a subscription agreement entered into with an employer in favour of the employer’s employees, if the percentage of the Fund’s eligible average investments for the particular fiscal year relative to the Fund’s average net assets for the preceding fiscal year is

(a) less than 60%, but not less than 50%, if the particular fiscal year ends on 31 May 2015,

(b) less than 61%, but not less than 51%, if the particular fiscal year ends on 31 May 2016,

(c) less than 62%, but not less than 52%, if the particular fiscal year ends on 31 May 2017,

(d) less than 63%, but not less than 53%, if the particular fiscal year ends on 31 May 2018,

(e) less than 64%, but not less than 54%, if the particular fiscal year ends on 31 May 2019, or

(f) less than 65%, but not less than 55%, if the particular fiscal year begins after 31 May 2019;

(2) 50% of the consideration if the percentage of the Fund’s eligible average investments for the particular fiscal year relative to the Fund’s average net assets for the preceding fiscal year is

(a) less than 50%, but not less than 40%, if the particular fiscal year ends on 31 May 2015,

(b) less than 51%, but not less than 41%, if the particular fiscal year ends on 31 May 2016,

(c) less than 52%, but not less than 42%, if the particular fiscal year ends on 31 May 2017,

(d) less than 53%, but not less than 43%, if the particular fiscal year ends on 31 May 2018,

(e) less than 54%, but not less than 44%, if the particular fiscal year ends on 31 May 2019, or

(f) less than 55%, but not less than 45%, if the particular fiscal year begins after 31 May 2019; or

(3) 25% of the consideration if the percentage of the Fund's eligible average investments for the particular fiscal year relative to the Fund's average net assets for the preceding fiscal year is

(a) less than 40%, but not less than 30%, if the particular fiscal year ends on 31 May 2015,

(b) less than 41%, but not less than 31%, if the particular fiscal year ends on 31 May 2016,

(c) less than 42%, but not less than 32%, if the particular fiscal year ends on 31 May 2017,

(d) less than 43%, but not less than 33%, if the particular fiscal year ends on 31 May 2018,

(e) less than 44%, but not less than 34%, if the particular fiscal year ends on 31 May 2019, or

(f) less than 45%, but not less than 35%, if the particular fiscal year begins after 31 May 2019.

The Fund may not issue any class "A" shares or fractional shares in the fiscal year following the particular fiscal year if the percentage of the Fund's eligible average investments for the particular fiscal year relative to the Fund's average net assets for the preceding fiscal year is less than

(1) 30%, if the particular fiscal year ends on 31 May 2015;

(2) 31%, if the particular fiscal year ends on 31 May 2016;

(3) 32%, if the particular fiscal year ends on 31 May 2017;

(4) 33%, if the particular fiscal year ends on 31 May 2018;



- (5) 34%, if the particular fiscal year ends on 31 May 2019; or
  - (6) 35%, if the particular fiscal year begins after 31 May 2019.”
- (2) Subsection 1 has effect from 26 March 2015.

#### MINING TAX ACT

**53.** (1) Section 5 of the Mining Tax Act (chapter I-0.4) is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) its mining tax on its annual profit for the fiscal year, determined under any of sections 29.1 to 29.3; and”.

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

**54.** (1) Section 6.2 of the Act is amended by replacing the third paragraph by the following paragraph:

“The operator is bound to provide to the valuator mandated by the Minister the facilities and the equipment, other than computer equipment, required to determine the gross value of the annual output of the gemstones.”

- (2) Subsection 1 applies to a fiscal year that ends after 17 March 2016.

**55.** (1) Section 10.18 of the Act is amended by replacing the first paragraph by the following paragraph:

“**10.18.** A person or partnership ceasing, for an indeterminate period, all activities that relate to the person’s or partnership’s mining operation is deemed to alienate, at the time (in this paragraph referred to as the “time of the deemed alienation”) that is immediately before the time the fiscal year in which those activities cease ends, in accordance with section 2.1, each of the person’s or partnership’s properties of a class for proceeds of alienation equal to

(1) where the person or partnership alienates the property at any time, in the course of the cessation of those activities, in favour of another person or partnership to which the person or partnership is related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act (chapter I-3), and that other person or partnership is an operator for the fiscal year of that other person or partnership including that time, the proportion of the undepreciated capital cost of the class of property which includes the property, determined immediately before the time of the deemed alienation, that the capital cost of the property at that time is of the aggregate of all amounts each of which is the capital cost of a property of that class at the time of the deemed alienation; or

(2) in any other case, the lesser of the fair market value of the property at the time of the deemed alienation and the capital cost of the property at that time.”

(2) Subsection 1 applies in respect of a property of a person or partnership ceasing all activities that relate to the person's or partnership's mining operation at a time that occurs after 17 March 2016. In addition, subsection 1 applies in respect of a property of a person or partnership ceasing, at a time that occurs after 5 May 2013 but before 18 March 2016, all activities that relate to the person's or partnership's mining operation where the property is, after that time, alienated in favour of another person or partnership and where the person or the partnership and the purchaser make a joint election in a document filed with the Minister of Revenue on or before 17 September 2016.

**56.** (1) The Act is amended by inserting the following before section 29.1:

“§1.—*Interpretation and general rules*

“**29.0.1.** In this division,

“adjusted annual profit” of an operator for a fiscal year means the amount that would be the operator's annual profit for the fiscal year if the fourth paragraph of section 8 were read without reference to subparagraph *e* of subparagraph 1 and subparagraph *f* of subparagraph 2;

“adjusted profit margin” of an operator for a fiscal year means the proportion that the operator's adjusted 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;

“profit margin” of an operator 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.

“**29.0.2.** 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 definition of “profit margin” in section 29.0.1 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 definition of “profit margin” in section 29.0.1 for the fiscal year is equal to zero, the aggregate is deemed to be equal to \$1.

“**29.0.3.** For the purpose of determining the adjusted profit margin of an operator for a fiscal year, the following rules apply:

(1) where the adjusted annual profit of the operator for the fiscal year is greater than the aggregate described in the definition of “adjusted profit margin”

in section 29.0.1 for the fiscal year, the operator's adjusted profit margin for the fiscal year is deemed to be equal to 100%; and

(2) where the aggregate described in the definition of "adjusted profit margin" in section 29.0.1 for the fiscal year is equal to zero, the aggregate is deemed to be equal to \$1.

"§2.— *Computation of the mining tax on annual profit*".

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

**57.** (1) Section 29.1 of the Act is amended by striking out the third and fourth paragraphs.

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

**58.** (1) The Act is amended by inserting the following sections after section 29.1:

**"29.2.** Despite section 29.1, where an operator so elects in the return it is required to file under section 36 for a fiscal year that begins after 31 December 2013 and that is deemed under section 2.1 to end immediately before the time at which the operator ceases for an indeterminate period all activities that relate to its mining operation, the operator's mining tax on its annual profit for that fiscal year is equal to the mining tax that would otherwise be determined under section 29.1 if "profit margin" were replaced in subparagraphs 2 to 5 of the second paragraph of section 29.1 by "adjusted profit margin".

**"29.3.** Despite sections 29.1 and 29.2, an operator's mining tax on its annual profit, for a fiscal year that begins after 31 December 2013 and that is deemed under section 2.1 to end immediately before the time at which the operator ceases for an indeterminate period all activities that relate to its mining operation, is equal to 16% of its annual profit for that fiscal year if 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 is equal to zero."

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

**59.** (1) Section 31.3 of the Act is amended

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

"(1) the amount by which the operator's mining tax on its annual profit for the particular fiscal year, determined under any of sections 29.1 to 29.3, exceeds its minimum mining tax for the fiscal year, determined under section 30.1; and";

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

“(2) B is the operator’s mining tax on its annual profit for the preceding fiscal year, determined under any of sections 29.1 to 29.3.”

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

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

(1) by inserting “and if the purchaser is an operator for its fiscal year that includes the acquisition,” after “(chapter I-3),” in the portion before paragraph 1;

(2) by adding the following paragraph:

“For the purposes of this section, where the acquisition of a property occurs in the circumstances described in subparagraph 1 of the first paragraph of section 10.18, the following rules apply:

(1) no reference is to be made to subparagraph 1 of the first paragraph;

(2) the capital cost of the property to the former owner immediately before the acquisition is deemed to be the capital cost of the property to the former owner determined for the purposes of section 10.18; and

(3) subparagraphs 2 and 5 of the first paragraph are to be read as if “amount determined under paragraph 1” were replaced by “amount determined under subparagraph 1 of the first paragraph of section 10.18 in respect of the property”.”

(2) Paragraph 1 of subsection 1 applies in respect of the acquisition of a property that occurs after 16 March 2016.

(3) Paragraph 2 of subsection 1 applies in respect of a property of a person or partnership acquired from another person or partnership in the context of the cessation, at a time that occurs after 17 March 2016 or, where an election referred to in subsection 2 of section 55 has been made in respect of the property, at a time that occurs after 5 May 2013, of all activities that relate to the other person’s or partnership’s mining operation.

#### TOBACCO TAX ACT

**61.** Section 9 of the Tobacco Tax Act (chapter I-2) is amended by replacing “at a retail sale” in the first paragraph by “at the time of a retail sale”.

**62.** Section 9.1 of the Act is amended by replacing “at a retail sale” by “at the time of a retail sale”.

## TAXATION ACT

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

(1) by replacing paragraphs *b* and *c* of the definition of “taxation year” by the following paragraphs:

“(b) in the case of a succession that is a graduated rate estate, the particular period for which the succession’s accounts are made up for purposes of assessment under this Part, which particular period must end at the end of the period that includes that time and for which the accounts are made up for purposes of assessment under the Income Tax Act; and

“(c) in any other case, a calendar year;”;

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

““synthetic disposition arrangement”, in respect of a property owned by a taxpayer, means one or more agreements or other arrangements that

(a) are entered into by the taxpayer or by a person or partnership that does not deal at arm’s length with the taxpayer;

(b) have the effect, or would have the effect if entered into by the taxpayer instead of the person or partnership described in paragraph *a*, of eliminating all or substantially all the taxpayer’s risk of loss and opportunity for profit or gain in respect of the property for a definite or indefinite period of time; and

(c) can, in respect of any agreement or arrangement entered into by a person or partnership that does not deal at arm’s length with the taxpayer, reasonably be considered to have been entered into, in whole or in part, with the purpose of obtaining the effect described in paragraph *b*;”;

(3) by replacing the portion of the definition of “majority interest partner” before paragraph *a* by the following:

““majority-interest partner”, of a particular partnership at any time, means a person or partnership (in paragraphs *a* and *b* referred to as the “taxpayer”);”;

(4) by replacing the portion of paragraph *a* of the definition of “amount” before subparagraph *i* by the following:

“(a) in any case where section 187.2 or 187.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), paragraph *b.1* of the definition of “amount” in subsection 1 of section 248 of that Act, as it reads in its application after 16 July 2005 and in relation to a taxation year of a taxpayer that begins before 1 January 2013, or any of sections 21.4.3, 21.10, 21.10.1, 740.1 to 740.3.1 and 740.5 applies to a stock dividend, the amount of the stock dividend is equal to the greater of”;

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

““synthetic disposition period”, of a synthetic disposition arrangement, means a definite or indefinite period of time during which the synthetic disposition arrangement has, or would have, the effect described in paragraph *b* of the definition of “synthetic disposition arrangement”;;”;

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

““leveraged insured annuity policy” means a life insurance policy (other than an annuity contract) where

(*a*) a particular person or partnership is obligated after 20 March 2013 to repay an amount to another person or partnership (in this definition referred to as the “lender”) at a time determined by reference to the death of a particular individual whose life is insured under the policy; and

(*b*) the lender is assigned an interest in

i. the policy, and

ii. an annuity contract the terms of which provide that annuity payments are to continue for a period that ends no earlier than the death of the particular individual;”;

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

““leveraged insurance policy” means a life insurance policy (other than an annuity contract) where

(*a*) an amount is or may become

i. payable, under the terms of a borrowing, to a person or partnership that has been assigned an interest in the policy or in an investment account in respect of the policy, or

ii. payable, within the meaning of subparagraph *j* of the first paragraph of section 835, under a policy loan, within the meaning of paragraph *a.1.1* of section 966, made in accordance with the terms and conditions of the policy; and

(*b*) either

i. the return credited to an investment account in respect of the policy is determined by reference to the rate of interest on the borrowing or policy loan, as the case may be, described in paragraph *a* and would not be credited to the account if the borrowing or policy loan, as the case may be, were not in existence, or

ii. the maximum amount of an investment account in respect of the policy is determined by reference to the amount of the borrowing or policy loan, as the case may be, described in paragraph *a*.”;

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

““graduated rate estate” has the meaning assigned by section 646.0.1.”;

(9) by replacing the definition of “international traffic” by the following definition:

““international traffic” means, in respect of a person or partnership carrying on a transportation business, a voyage made in the course of that business if the principal purpose of the voyage is to transport persons or goods between two places outside Canada or between Canada and a place outside Canada.”;

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

““international shipping” means the operation of a ship owned or leased by a person or partnership (in this definition referred to as the “operator”) that is used, either directly or as part of a pooling arrangement, primarily in transporting passengers or goods in international traffic—determined as if, in the case of a voyage between Canada and a place outside Canada, any port or other place on the Great Lakes or St. Lawrence River is in Canada—including the chartering of the ship, provided that one or more persons related to the operator (if the operator and each such person is a corporation), or persons or partnerships affiliated with the operator (in any other case), has complete possession, control and command of the ship, and any activity incident to or pertaining to the operation of the ship, but does not include

(a) the offshore storing or processing of goods;

(b) fishing;

(c) laying cable;

(d) salvaging;

(e) towing;

(f) tug-boating;

(g) offshore oil and gas activities (other than the transportation of oil and gas), including exploration and drilling activities;

(h) dredging; or

(i) leasing a ship to a lessee that has complete possession, control and command of the ship, unless the lessor or a corporation, trust or partnership

affiliated with the lessor has an eligible interest, within the meaning of section 11.1.1.4, in the lessee;”.

(2) Paragraphs 1 and 8 of subsection 1 apply from the taxation year 2016.

(3) Paragraphs 2 and 5 of subsection 1 have effect from 21 March 2013.

(4) Paragraph 4 of subsection 1 has effect from 17 July 2005.

(5) Paragraphs 6 and 7 of subsection 1 apply to a taxation year that ends after 20 March 2013.

(6) Paragraphs 9 and 10 of subsection 1 apply to a taxation year that begins after 12 July 2013.

**64.** (1) Section 6.2 of the Act is replaced by the following section:

**“6.2.** For the purposes of this Part, if at a particular time a taxpayer (other than a corporation that is a foreign affiliate of a taxpayer resident in Canada and that did not carry on a business in Canada in its last taxation year beginning before the particular time) is subject to a loss restriction event and, where the taxpayer is a corporation or a succession that is a graduated rate estate, subsection 4 of section 249 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) does not apply to the taxpayer in respect of the loss restriction event, the following rules apply:

(a) subject to subparagraph *c*, the taxpayer’s taxation year that would, but for this subparagraph, have included the particular time is deemed to have ended immediately before that time;

(b) subject to subparagraph *c*, a new taxation year of the taxpayer is deemed to begin at the particular time and, where the taxpayer is a corporation, end at the time at which the taxpayer’s taxation year (determined for the purposes of the Income Tax Act) that includes the particular time, ends; and

(c) subject to section 779, Chapter I of Title I.1 of Book VI and paragraph *a* of sections 851.22.23 and 999.1, and despite the definition of “taxation year” in section 1 and section 6.1, if a taxpayer that is a trust (other than a succession that is a graduated rate estate) has made an election under paragraph *b* of subsection 4 of section 249 of the Income Tax Act in relation to the taxpayer’s taxation year that would, but for this section, have been its last taxation year that ends before the particular time, and that would, but for this subparagraph, have ended within the seven-day period that ends immediately before that time, that taxation year is, except if the taxpayer is subject to a loss restriction event within that period, deemed to end immediately before that time.

Chapter V.2 applies in relation to an election made under paragraph *b* of subsection 4 of section 249 of the Income Tax Act.”



(2) Subsection 1 has effect from 21 March 2013. However, where section 6.2 of the Act applies to a taxation year preceding the taxation year 2016,

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

**“6.2.** For the purposes of this Part, if at a particular time a taxpayer (other than a corporation that is a foreign affiliate of a taxpayer resident in Canada and that did not carry on a business in Canada in its last taxation year beginning before the particular time) is subject to a loss restriction event and, where the taxpayer is a corporation or a testamentary trust, subsection 4 of section 249 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) does not apply to the taxpayer in respect of the loss restriction event, the following rules apply:”; and

(2) subparagraph *c* of the first paragraph of that section is to be read as follows:

“(c) subject to section 779, Chapter I of Title I.1 of Book VI and paragraph *a* of sections 851.22.23 and 999.1, and despite the definition of “taxation year” in section 1 and section 6.1, if a taxpayer that is a trust (other than a testamentary trust) has made an election under paragraph *b* of subsection 4 of section 249 of the Income Tax Act in relation to the taxpayer’s taxation year that would, but for this section, have been its last taxation year that ends before the particular time, and that would, but for this subparagraph, have ended within the seven-day period that ends immediately before that time, that taxation year is, except if the taxpayer is subject to a loss restriction event within that period, deemed to end immediately before that time.”

**65.** (1) The Act is amended by inserting the following section after section 6.2:

**“6.2.1.** If the taxation year, determined for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), of a testamentary trust is deemed to end, in accordance with subsection 4.1 of section 249 of that Act and for the purposes of that Act, immediately before a particular time, a new taxation year of the trust is deemed, if the trust exists at the particular time, to begin at the particular time.”

(2) Subsection 1 has effect from 31 December 2015.

**66.** (1) Section 6.3 of the Act is replaced by the following section:

**“6.3.** Subject to the second paragraph, the period for which the accounts of a succession that is a graduated rate estate are made up for purposes of assessment under this Part may not exceed 12 months and no change in the time at which that period ends may be made without the concurrence of the Minister.

However, the first paragraph does not apply in respect of a period for which the accounts of a succession that is a graduated rate estate are made up for purposes of assessment under this Part that, in accordance with paragraph *b* of the definition of “taxation year” in section 1, ends at the time at which the period for which the succession’s accounts are made up for the purposes of assessment under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) ends.

For the purposes of paragraph *b* of the definition of “taxation year” in section 1, the period, including a particular day, for which the accounts of a succession that is a graduated rate estate are made up for purposes of assessment under the Income Tax Act is deemed to end at the time at which the taxation year of the succession that includes that day is deemed to end, for the purposes of that Act.”

(2) Subsection 1 applies from the taxation year 2016.

**67.** (1) Section 6.4 of the Act is repealed.

(2) Subsection 1 applies in respect of a particular time that occurs after 31 December 2015.

**68.** (1) Section 7 of the Act is amended by replacing subparagraphs *i* to *ii* of subparagraph *b* of the second paragraph by the following subparagraphs:

“*i.* a business or property of an individual, other than an individual in respect of whom any of sections 980 to 999.1 applies or other than a trust,

“*i.1.* a business or property of a trust, other than a mutual fund trust if the fiscal period is one in respect of which subparagraph *c* of the first paragraph of section 1121.7, as it read in respect of the fiscal period, applies or other than a succession that is a graduated rate estate,

“*ii.* a business or property of a partnership of which an individual (other than an individual in respect of whom any of sections 980 to 999.1 applies or other than a succession that is a graduated rate estate), a professional corporation, or a partnership in respect of which this subparagraph *ii* applies, would, if the fiscal period ended at the end of the calendar year in which the period began, be a member in the fiscal period, or”.

(2) Subsection 1 applies from the taxation year 2016.

**69.** (1) Section 7.11.2 of the Act is amended by striking out “or paragraph *f* of section 769” in the first paragraph.

(2) Subsection 1 applies from the taxation year 2016.

**70.** (1) Section 11.1.1 of the Act is amended

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

“i. has international shipping as its principal business in the year, or

“ii. holds eligible interests in one or more eligible entities throughout the year and at no time in the year is the total of the cost amounts to it of all those eligible interests and of all debts owing to it by an eligible entity in which an eligible interest is held by it, by a person related to it or by a partnership affiliated with it less than 50% of the total of the cost amounts to it of all its property;”;

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

“i. gross revenue from international shipping,

“ii. gross revenue from an eligible interest held by it in an eligible entity;”;

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

“ii.1. interest on a debt owing by an eligible entity in which an eligible interest is held by it, by a person related to it or by a partnership affiliated with it, or”;

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

“iii. a combination of amounts described in subparagraphs i to ii.1; and”.

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

**71.** (1) The Act is amended by inserting the following sections after section 11.1.1:

“**11.1.1.1.** For the purposes of paragraph *b* of section 11.1.1, any amount of profit allocated from a partnership to a member of the partnership for a taxation year is deemed to be gross revenue of the member from the member’s interest in the partnership for the year.

“**11.1.1.2.** Section 11.1.1.3 applies to a corporation, trust or partnership (in this section and section 11.1.1.3 referred to as the “relevant entity”) for a taxation year if

(*a*) the relevant entity does not satisfy the condition in subparagraph i of paragraph *a* of section 11.1.1, determined without reference to section 11.1.1.3;

(b) all or substantially all the gross revenue of the relevant entity for the year consists of

i. gross revenue from the provision of services to one or more eligible entities, other than services described in any of paragraphs *a* to *h* of the definition of “international shipping” in section 1,

ii. gross revenue from international shipping,

iii. gross revenue from an eligible interest held by it in an eligible entity,

iv. interest on a debt owing by an eligible entity in which an eligible interest is held by it or a person related to it, or

v. a combination of amounts described in subparagraphs i to iv;

(c) either the relevant entity is a subsidiary wholly-owned corporation (within the meaning of subsection 5 of section 544) of the eligible entity referred to in paragraph *b* or an eligible interest in each eligible entity referred to in paragraph *b* is held throughout the year by

i. the relevant entity,

ii. one or more persons related to the relevant entity (if the relevant entity and each such person are corporations), or persons or partnerships affiliated with the relevant entity (in any other case), or

iii. the relevant entity and one or more persons or partnerships described in subparagraph ii; and

(d) all or substantially all the shares of the capital stock of, interests as a beneficiary under, or interests as a member of, the relevant entity, as the case may be, are held, directly or indirectly through one or more subsidiary wholly-owned corporations (within the meaning of subsection 5 of section 544), throughout the year by one or more corporations, trusts or partnerships that would be eligible entities if they did not own shares of, interests as a beneficiary under, or interests as a member of, the relevant entity.

**11.1.1.3.** If the conditions referred to in section 11.1.1.2 are satisfied, for the purposes of section 11.1.1 and paragraph *b* of section 489, the following presumptions apply in respect of a relevant entity for a taxation year:

(a) the relevant entity is deemed to have international shipping as its principal business in the year; and

(b) the gross revenue described in subparagraph i of paragraph *b* of section 11.1.1.2 is deemed to be gross revenue from international shipping.

**“11.1.1.4.** For the purposes of sections 11.1.1 to 11.1.1.5,

“eligible entity”, for a taxation year, means

(a) a corporation that is deemed under section 11.1.1 to be resident in a country other than Canada for the year; or

(b) a partnership or trust, if

i. it satisfies the conditions in subparagraph i or ii of paragraph *a* of section 11.1.1, and

ii. all or substantially all its gross revenue for the year consists of an amount described in any of subparagraphs i to iii of paragraph *b* of section 11.1.1;

“eligible interest” means

(a) in relation to a corporation, shares of the capital stock of the corporation that

i. give the holders of those shares not less than 25% of the votes that could be cast at an annual meeting of the shareholders of the corporation, and

ii. have a fair market value that is not less than 25% of the fair market value of all the issued and outstanding shares of the capital stock of the corporation;

(b) in relation to a trust, an interest as a beneficiary under the trust with a fair market value that is not less than 25% of the fair market value of all the interests as a beneficiary under the trust; and

(c) in relation to a partnership, an interest as a member of the partnership with a fair market value that is not less than 25% of the fair market value of the interests of all members in the partnership.

**“11.1.1.5.** For the purpose of determining, for the purposes of sections 11.1.1 to 11.1.1.4, whether a person or partnership (in this section referred to as the “holder”) holds an eligible interest in an eligible entity, the holder is deemed to hold all of the shares or interests as a beneficiary or all the interests as a member, as the case may be, in the eligible entity held by

(a) if the holder is a corporation,

i. each corporation related to the holder, and

ii. each person, other than a corporation, or partnership that is affiliated with the holder; and

(b) if the holder is not a corporation, each person or partnership affiliated with the holder.”

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

**72.** (1) The Act is amended by inserting the following after section 21.0.4:

**“CHAPTER IV.2**

**“LOSS RESTRICTION EVENT**

**“21.0.5.** In this chapter,

“beneficiary” has the meaning assigned by section 21.0.1;

“equity” has the meaning that would be assigned by the first paragraph of section 1129.70 if the definition of that expression were read without reference to its paragraph *e*;

“equity value” has the meaning assigned by the first paragraph of section 1129.70;

“majority-interest beneficiary” has the meaning assigned by section 21.0.1;

“majority-interest group of beneficiaries” has the meaning assigned by section 21.0.1;

“majority-interest group of partners” has the meaning assigned by section 21.0.1;

“person” includes a partnership;

“specified right”, held at a particular time by a person in respect of a trust, means a right under a contract or otherwise, to acquire, either immediately or in the future and either absolutely or contingently, equity of the trust, or to cause the trust to redeem or cancel equity of the trust, unless the right is not exercisable at that time because its exercise is contingent on the death, bankruptcy or permanent disability of an individual;

“subsidiary”, of a particular person at a particular time, means a corporation, partnership or trust (in this definition referred to as the “subject entity”) where

(a) the particular person holds at that time property

i. that is equity of the subject entity, or

ii. that derives all or part of its fair market value, directly or indirectly, from equity of the subject entity; and

(b) the total of the following amounts is at that time equal to more than 50% of the equity value of the subject entity:

i. each amount that is the fair market value at that time of equity of the subject entity that is held at that time by the particular person or a person with whom the particular person is affiliated, and

ii. each amount (other than an amount described in subparagraph i) that is the portion of the fair market value at that time—derived directly or indirectly from equity of the subject entity—of a property that is held at that time by the particular person or a person with whom the particular person is affiliated.

**“21.0.6.** For the purposes of this Part, a taxpayer is at a particular time subject to a loss restriction event if

(a) the taxpayer is a corporation and at that time control of the corporation is acquired by a person or group of persons; or

(b) the taxpayer is a trust and

i. that time is after 20 March 2013 and after the time at which the trust is created, and

ii. at that time a person becomes a majority-interest beneficiary, or a group of persons becomes a majority-interest group of beneficiaries, of the trust.

**“21.0.7.** For the purposes of paragraph *b* of section 21.0.6, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of a particular trust solely because of

(a) the acquisition of equity of the particular trust by

i. a person from another person with whom the person was affiliated immediately before the acquisition,

ii. a person who was affiliated with the particular trust immediately before the acquisition,

iii. a succession from an individual, if the succession arose on and as a consequence of the death of the individual and the succession acquired the equity from the individual as a consequence of the death, or

iv. a particular person from a succession that arose on and as a consequence of the death of an individual, if the succession acquired the equity from the individual as a consequence of the death and the individual was affiliated with the particular person immediately before the death;

(b) a variation in the terms of the particular trust, the satisfaction of, or failure to satisfy, a condition under the terms of the particular trust, the exercise by any person of, or the failure by any person to exercise, a power, or, without restricting the generality of this paragraph, the redemption, surrender or

termination of equity of the particular trust at a particular time, if each majority-interest beneficiary, and each member of a majority-interest group of beneficiaries, of the particular trust immediately after the particular time was affiliated with the particular trust immediately before

i. the particular time, or

ii. in the case of the redemption or surrender of equity of the particular trust that was held, immediately before the particular time, by a succession and that was acquired by the succession from an individual as described in subparagraph iii of paragraph *a*, the individual's death;

(c) the transfer at a particular time of all the equity of the particular trust to a corporation, partnership or another trust (in this paragraph referred to as the "acquirer"), if

i. the only consideration for the transfer is equity, determined without reference to paragraph *d* of the definition of "equity" in the first paragraph of section 1129.70, of the acquirer,

ii. at all times before the particular time the acquirer held no property or held only property having a nominal value, and

iii. immediately after the particular time the acquirer is neither

(1) a subsidiary of any person, nor

(2) a corporation controlled, directly or indirectly in any manner whatever, by a person or group of persons;

(d) the transfer at a particular time of equity of the particular trust to a corporation, partnership or another trust (in this paragraph referred to as the "acquirer"), if

i. immediately before the particular time a person was a majority-interest beneficiary, or a group of persons was a majority-interest group of beneficiaries, of the particular trust,

ii. immediately after the particular time the person, or group of persons, as the case may be, described in subparagraph i in respect of the particular trust, and no other person or group of persons, is

(1) if the acquirer is a corporation, a person by whom, or a group of persons by which, the corporation is controlled directly or indirectly in any manner whatever,

(2) if the acquirer is a partnership, a majority-interest partner, or a majority-interest group of partners, of the partnership, and



(3) if the acquirer is a trust, a majority-interest beneficiary, or a majority-interest group of beneficiaries, of the trust, and

iii. at no time during a series of transactions or events that includes the transfer does the person or group of persons, as the case may be, described in subparagraph i in respect of the particular trust, cease to be a person or group of persons described in any of subparagraphs 1 to 3 of subparagraph ii in respect of the acquirer; or

(e) a transaction the parties to which are obligated to complete under the terms of an agreement in writing between the parties entered into before 21 March 2013, provided that none of the parties to the agreement may be excused from completing the transaction as a result of changes to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

**“21.0.8.** For the purposes of paragraph *b* of section 21.0.6 and subject to section 21.0.7, a person is deemed to become at a particular time a majority-interest beneficiary of a particular trust if

(a) a particular person is at and immediately before the particular time a majority-interest beneficiary, or a member of a majority-interest group of beneficiaries, of the particular trust, and the particular person is at the particular time, but is not immediately before the particular time, a subsidiary of another person (in this paragraph referred to as the “acquirer”), unless

i. the acquirer is immediately before the particular time affiliated with the particular trust, or

ii. this paragraph previously applied to deem that a person became a majority-interest beneficiary of the particular trust because the particular person became, as part of a series of transactions or events that includes the particular person becoming at the particular time a subsidiary of the acquirer, a subsidiary of another person that is at the particular time a subsidiary of the acquirer; or

(b) at the particular time, as part of a series of transactions or events, two or more persons acquire equity of the particular trust in exchange for or upon a redemption or surrender of equity of, or as a consequence of a distribution from, a corporation, partnership or another trust, unless

i. a person affiliated with the corporation, partnership or other trust was immediately before the particular time a majority-interest beneficiary of the particular trust,

ii. if all the equity of the particular trust that was acquired at or before the particular time as part of the series of transactions or events were acquired by one person, the person would not at the particular time be a majority-interest beneficiary of the particular trust, or

iii. this paragraph previously applied to deem a person to become a majority-interest beneficiary of the particular trust because of an acquisition of equity of the particular trust that was part of the series of transactions or events.

**“21.0.9.** For the purposes of this chapter, the following rules apply:

(a) in determining whether persons are affiliated with each other

i. except for the purposes of paragraph *b* of the definition of “subsidiary” in section 21.0.5, section 21.0.3 applies without reference to the definition of “controlled” in section 21.0.1,

ii. individuals connected by blood relationship, marriage or adoption are deemed to be affiliated with one another, and

iii. if, at any time as part of a series of transactions or events a person acquires equity of a corporation, partnership or trust, and it can reasonably be concluded that one of the reasons for the acquisition, or for making any agreement or undertaking in respect of the acquisition, is to cause a condition in paragraph *a* or *b* of section 21.0.7 or subparagraph *i* of paragraph *a* or *b* of section 21.0.8 regarding affiliation to be satisfied at a particular time, the condition is deemed not to be satisfied at the particular time; and

(b) in determining whether a particular person becomes at a particular time a majority-interest beneficiary, or a particular group of persons becomes at a particular time a majority-interest group of beneficiaries, of a trust, the fair market value of each person’s equity of the trust is to be determined at and immediately before the particular time

i. without reference to the portion of that fair market value that is attributable to property acquired if it can reasonably be concluded that one of the reasons for the acquisition is to cause paragraph *b* of section 21.0.6, or any provision that applies by reference to a trust being subject to a loss restriction event at any time, not to apply,

ii. without reference to the portion of that fair market value that is attributable to a change in the fair market value of all or part of any equity of the trust if it can reasonably be concluded that one of the reasons for the change is to cause paragraph *b* of section 21.0.6, or any provision that applies by reference to a trust being subject to a loss restriction event at any time, not to apply, and

iii. as if each specified right held immediately before the particular time by the particular person, or by a member of the particular group of persons, in respect of the trust is at that time exercised if it can reasonably be concluded that one of the reasons for the acquisition of the right is to cause paragraph *b* of section 21.0.6, or any provision that applies by reference to a trust being subject to a loss restriction event at any time, not to apply.

**“21.0.10.** For the purposes of this Part, if a trust is subject to a loss restriction event at a particular time during a day, the trust is deemed to be subject to the loss restriction event at the beginning of that day and not at the particular time unless the trust makes a valid election under subsection 6 of section 251.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in that respect.

Chapter V.2 applies in relation to an election made under subsection 6 of section 251.2 of the Income Tax Act.”

(2) Subsection 1 has effect from 21 March 2013.

**73.** (1) Section 21.1 of the Act is amended

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

**“21.1.** Sections 21.2 to 21.3.1 apply in respect of the control of a corporation for the purposes of paragraph *a* of section 21.0.6, sections 21.2 to 21.3.3, 308.0.1 to 308.6, 384, 418.26 to 418.30, 564.4, 564.4.1, 711.2, 736.0.4 and 737.18.9.2, subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 771.8.5, subparagraphs *d* to *f* of the first paragraph of section 771.13, paragraph *f* of section 772.13, sections 776.1.5.6, 776.1.12 and 776.1.13, paragraph *c* of the definition of “qualified corporation” in the first paragraph of sections 1029.8.36.0.3.46 and 1029.8.36.0.3.60, subparagraph *iv* of paragraph *b* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17, subparagraph *b* of the first paragraph of sections 1029.8.36.0.21.2, 1029.8.36.0.22.1 and 1029.8.36.0.25.2, paragraph *d* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.38, paragraph *c* of the definition of “qualified corporation” in the first paragraph of sections 1029.8.36.72.1, 1029.8.36.72.29, 1029.8.36.72.56 and 1029.8.36.72.83 and sections 1029.8.36.166.49, 1029.8.36.166.50, 1029.8.36.171.3 and 1029.8.36.171.4.”;

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

“Section 21.4.1 applies in respect of the control of a corporation for the purposes of sections 6.2, 21.0.1 to 21.0.4, paragraph *a* of section 21.0.6, paragraphs *c* and *d* of section 21.0.7, sections 83.0.3, 93.4, 222 to 230.0.0.2, 308.1, 384, 384.4, 384.5, 418.26 to 418.30 and 485 to 485.18, paragraph *d* of section 485.42, subparagraph *d* of the third paragraph of section 559, sections 560.1.2, 564.4, 564.4.1, 727 to 737 and 737.18.9.2, subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 771.8.5, subparagraphs *d* to *f* of the first paragraph of section 771.13, paragraph *f* of section 772.13, sections 776.1.5.6, 776.1.12 and 776.1.13, paragraph *c* of the definition of “qualified corporation” in the first paragraph of sections 1029.8.36.0.3.46 and 1029.8.36.0.3.60, subparagraph *iv* of paragraph *b* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17, subparagraph *b* of the first paragraph of sections 1029.8.36.0.21.2, 1029.8.36.0.22.1 and 1029.8.36.0.25.2, paragraph *d*

of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.38, paragraph *c* of the definition of “qualified corporation” in the first paragraph of sections 1029.8.36.72.1, 1029.8.36.72.29, 1029.8.36.72.56 and 1029.8.36.72.83 and sections 1029.8.36.166.49, 1029.8.36.166.50, 1029.8.36.171.3 and 1029.8.36.171.4.”

(2) Subsection 1 has effect from 21 March 2013.

**74.** (1) The Act is amended by inserting the following section after section 21.2.2:

“**21.2.3.** Where at a particular time after 12 September 2013 a trust is subject to a loss restriction event and immediately before that time the trust, or a group of persons of which the trust is a member, controls a corporation, control of the corporation and of each corporation controlled by it immediately before that time is deemed to have been acquired at that time by a person or group of persons.”

(2) Subsection 1 has effect from 21 March 2013.

**75.** (1) Section 21.3 of the Act is amended by replacing subparagraph *iv* of paragraph *a* by the following subparagraph:

“*iv.* a particular person who acquired the shares from a succession that arose on and as a consequence of the death of an individual, if the succession acquired the shares from the individual as a consequence of the death and the individual was related to the particular person immediately before the death, or”.

(2) Subsection 1 has effect from 13 September 2013.

**76.** (1) Section 21.3.1 of the Act is amended by adding the following paragraph after the fourth paragraph:

“Where at a particular time after 12 September 2013 a trust controls a corporation, control of the corporation is deemed not to have been acquired solely because of a change in the trustee or legal representative having ownership or control of the trust’s property if

(*a*) the change is not part of a series of transactions or events that includes a change in the beneficial ownership of the trust’s property; and

(*b*) no amount of income or capital of the trust to be distributed, at any time at or after the change, in respect of any interest in the trust depends upon the exercise by any person or partnership, or the failure of any person or partnership to exercise, any discretionary power.”

(2) Subsection 1 has effect from 21 March 2013.

**77.** (1) Section 21.4.1 of the Act is amended by replacing “of sections 83.0.3” in paragraph *b* by “of sections 21.0.6, 83.0.3”.

(2) Subsection 1 has effect from 21 March 2013.

**78.** (1) The Act is amended by inserting the following after section 21.4.2:

**“CHAPTER V.0.1**

**“ATTRIBUTE TRADING**

**“21.4.2.1.** In this chapter,

“attribute trading restriction” means any restriction on the use of a tax attribute arising on the application, either alone or in combination with other provisions, of any of this chapter, sections 6.2, 21.1 to 21.3.1, 83.0.3, 93.4, 222 to 230.0.0.6, 384.4 and 384.5, the first paragraph of section 418.26, sections 418.30, 427.4, 564.4, 564.4.1 and 727 to 737, paragraph *f* of section 772.13 and sections 1029.8.36.166.49, 1029.8.36.166.50, 1029.8.36.171.3 and 1029.8.36.171.4;

“person” includes a partnership;

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

**“21.4.2.2.** The rules provided for in section 21.4.2.3 apply at a particular time in respect of a corporation in connection with attribute trading restrictions if

(*a*) shares of the capital stock of the corporation held by a person, or the total of all shares of the capital stock of the corporation held by members of a group of persons, as the case may be, have at the particular time a fair market value that exceeds 75% of the fair market value of all the shares of the capital stock of the corporation;

(*b*) shares of the capital stock of the corporation held by the person, or the total of all shares of the capital stock of the corporation held by members of the group of persons, have immediately before the particular time a fair market value that does not exceed 75% of the fair market value of all the shares of the capital stock of the corporation;

(*c*) the person or group of persons does not control the corporation at the particular time; and

(d) it is reasonable to conclude that one of the main reasons that the person or group of persons does not control the corporation is to avoid the application of one or more specified provisions.

**“21.4.2.3.** The rules to which section 21.4.2.2 refers at a particular time in respect of a corporation are as follows:

(a) the person or group of persons referred to in section 21.4.2.2

i. is deemed to acquire control of the corporation, and each corporation controlled by the corporation, at the particular time, and

ii. is not deemed to have control of the corporation, and each corporation controlled by the corporation, at any time after the particular time solely because this paragraph applied at the particular time; and

(b) during the period that the condition in paragraph *a* of section 21.4.2.2 is satisfied, each corporation referred to in paragraph *a*—and any corporation incorporated subsequent to the particular time and controlled by that corporation—is deemed not to be related to, or affiliated with, any person to which it was related to, or affiliated with, immediately before paragraph *a* applies.

**“21.4.2.4.** For the purpose of applying paragraph *a* of section 21.4.2.2 in respect of a person or group of persons, the following rules apply:

(a) if it is reasonable to conclude that one of the reasons that one or more transactions or events occur is to cause a person or group of persons not to hold shares having a fair market value that exceeds 75% of the fair market value of all the shares of the capital stock of a corporation, no account is to be taken of those transactions or events; and

(b) the person, or each member of the group of persons, is deemed to have exercised each right that is held by the person or a member of the group and that is referred to in paragraph *b* of section 20 in respect of a share of the corporation referred to in paragraph *a* of section 21.4.2.2.

**“21.4.2.5.** For the purposes of sections 21.4.2.2 to 21.4.2.4, if the fair market value of the shares of the capital stock of a corporation is nil at a particular time, then for the purpose of determining the fair market value of those shares, the corporation is deemed, at that time, to have assets net of liabilities equal to \$100,000 and to have \$100,000 of income for the taxation year that includes that time.

**“21.4.2.6.** If, at a particular time as part of a transaction or event or series of transactions or events, control of a particular corporation is acquired by a person or group of persons and it can reasonably be concluded that one of the main reasons for the acquisition of control is so that a specified provision does not apply to one or more corporations, the attribute trading restrictions are

deemed to apply to each of those corporations as if control of each of those corporations were acquired at that time.”

(2) Subsection 1 has effect from 21 March 2013. However, it does not apply in respect of a transaction or event that occurs

(1) before 21 March 2013; or

(2) after 20 March 2013 pursuant to an obligation arising out of an agreement in writing entered into before 21 March 2013, provided that none of the parties to the agreement may be excused from fulfilling the obligation as a result of changes to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

**79.** (1) Section 21.4.16 of the Act is amended by replacing “Part III.7” in paragraphs *a* and *b* of the definition of “Québec tax results” by “Part III.7 or III.7.0.1”.

(2) Subsection 1 has effect from 18 March 2016.

**80.** (1) Section 21.20.2 of the Act is amended

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

(2) by replacing “réputée être” and “réputées être” wherever they appear in the following provisions in the French text by “réputée” and “réputées”, respectively:

— subparagraphs *i* and *ii* of paragraph *b*;

— the portion of paragraph *c* before subparagraph *i*;

— the portion of paragraph *d* before subparagraph *i*;

— the portion of paragraph *f* before subparagraph *i*;

(3) by striking out subparagraph *i* of paragraph *f*;

(4) by replacing subparagraphs *ii* to *iv* of paragraph *f* by the following subparagraphs:

“*ii.* where a beneficiary’s share of the accumulating income or capital of the trust depends upon the exercise by any person of, or the failure by any person to exercise, a power to appoint, such shares are deemed to be owned at that time by the beneficiary,

“*iii.* in any case where subparagraph *ii* does not apply, a beneficiary is deemed at that time to own the proportion of such shares 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, and

“iv. in the case of a trust referred to in section 467, the person referred to in that section from whom property of the trust or property for which it was substituted was directly or indirectly received is deemed to own such shares at that time; and”.

(2) Subsection 1 applies from the taxation year 2016.

**81.** (1) Section 39.6 of the Act is amended by adding the following paragraph after the second paragraph:

“In this section, “volunteer firefighter” means a person who, for very little or no annual compensation, responds to alarms from a fire safety service or a 9-1-1 emergency centre, issued in particular by radio, telephone, siren or alarm bell, and does not include a person who provides services as a volunteer firefighter or performs duties in this respect, if the person

- (a) replaces permanent firefighters for short periods;
- (b) is regularly or periodically on duty in a fire station; or
- (c) is remunerated for periods of on-call duty in the territory.”

(2) Subsection 1 is declaratory, except in respect of cases pending on 2 March 2015 and notices of objection filed with the Minister of Revenue on or before that date, where the basis of one of the subjects of the contestation, expressly invoked on or before that date in the motion for appeal or in the notice of objection, is the meaning of “volunteer firefighter”.

**82.** (1) Section 83.0.3 of the Act is replaced by the following section:

**“83.0.3.** Despite section 83.0.1, property described in an inventory of a taxpayer’s business that is an adventure or concern in the nature of trade at the end of the taxpayer’s taxation year that ends immediately before the time at which the taxpayer is subject to a loss restriction event is to be valued at the cost at which the taxpayer acquired the property, or its fair market value at the end of the year, whichever is lower, and, after that time, the cost at which the taxpayer acquired the property is deemed to be equal to that lower amount.”

(2) Subsection 1 has effect from 21 March 2013.

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

“ii. except as provided by any provision of any of Titles III.3 to III.5 of Book V or of Chapter III.1 of Title III of Book IX, does not reduce, for the purposes of this Part, the cost or capital cost of the property or the amount of the outlay or expense, as the case may be,”.



(2) Subsection 1 has effect from 27 March 2015.

**84.** (1) Section 92.5.2 of the Act is amended by replacing subparagraph 1 of subparagraph *i* of subparagraph *b* of the second paragraph by the following subparagraph:

“(1) of the taxpayer under section 92.5.2.1 or section 656.3 or 660.1, as it read in its application to the taxpayer’s taxation year 2015, or”.

(2) Subsection 1 applies from the taxation year 2016.

**85.** (1) Section 92.5.3.1 of the Act is amended by replacing subparagraph *i* of subparagraph *b* of the second paragraph by the following subparagraph:

“*i.* of the taxpayer under section 656.3.1 or 660.2, as it read in its application to the taxpayer’s taxation year 2015, or”.

(2) Subsection 1 applies from the taxation year 2016.

**86.** (1) The Act is amended by inserting the following sections after section 92.30:

“**92.31.** The second paragraph applies for a taxation year of an entity in respect of a security of the entity if

(*a*) the security becomes, at a particular time in the taxation year, a stapled security of the entity and, as a consequence, section 158.18 applies to deny the deductibility of amounts described in paragraphs *a* and *b* of that section;

(*b*) the security (or any security for which the security was substituted) ceased, at an earlier time, to be a stapled security of any entity and, as a consequence, section 158.18 ceased to apply to deny the deductibility of amounts that would have been described in paragraphs *a* and *b* of that section if the security had not ceased to be a stapled security; and

(*c*) throughout the period that began immediately after the most recent time referred to in subparagraph *b* and that ends at the particular time, the security (or any security for which the security was substituted) was not a stapled security of any entity.

Where this paragraph applies for a taxation year of an entity in respect of a security of the entity, the entity must include in computing its income for the year each amount that

(*a*) was deducted by the entity (or by another entity that issued a security for which the security was substituted) in computing its income for a taxation year that includes any part of the period described in subparagraph *c* of the first paragraph; and

(b) would not have been so deductible if section 158.18 had applied in respect of the amount.

The definitions in section 158.16 apply to this section and section 92.32.

**“92.32.** For the purposes of section 1037, where the second paragraph of section 92.31 provides for the inclusion of a particular amount described in subparagraph *a* of that second paragraph in computing the income of an entity for a taxation year, the entity is deemed to have an amount of unpaid tax immediately after the entity’s balance-due day for the year computed as if

(a) the entity had been resident in Canada throughout the year;

(b) the entity’s tax payable for the year were equal to the tax payable by the entity on its taxable income for the year;

(c) the particular amount were the entity’s only taxable income for the year;

(d) the entity had claimed no deductions under Book V for the year;

(e) the entity had not paid any amounts on account of its tax payable for the year; and

(f) the tax payable to which paragraph *b* applies had been an amount of unpaid tax throughout the period that begins immediately after the end of the taxation year for which the particular amount was deducted and that ends on the entity’s balance-due day for the year.”

(2) Subsection 1 has effect from 20 July 2011.

**87.** (1) Section 93.3.1 of the Act is amended by replacing subparagraph 4 of subparagraph iii of subparagraph *b* of the second paragraph by the following subparagraph:

“(4) that is immediately before the transferor is subject to a loss restriction event, or”.

(2) Subsection 1 has effect from 21 March 2013.

**88.** (1) Sections 93.4 and 93.5 of the Act are replaced by the following sections:

**“93.4.** For the purposes of subparagraph i of subparagraph *e* of the first paragraph of section 93, where, at a particular time, a taxpayer is subject to a loss restriction event and, within the 12-month period that ended immediately before that time, the taxpayer, a partnership of which the taxpayer was a majority-interest partner or a trust of which the taxpayer was a majority-interest beneficiary, within the meaning of section 21.0.1, acquired depreciable property that was not used, or acquired for use, by the taxpayer, partnership or trust in

a business that was carried on by it immediately before the 12-month period began,

(a) the property is deemed, subject to subparagraph *b*, to have been acquired by the taxpayer, partnership or trust immediately after the particular time and not to have been acquired by it before that time; and

(b) where the property was disposed of by the taxpayer, partnership or trust before the particular time and was not reacquired by it before that time, the property is deemed to have been acquired by it immediately before the property was disposed of.

However, the first paragraph does not apply in the case of an acquisition of property that was owned by the taxpayer, partnership or trust or by a person that would, but for the definition of “controlled” in section 21.0.1, have been affiliated with the taxpayer throughout the period that began immediately before the 12-month period referred to in the first paragraph and ended at the time the property was acquired by the taxpayer, partnership or trust.

**“93.5.** For the purposes of section 93.4, where the taxpayer referred to in that section was formed or created in the 12-month period referred to in the first paragraph of that section, the taxpayer is deemed to have been

(a) in existence throughout the period that began immediately before that 12-month period and ended immediately after it was formed or created; and

(b) affiliated, throughout the period referred to in paragraph *a*, with every person with whom it was affiliated, otherwise than because of a right referred to in paragraph *b* of section 20, throughout the period that began when it was formed or created and ended immediately before the time at which the taxpayer was subject to the loss restriction event referred to in that section.”

(2) Subsection 1 has effect from 21 March 2013. However, where section 93.4 of the Act applies before 13 September 2013, it is to be read as follows:

**“93.4.** For the purposes of subparagraph *i* of subparagraph *e* of the first paragraph of section 93, where, at a particular time, a taxpayer is subject to a loss restriction event and, within the 12-month period that ended immediately before that time, the taxpayer or a partnership of which the taxpayer was a majority-interest partner acquired depreciable property that was not used, or acquired for use, by the taxpayer or partnership in a business that was carried on by it immediately before the 12-month period began,

(a) the property is deemed, subject to subparagraph *b*, to have been acquired by the taxpayer or partnership immediately after the particular time and not to have been acquired by it before that time; and

(b) where the property was disposed of by the taxpayer or partnership before the particular time and was not reacquired by it before that time, the property

is deemed to have been acquired by it immediately before the property was disposed of.

However, the first paragraph does not apply in the case of an acquisition of property that was owned by the taxpayer or partnership or by a person that would, but for the definition of “controlled” in section 21.0.1, have been affiliated with the taxpayer throughout the period that began immediately before the 12-month period referred to in the first paragraph and ended at the time the property was acquired by the taxpayer or partnership.”

**89.** (1) Section 99 of the Act is amended by replacing paragraph *d.2* by the following paragraph:

“(d.2) where a taxpayer is deemed under subparagraph *c* of the second paragraph of section 736 to have disposed of and reacquired depreciable property, other than a timber resource property, the capital cost to the taxpayer of the property at the time of the reacquisition is deemed to be equal to the aggregate of

i. the capital cost to the taxpayer of the property at the time of the disposition, and

ii. subject to section 99.1, 1/2 of the amount by which the taxpayer’s proceeds of disposition of the property exceed the capital cost to the taxpayer of the property at the time of the disposition;”.

(2) Subsection 1 has effect from 21 March 2013.

**90.** (1) Section 106.4 of the Act is amended, in the second paragraph,

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

(2) by replacing subparagraph *iv* of subparagraph *a* by the following subparagraph:

“*iv. that is immediately before the transferor is subject to a loss restriction event, or*”.

(2) Subsection 1 has effect from 21 March 2013.

**91.** (1) Section 127.6 of the Act is replaced by the following section:

**“127.6.** Where the conditions of the third paragraph are met in respect of a corporation resident in Canada in relation to an amount owing to the corporation (in this section referred to as the “debt”), the corporation shall include in computing its income for a taxation year the amount determined by the formula

A – B.

In the formula in the first paragraph,

(a) A is the amount of interest that would be included in computing the corporation's income for the year in respect of the debt if interest on the debt were computed at the prescribed rate for the period in the year during which the debt was outstanding; and

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

i. an amount included in computing the corporation's income for the year as, on account of, in lieu of or in satisfaction of, interest in respect of the debt,

ii. an amount received or receivable by the corporation from a trust that is included in computing the corporation's income for the year or a subsequent year and that can reasonably be attributed to interest on the debt for the period in the year during which the debt was outstanding, or

iii. an amount included in computing the corporation's income for the year or a subsequent taxation year under section 580 that can reasonably be attributed to interest on an amount owing (in this section referred to as the "original debt")—or if the amount of the original debt exceeds the amount of the debt, a portion of the original debt that is equal to the amount of the debt—for the period in the year during which the debt was outstanding if

(1) without the existence of the original debt, section 127.7 would not have deemed the debt to be owed by a person not resident in Canada and referred to in subparagraph *a* of the third paragraph,

(2) the original debt was owed by a person not resident in Canada or a partnership each member of which is such a person, and

(3) where section 127.3.2 applies in respect of the original debt, an amount determined under subparagraph *a* or *b* of the first paragraph of that section in respect of the original debt is an amount referred to in paragraph *a* of section 127.7 and, because of the amount referred to in that paragraph *a*, the debt is deemed to be owed by the person not resident in Canada and referred to in subparagraph *a* of the third paragraph, and the original debt was owing by an intermediate lender to an initial lender or by an intended borrower to an intermediate lender, within the meaning assigned to those expressions by the second paragraph of section 127.3.2.

The conditions to which the first paragraph refers in relation to a debt contracted with a corporation resident in Canada are met if at any time in a taxation year of the corporation,

(a) a person not resident in Canada owes the amount to the corporation;

(b) the amount has been or remains outstanding for more than a year; and

(c) the amount that would be determined under subparagraph *b* of the second paragraph, if the first and second paragraphs of this section applied, for the year in respect of a debt is less than the amount of interest that would be included in computing the corporation's income for the year in respect of the debt if that interest were computed at a reasonable rate for the period in the year during which the amount was outstanding.”

(2) Subsection 1 applies to a taxation year that begins after 23 February 1998.

(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.

**92.** (1) Section 127.7 of the Act is amended

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

“**127.7.** For the purposes of this division and subject to section 127.8, a person not resident in Canada is deemed at any time to owe to a corporation resident in Canada an amount equal to the amount, or a portion of the amount, as the case may be, owing to a particular person or partnership where”;

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

“(b) it may reasonably be considered that the amount or a portion of the amount became owing, or was permitted to remain owing, to the particular person or partnership because a corporation resident in Canada made a loan or transfer of property, or the particular person or partnership anticipated that a corporation resident in Canada would make a loan or transfer of property, either directly or indirectly in any manner whatever, to or for the benefit of any person or partnership (other than an exempt loan or transfer).”

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

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

**93.** (1) The Act is amended by inserting the following section after section 132.3:

“**132.4.** A taxpayer shall not deduct, in computing the taxpayer's income from a business or property for a taxation year, the amount of a contribution the taxpayer paid, directly or indirectly, for political purposes.”

(2) Subsection 1 applies in respect of a contribution paid after 17 March 2016.

**94.** (1) Section 158.9 of the Act is amended by replacing subparagraph ii of paragraph *b* by the following subparagraph:

“ii. that is immediately before the taxpayer is subject to a loss restriction event,”.

(2) Subsection 1 has effect from 21 March 2013.

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

**“DIVISION X.2**

**“STAPLED SECURITIES**

**“158.16.** In this division,

“entity” has the meaning assigned by the first paragraph of section 1129.70;

“equity value” has the meaning assigned by the first paragraph of section 1129.70;

“real estate investment trust” has the meaning assigned by the first paragraph of section 1129.70;

“security”, of an entity, means

(a) a liability of the entity;

(b) if the entity is a corporation,

i. a share of the capital stock of the corporation, and

ii. a right to control in any manner whatever the voting rights of a share of the capital stock of the corporation if it can reasonably be concluded that one of the reasons that a person or partnership holds the right to control is to avoid the application of the second paragraph of section 92.31 or section 158.18;

(c) if the entity is a trust, a capital or income interest in the trust; and

(d) if the entity is a partnership, an interest as a member of the partnership;

“stapled security”, of a particular entity at a particular time, means a particular security of the particular entity if at that time

(a) another security (in this division referred to as the “reference security”)

i. is or may be required to be transferred together or concurrently with the particular security as a term or condition of the particular security, the reference security, or an agreement or arrangement to which the particular entity (or if the reference security is a security of another entity, the other entity) is a party, or

ii. is listed or traded with the particular security on a stock exchange or other public market under a single trading symbol;

(b) the particular security or the reference security is listed or traded on a stock exchange or other public market; and

(c) any of the following subparagraphs applies:

i. the particular security and the reference security are securities of the particular entity and the particular entity is a corporation, SIFT partnership or SIFT trust,

ii. the reference security is a security of another entity, one of the particular entity or the other entity is a subsidiary of the other, and the particular entity or the other entity is a corporation, SIFT partnership or SIFT trust, or

iii. the reference security is a security of another entity and the particular entity or the other entity is a real estate investment trust or a subsidiary of a real estate investment trust;

“subsidiary”, of a particular entity at a particular time, means

(a) any entity in which the particular entity holds at the particular time securities that have a total fair market value greater than the amount that is 10% of the equity value of the entity; or

(b) an entity that at that time is a subsidiary of an entity that is a subsidiary of the particular entity;

“transition period”, in relation to an entity, means

(a) if one or more securities of the entity would have been stapled securities of the entity on 31 October 2006 and 19 July 2011 had the definition of “stapled security” had effect from 31 October 2006, the period that begins on 20 July 2011 and ends on the earliest of

i. 1 January 2016,

ii. the first day after 20 July 2011 on which any of those securities is materially altered, and

iii. the day described in the second paragraph;



(b) if paragraph *a* does not apply in respect of the entity and one or more securities of the entity would have been stapled securities on 19 July 2011 had the definition of “stapled security” had effect from that date, the period that begins on 20 July 2011 and ends on the earliest of

- i. 20 July 2012,
- ii. the first day after 20 July 2011 on which any of those securities is materially altered, and
- iii. the day described in the second paragraph; and

(c) in any other case, if the entity is a subsidiary of another entity on 20 July 2011 and the other entity has a transition period, the period that begins on 20 July 2011 and ends on the earliest of

- i. the day on which the other entity’s transition period ends,
- ii. the first day after 20 July 2011 on which the entity ceases to be a subsidiary of the other entity, and
- iii. the day described in the second paragraph.

The day to which subparagraph iii of paragraphs *a* to *c* of the definition of “transition period” in the first paragraph refers is the first day after 20 July 2011 on which a security of the entity becomes a stapled security other than by way of

(a) a transaction that is completed under the terms of an agreement in writing entered into before 20 July 2011 if no party to the agreement may be excused from completing the transaction as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), and that is not the issuance of a security in satisfaction of a right to enforce payment of an amount by the entity; or

(b) the issuance of the security in satisfaction of a right to enforce payment of an amount that became payable by the entity on another security of the entity before 20 July 2011, if the other security was a stapled security on 20 July 2011 and the issuance was made under a term or condition of the other security in effect on that date.

**“158.17.** Where a receipt or similar property (in this section referred to as the “receipt”) represents all or a portion of a particular security of an entity and the receipt would be described in paragraphs *a* and *b* of the definition of “stapled security” in the first paragraph of section 158.16 if it were a security of the entity, the following rules apply for the purpose of determining whether the particular security is a stapled security:

(a) the particular security is deemed to be described in those paragraphs *a* and *b*; and

(b) any security that would be a reference security in respect of the receipt is deemed to be a reference security in respect of the particular security.

**“158.18.** Despite any other provision of this Act, in computing the income of a particular entity for a taxation year from a business or property, no deduction may be made in respect of an amount

(a) that is paid or payable after 19 July 2011, unless the amount is paid or payable in respect of the particular entity’s transition period; and

(b) that is

i. interest paid or payable on a liability of the particular entity that is a stapled security, unless each reference security in respect of the stapled security is a liability, or

ii. if a security of the particular entity, a subsidiary of the particular entity or an entity of which the particular entity is a subsidiary is a reference security in respect of a stapled security of a real estate investment trust or a subsidiary of a real estate investment trust, an amount paid or payable to

(1) the real estate investment trust,

(2) a subsidiary of the real estate investment trust, or

(3) any person or partnership on condition that any person or partnership pays or makes payable an amount to the real estate investment trust or a subsidiary of the real estate investment trust.”

(2) Subsection 1 has effect from 20 July 2011.

**96.** (1) The Act is amended by inserting the following section after section 163:

**“163.0.1.** For the purposes of sections 160 and 163, an amount is not an amount paid or payable as interest if

(a) the amount

i. is paid, after 20 March 2013 in respect of a period that begins after 31 December 2013, in respect of a life insurance policy that is, at the time of the payment, a leveraged insurance policy, and

ii. is described in paragraph *a* of the definition of “leveraged insurance policy” in section 1; or

(b) the amount

i. is payable, in respect of a life insurance policy, after 20 March 2013 in respect of a period that begins after 31 December 2013 during which the policy is a leveraged insurance policy, and

ii. is described in paragraph *a* of the definition of “leveraged insurance policy” in section 1.”

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

**97.** (1) Section 175.9 of the Act is amended by replacing subparagraph iii of subparagraph *b* of the first paragraph by the following subparagraph:

“iii. that is immediately before the transferor is subject to a loss restriction event, or”.

(2) Subsection 1 has effect from 21 March 2013.

**98.** (1) Section 176.6 of the Act is amended

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

“**176.6.** A taxpayer may deduct the least of the following amounts in respect of a life insurance policy (other than an annuity contract or a leveraged insured annuity policy):

(*a*) the premium payable by the taxpayer under the life insurance policy in respect of the year, where

i. an interest in the policy is assigned to a restricted financial institution in the course of a borrowing from the institution,

ii. the interest payable in respect of the borrowing is or would, but for sections 135.4, 164, 180 to 182 and 194 to 197, be deductible in computing the taxpayer’s income for the year, and”;

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

“(b) the net cost of pure insurance in respect of the year (other than in respect of a period that begins after 31 December 2013 during which the policy is a leveraged insurance policy), as determined in accordance with the regulations, in respect of the interest in the policy referred to in subparagraph i of paragraph *a*; and”;

(3) by adding the following paragraph after paragraph *b*:

“(c) the portion, of the lesser of the amounts determined in accordance with paragraphs *a* and *b* in respect of the policy, that can reasonably be considered

to relate to an amount owing from time to time during the year by the taxpayer to the restricted financial institution under the borrowing.”

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

**99.** (1) Section 194 of the Act is amended by replacing subparagraph *c* of the third paragraph by the following subparagraph:

“(c) the aggregate of all amounts each of which is an amount deducted for the year under paragraph *a* or *b* of section 130, section 130.1, paragraph *t* of section 157, section 188 or 198, the first paragraph of section 487 or section 487.0.2 or 487.0.2.1 in respect of the business.”

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

**100.** (1) Section 209.4 of the Act is amended by replacing the second paragraph by the following paragraph:

“Despite the first paragraph, in the case of a plan that is a trust, the income of the plan for a year is the amount that would be its income for the year but for sections 652, 653 to 657.3, 659, 663 to 663.2, 664, 666 to 668.3, 671 to 671.4, 680 and 681.”

(2) Subsection 1 applies from the taxation year 2016.

**101.** (1) Section 217.2 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“**217.2.** If an individual, other than a succession that is a graduated rate estate, carries on a business in a taxation year, a particular fiscal period of the business begins in the year and ends after the end of the year, and the individual has made an election referred to in the first paragraph of section 7.0.3 in respect of the business, where the particular fiscal period is a fiscal period referred to in the second paragraph of section 7, or has made an election under subsection 4 of section 249.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the business, where the particular fiscal period is a fiscal period referred to in the third or fourth paragraph of section 7, the individual shall, if the election has not been revoked, include, in computing the individual’s income for the year from the business, the amount determined by the formula”.

(2) Subsection 1 applies from the taxation year 2016.

**102.** (1) Section 217.3 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**217.3.** If an individual, other than a succession that is a graduated rate estate, begins carrying on a business in a taxation year but not earlier than the beginning of the first fiscal period of the business that begins in the year and

ends after the end of the year (in this section referred to as the “particular fiscal period”) and the individual has made an election referred to in the first paragraph of section 7.0.3 in respect of the business, where the particular fiscal period is a fiscal period referred to in the second paragraph of section 7, or has made an election under subsection 4 of section 249.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the business, where the particular fiscal period is a fiscal period referred to in the third or fourth paragraph of section 7, the individual shall, if the election has not been revoked, include, in computing the individual’s income for the year from the business, the lesser of”.

(2) Subsection 1 applies from the taxation year 2016.

**103.** (1) Section 225 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) where the taxpayer is subject to a loss restriction event before the end of the year, the amount determined for the year under section 225.1 with respect to the taxpayer.”

(2) Subsection 1 has effect from 21 March 2013.

**104.** (1) Section 225.1 of the Act is replaced by the following section:

**“225.1.** Where a taxpayer is, at any time before the end of a taxation year of the taxpayer, last subject to a loss restriction event, the amount determined for the purposes of paragraph *d* of section 225 for the year in respect of the taxpayer is the amount obtained by subtracting the amount determined under the third paragraph from 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

i. an expenditure described in section 222 that was made by the taxpayer before that time or an expenditure described in section 224, where that section refers to an expenditure made as repayment of an amount described in paragraph *b* of section 225 that was made by the taxpayer before that time,

ii. the lesser of the amounts determined immediately before that time in respect of the taxpayer under paragraphs *a* and *b* of section 223, as those paragraphs read on 29 March 2012 in respect of expenditures made, and property acquired, by the taxpayer before 1 January 2014, or

iii. an amount determined in respect of the taxpayer for its taxation year ending immediately before that time under section 224, where that section refers to an amount included, under paragraph *t* of section 87, in computing its income for a preceding taxation year;

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

i. the aggregate of all amounts determined in respect of the taxpayer under paragraphs *a* to *c* of section 225 for its taxation year ending immediately before that time, or

ii. the amount deducted under sections 222 to 225 in computing the taxpayer's income for its taxation year ending immediately before that time; and

(c) C is the aggregate of

i. where the business to which the amounts described in any of subparagraphs i to iii of subparagraph *a* may reasonably be considered to relate was carried on by the taxpayer for profit or with a reasonable expectation of profit throughout the year, the aggregate of

(1) the taxpayer's income for the year from the business before making any deduction under sections 222 to 225, and

(2) where properties were sold, leased, rented or developed, or services were rendered, in the course of carrying on the business before that time, the taxpayer's income for the year, before making any deduction under sections 222 to 225, from any other business substantially all the income of which was derived from the sale, leasing, rental or development, as the case may be, of similar properties or the rendering of similar services, and

ii. the aggregate of all amounts each of which is an amount determined in respect of a preceding taxation year of the taxpayer that ended after that time equal to the lesser of

(1) the amount determined under subparagraph i in respect of the taxpayer in respect of the business for that preceding taxation year, and

(2) the amount in respect of the business deducted under sections 222 to 225 in computing the taxpayer's income for that preceding taxation year."

(2) Subsection 1 has effect from 21 March 2013. However, where subparagraph ii of subparagraph *a* of the second paragraph of section 225.1 of the Act applies before 1 January 2014, it is to be read as follows:

"ii. the lesser of the amounts determined in respect of the taxpayer under paragraphs *a* and *b* of section 223, as those paragraphs read on 29 March 2012, in respect of expenditures made, and property acquired, by the taxpayer before that time, or".

**105.** (1) Section 236.1 of the Act is amended by replacing the third paragraph by the following paragraph:

“Furthermore, where the taxpayer is a trust for which a day is to be, or has been, determined under subparagraph *a* or *a.4* of the first paragraph of section 653 by reference to a death or later death, as the case may be, and the share is a share referred to in the second paragraph, the aggregate of all amounts each of which is an amount received after 31 December 1971 or receivable at the time of the disposition, as a taxable dividend on the share or on any other share in respect of which the share disposed of is a substituted share, by an individual whose death is that death or later death, as the case may be, or the individual’s spouse must also be deducted from the loss determined in accordance with this Title.”

(2) Subsection 1 applies from the taxation year 2014. However, where the third paragraph of section 236.1 of the Act applies to the taxation years 2014 and 2015, it is to be read as follows:

“Furthermore, where the taxpayer is a trust to which subparagraph *a* or *a.4* of the first paragraph of section 653 applies and the share is a share referred to in the second paragraph, the aggregate of all amounts each of which is an amount received after 31 December 1971 by the settlor, within the meaning of the first paragraph of section 658, or the settlor’s spouse, as a taxable dividend on that share or on any other share in respect of which the share disposed of is a substituted share or which is receivable as such by one of such persons at the time of the disposition of the share must also be deducted from the loss determined in accordance with this Title.”

**106.** (1) Section 238 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) a disposition by a taxpayer that was subject to a loss restriction event within 30 days after the time of disposition;”.

(2) Subsection 1 has effect from 21 March 2013.

**107.** (1) Section 238.1 of the Act is amended, in the second paragraph,

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

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

“iii. that is immediately before the transferor is subject to a loss restriction event.”.

(2) Subsection 1 has effect from 21 March 2013.

**108.** (1) Section 248 of the Act is amended, in the first paragraph,

(1) by replacing “mortgage created under the jurisdiction of a province other than Québec” in subparagraph *i* of subparagraph *b* by “hypothecary claim, mortgage”;

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

“(b.1) where the property is an interest in a life insurance policy, a disposition within the meaning of paragraph *a* of section 966;”.

(2) Paragraph 1 of subsection 1 applies in respect of a redemption, an acquisition or a cancellation that occurs after 23 December 1998.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2006.

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

“**251.** The proceeds of disposition of property include, for the purposes of this Title, the same elements as the proceeds of disposition of property referred to in subparagraph *f* of the first paragraph of section 93 and any amount deemed not to be a dividend under paragraph *b* of section 568; it does not include an amount deemed to be a dividend paid to a taxpayer under sections 517.1 to 517.3.1, an amount deemed to be a capital gain under section 517.5.5, an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506 and not deemed not to be a dividend under paragraph *a* of section 308.1 or under paragraph *b* of section 568, nor a prescribed amount.”

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

**110.** (1) Section 255 of the Act is amended

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

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



(2) by inserting the following subparagraph after subparagraph 1 of subparagraph *i* of paragraph *i*:

“(1.1) the second and third paragraphs of section 232 in respect of a property described in that third paragraph that is not the subject of a gifting arrangement, within the meaning of the first paragraph of section 1079.1, nor a tax shelter;”;

(3) by inserting the following subparagraph after subparagraph *viii* of paragraph *i*:

“*viii.1.* any amount deemed, before that time, under section 330.1 to be proceeds of disposition receivable by the taxpayer in respect of the disposition of a foreign resource property.”.

(2) Paragraph 1 of subsection 1 applies in respect of a dividend received after 8 November 2006. However, where a taxpayer has made a valid election under subsection 9 of section 190 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to a dividend received by the taxpayer before 16 July 2010, paragraph *d* of section 255 of the Taxation Act (chapter I-3) is to be read as follows:

“(*d*) where the property is a share of the capital stock of a corporation resident in Canada, the amount by which the aggregate of all amounts each of which is the amount of any dividend that is deemed to have been received by the taxpayer under section 504 before that time exceeds the portion of that aggregate that relates to dividends

*i.* in respect of which the taxpayer may deduct an amount under section 738 in computing the taxpayer’s taxable income, and

*ii.* that arose directly or indirectly as a result of a conversion of contributed surplus into paid-up capital;”.

(3) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election referred to in subsection 2. For the purposes of section 21.4.7 of the Act in respect of such an election, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 7 August 2017.

(4) Paragraph 2 of subsection 1 applies in respect of the disposition of a property made after 31 December 2003.

(5) Paragraph 3 of subsection 1 applies in respect of a fiscal period of a partnership that begins after 31 December 2000.

**III.** (1) Section 257 of the Act is amended by replacing paragraph *f.3* by the following paragraph:

“(f.3) where the property is property of a taxpayer that was subject to a loss restriction event at or before that time, any amount required by subparagraph *a* of the second paragraph of section 736 to be deducted in computing the adjusted cost base of the property;”.

(2) Subsection 1 has effect from 21 March 2013.

**II2.** (1) Section 261.2 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**261.2.** A taxpayer that is a member of a partnership at a particular time corresponding to the end of a fiscal period of the partnership, that is a corporation, an individual other than a trust, or a succession that is a graduated rate estate, and that makes, in relation to that fiscal period, a valid election under subsection 3.12 of section 40 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 in respect of the taxpayer’s interest in the partnership, is deemed to have a loss from the disposition at the particular time of the taxpayer’s interest in the partnership equal to the least of”.

(2) Subsection 1 applies from the taxation year 2016.

**II3.** (1) Section 262.1 of the Act is replaced by the following section:

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

(2) Subsection 1 has effect from 21 March 2013.

**II4.** (1) Section 262.2 of the Act is amended by replacing “the corporation” in subparagraphs *i* and *ii* of subparagraph *a* of the second paragraph and in the portion of subparagraphs *b* and *c* of that paragraph before subparagraph *i* by “the taxpayer”.

(2) Subsection 1 has effect from 21 March 2013.

**115.** (1) Sections 295 and 295.1 of the Act are replaced by the following sections:

**“295.** Where, at a particular time, an option described in subparagraph *b* of the second paragraph of section 294 expires, the corporation that granted the option is deemed to have disposed, at that time for proceeds of disposition equal to the amount received by it in consideration for the granting of the option, of capital property the adjusted cost base of which to the corporation immediately before that time is deemed to be nil, unless

(*a*) the option is held, at the particular time, by a person who deals at arm’s length with the corporation and the option was granted by the corporation to a person who was dealing at arm’s length with the corporation at the time that the option was granted; or

(*b*) the option is an option to acquire shares of the capital stock of the corporation in consideration for expenses incurred pursuant to an agreement described in paragraph *e* of any of sections 364, 395 and 408 or in paragraph *c* of section 418.2.

**“295.1.** Where, at a particular time, an option granted by a trust and referred to in subparagraph *b.1* of the second paragraph of section 294 expires, and the option is held at that time by a person who does not deal at arm’s length with the trust or was granted to a person who did not deal at arm’s length with the trust at the time that the option was granted, the following rules apply:

(*a*) the trust is deemed to have disposed of capital property at the particular time for proceeds of disposition equal to the amount received by it in consideration for the granting of the option; and

(*b*) the adjusted cost base to the trust of that capital property immediately before the particular time is deemed to be nil.”

(2) Subsection 1 applies in respect of an option issued after 24 October 2012.

**116.** (1) Section 302 of the Act is amended

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

**“302.** For the purposes of this Title, where a taxpayer acquires property after 31 December 1971, other than property described in the second paragraph, and an amount in respect of its value is included, otherwise than under Division VI of Chapter II of Title II, in computing the taxpayer’s taxable income or taxable income earned in Canada, as the case may be, for a taxation year during which the taxpayer was not resident in Canada, or in computing the taxpayer’s income for a taxation year throughout which the taxpayer was resident in Canada, the amount so included is to be added in computing the cost to the taxpayer of the property at any time, except to the extent that the

amount was otherwise added to the cost or included in computing the adjusted cost base to the taxpayer of the property at or before that time.”;

(2) by replacing “auquel réfère le premier alinéa” in the portion of the second paragraph before subparagraph *a* in the French text by “auquel le premier alinéa fait référence”.

(2) Subsection 1 applies in respect of a taxation year that begins after 31 December 2006.

**117.** (1) Section 305 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) where the stock dividend is a dividend, the amount by which the amount of the stock dividend exceeds the amount of the dividend that the shareholder may deduct under section 738 in computing the shareholder’s taxable income, except any portion of the dividend that, if paid as a separate dividend, would not be subject to section 308.1 because the capital gain referred to in that section could reasonably be considered not to be attributable to anything other than income earned or realized by a corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events as part of which the dividend was received;”.

(2) Subsection 1 applies in respect of an amount received after 8 November 2006.

**118.** (1) Sections 384.4 and 384.5 of the Act are replaced by the following sections:

**“384.4.** For the purposes of sections 371 to 374, 408 to 416 and 418.1 to 418.12, except as those sections apply for the purposes of sections 418.15 to 418.36, where, at a particular time, a taxpayer is subject to a loss restriction event, where, within the 12-month period that ended immediately before that time, the taxpayer, a partnership of which the taxpayer was a majority-interest partner or a trust of which the taxpayer was a majority-interest beneficiary, within the meaning of section 21.0.1, acquired a Canadian resource property or a foreign resource property, and where, immediately before the 12-month period began, the taxpayer was not a development corporation or the partnership or trust, if it were a corporation, would not be a development corporation,

(a) the property is deemed, subject to subparagraph *b*, to have been acquired by the taxpayer, partnership or trust at the particular time and not to have been acquired by it before that time; and

(b) where the property was disposed of by the taxpayer, partnership or trust before the particular time and was not reacquired by it before that time, the property is deemed to have been acquired by it immediately before the property was disposed of.

However, the first paragraph does not apply in the case of an acquisition of property that was owned by the taxpayer, partnership or trust or by a person that would, but for the definition of “controlled” in section 21.0.1, have been affiliated with the taxpayer throughout the period that began immediately before the 12-month period referred to in the first paragraph and ended at the time the property was acquired by the taxpayer, partnership or trust.

**“384.5.** For the purposes of section 384.4, where the taxpayer referred to in that section was formed or created in the 12-month period referred to in the first paragraph of that section, the taxpayer is deemed to have been

(a) in existence throughout the period that began immediately before that 12-month period and ended immediately after it was formed or created; and

(b) affiliated, throughout the period referred to in paragraph *a*, with every person with whom it was affiliated, otherwise than because of a right referred to in paragraph *b* of section 20, throughout the period that began when it was formed or created and ended immediately before the time at which the taxpayer was subject to the loss restriction event referred to in that section.”

(2) Subsection 1 has effect from 21 March 2013. However, where section 384.4 of the Act applies before 13 September 2013, it is to be read as follows:

**“384.4.** For the purposes of sections 371 to 374, 408 to 416 and 418.1 to 418.12, except as those sections apply for the purposes of sections 418.15 to 418.36, where, at a particular time, a taxpayer is subject to a loss restriction event, where, within the 12-month period that ended immediately before that time, the taxpayer or a partnership of which the taxpayer was a majority-interest partner acquired a Canadian resource property or a foreign resource property, and where, immediately before the 12-month period began, the taxpayer was not a development corporation or the partnership, if it were a corporation, would not be a development corporation,

(a) the property is deemed, subject to subparagraph *b*, to have been acquired by the taxpayer or partnership at the particular time and not to have been acquired by it before that time; and

(b) where the property was disposed of by the taxpayer or partnership before the particular time and was not reacquired by it before that time, the property is deemed to have been acquired by it immediately before the property was disposed of.

However, the first paragraph does not apply in the case of an acquisition of property that was owned by the taxpayer or partnership or by a person that would, but for the definition of “controlled” in section 21.0.1, have been affiliated with the taxpayer throughout the period that began immediately before the 12-month period referred to in the first paragraph and ended at the time the property was acquired by the taxpayer or partnership.”

**119.** (1) The Act is amended by inserting the following section after section 450.2:

**“450.2.1.** For the purposes of sections 436, 439, 439.1 and 653, the fair market value at a particular time of any property deemed to have been disposed of at that time because of a particular individual’s death is to be determined as though the fair market value at that time of any annuity contract were equal to the aggregate of all amounts each of which is the amount of a premium paid at or before that time under the contract if

(a) the contract is, in respect of a leveraged insured annuity policy, a contract referred to in subparagraph ii of paragraph *b* of the definition of “leveraged insured annuity policy” in section 1; and

(b) the particular individual is the individual, in respect of the leveraged insured annuity policy, referred to in subparagraph ii of paragraph *b* of the definition of “leveraged insured annuity policy” in section 1.”

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

**120.** (1) Section 485 of the Act is amended by replacing the portion of the definition of “unrecognized loss” before paragraph *b* by the following:

““unrecognized loss” at a particular time, in respect of an obligation issued by a debtor, from the disposition of a property means the amount that would, but for section 240, be a capital loss from the disposition by the debtor at or before the particular time of a debt or other right to receive an amount, except that where the debtor is a taxpayer that was subject to a loss restriction event before the particular time and after the time of the disposition, the unrecognized loss at the particular time in respect of the obligation is deemed to be nil unless

(a) the obligation was issued by the debtor before, and not in contemplation of, the loss restriction event; or”.

(2) Subsection 1 has effect from 21 March 2013.

**121.** (1) Section 485.2 of the Act is amended by replacing the portion before paragraph *b* by the following:

**“485.2.** Despite the definition of “relevant loss balance” in section 485, the relevant loss balance at a particular time for a commercial obligation and in respect of a debtor’s non-capital loss, farm loss, restricted farm loss or net capital loss, as the case may be, for a taxation year is deemed to be nil where the debtor is a taxpayer that was at a previous time subject to a loss restriction event and the taxation year ended before the previous time, unless

(a) the obligation was issued by the debtor before, and not in contemplation of, the loss restriction event; or”.

(2) Subsection 1 has effect from 21 March 2013.

**122.** (1) Section 485.15 of the Act is amended by replacing subparagraph *iv* of paragraph *c* by the following subparagraph:

“*iv.* where the member is a taxpayer that was subject to a loss restriction event at a particular time that is before the end of that fiscal period and before the taxpayer became a member of the partnership, and the partnership obligation was issued before the particular time,

(1) subject to the application of this subparagraph *iv* to the taxpayer after the particular time and before the end of that fiscal period, the obligation referred to in subparagraph *i* is deemed to have been issued by the member after the particular time, and

(2) paragraph *b* of the definition of “unrecognized loss” in section 485 and paragraph *b* of sections 485.1 and 485.2 do not apply in respect of the loss restriction event, and”.

(2) Subsection 1 has effect from 21 March 2013.

**123.** (1) Section 485.27 of the Act is amended

(1) by replacing the portion of the third paragraph before subparagraph *a* in the French text by the following:

“L’ensemble auquel le paragraphe *c* du deuxième alinéa fait référence est l’ensemble des montants suivants :”;

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

“Where the taxation year that includes the particular time referred to in the first paragraph began before 18 October 2000, the formula in the first paragraph is to be read as if “0.5” were replaced by the fraction in the first paragraph of section 231 that, with reference to section 231.0.1, applies to the debtor for that year.”

(2) Paragraph 2 of subsection 1 applies to a subsequent taxation year that is referred to in the first paragraph of section 485.27 of the Act and that ends after 27 February 2000.

**124.** (1) Section 485.42 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) where the transferee is a taxpayer that was subject to a loss restriction event after the time of issue and the transferee and the debtor were, if the transferee is a corporation, not related to each other—or, if the transferee is a trust, not affiliated with each other—immediately before the loss restriction event,

i. the commercial debt obligation referred to in paragraph *a* is deemed to have been issued after the loss restriction event, and

ii. paragraph *b* of the definition of “unrecognized loss” in section 485 and paragraph *b* of sections 485.1 and 485.2 do not apply in respect of the loss restriction event;”.

(2) Subsection 1 has effect from 21 March 2013.

**125.** (1) Section 485.45 of the Act is amended by replacing subparagraph 2 of subparagraph ii of paragraph *a* by the following subparagraph:

“(2) if it is later, where the debtor is an individual (other than a trust) or a succession that is a graduated rate estate, the day that is one year after the debtor’s filing-due date for the year;”.

(2) Subsection 1 applies from the taxation year 2016.

**126.** (1) Section 487.0.1 of the Act is amended by replacing the portion of the first paragraph before the definition of “breeding herd” by the following:

“**487.0.1.** In this section and sections 487.0.2 to 487.0.3,

“breeding animals” means bison, bovine cattle, deer, horses, goats, elk, sheep or other grazing ungulates that are over 12 months of age and are kept for breeding;

“breeding bees” means bees that are not used principally to pollinate plants in greenhouses and larvae of those bees;

“breeding bee stock”, of a taxpayer at a particular time, means a reasonable estimate of the quantity of the taxpayer’s breeding bees held at that time in the course of carrying on a farming business using a unit of measurement that is accepted as an industry standard;”.

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

**127.** (1) The Act is amended by inserting the following section after section 487.0.2:

“**487.0.2.1.** A taxpayer who, in a taxation year, carries on a farming business in a region that is at any time in the year a drought region or a region of flood or excessive moisture, within the meaning of the regulations, and whose breeding bee stock at the end of the year in respect of the business does not exceed 85% of the taxpayer’s breeding bee stock at the beginning of the year in respect of the business, may deduct, in computing the taxpayer’s income for the year from the business, an amount not exceeding the amount determined for the year, in respect of the taxpayer’s business, by the formula



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

In the formula in the first paragraph,

(a) A is the amount by which the aggregate of all the particular amounts included in computing the taxpayer's income for the year from the business in respect of the sale of breeding bees in the year exceeds the aggregate of all amounts deducted in respect of the particular amounts, under section 153, in computing the taxpayer's income for the year from the business;

(b) B is the aggregate of all amounts deducted in computing the taxpayer's income for the year from the business in respect of the acquisition of breeding bees; and

(c) C is either 30% if the taxpayer's breeding bee stock at the end of the year in respect of the business exceeds 70% of the taxpayer's breeding bee stock at the beginning of the year in respect of the business, or 90% in any other case."

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

**128.** (1) Section 487.0.3 of the Act is amended

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

**“487.0.3.** The amount deducted under section 487.0.2 or 487.0.2.1 in computing the income of a taxpayer for a particular taxation year from a farming business carried on in a region referred to in the first paragraph of section 487.0.2 or 487.0.2.1,”;

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

“*i.* the taxpayer's first taxation year beginning after the end of the period or series of continuous periods, as the case may be, for which the region was referred to in the first paragraph of section 487.0.2 or 487.0.2.1,”;

(3) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) the amount deducted under section 487.0.2 or 487.0.2.1 in computing the taxpayer's income for the particular taxation year from the farming business, except to the extent that the amount has been included under this section in computing the taxpayer's income from the business for a taxation year preceding the given taxation year but after the particular taxation year; and

“(b) the amount included for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), under subsection 5 of

section 80.3 of that Act, in computing the taxpayer's income from the business for the given taxation year because of an election made in accordance with that subsection 5 in respect of the amount deducted under subsection 4 or 4.1 of that section 80.3 in that computation for the particular taxation year.”;

(4) by striking out “or in relation to an election made under this section before 20 December 2006” in the third paragraph.

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

**129.** (1) Section 487.0.4 of the Act is amended by replacing “Section 487.0.2 and the first paragraph of section 487” by “The first paragraph of section 487 and sections 487.0.2 and 487.0.2.1”.

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

**130.** (1) The Act is amended by inserting the following section after section 487.0.4:

“**487.0.5.** In applying section 487.0.2.1 in respect of a taxation year, the unit of measurement used for estimating the quantity of a taxpayer's breeding bee stock held in the course of carrying on a farming business at the end of the year is to be the same as that used for the beginning of the year.”

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

**131.** (1) The Act is amended by inserting the following section after section 487.6:

“**487.7.** Where a synthetic disposition arrangement is entered into in respect of a property owned by a taxpayer and the synthetic disposition period of the arrangement is at least one year, the taxpayer is deemed

(a) to have disposed of the property immediately before the beginning of the synthetic disposition period for proceeds of disposition equal to its fair market value at the beginning of the synthetic disposition period; and

(b) to have reacquired the property at the beginning of the synthetic disposition period at a cost equal to its fair market value at the beginning of the synthetic disposition period.

The first paragraph does not apply in respect of a property owned by a taxpayer where

(a) the disposition referred to in the first paragraph would not result in the realization of a capital gain or income;

(b) the property of the taxpayer is a mark-to-market property (within the meaning of the first paragraph of section 851.22.1);

(c) the synthetic disposition arrangement referred to in the first paragraph is a lease of corporeal property;

(d) the arrangement is an exchange of property to which section 301 applies;  
or

(e) the property is disposed of as part of the arrangement, within one year after the day on which the synthetic disposition period of the arrangement begins.”

(2) Subsection 1 applies in respect of an agreement or arrangement entered into after 20 March 2013. It also applies in respect of an agreement or arrangement entered into before 21 March 2013, the term of which is extended after 20 March 2013, as if the agreement or arrangement were entered into at the time of the extension.

**132.** (1) Section 489 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the income earned in Canada by a person who is not resident in Canada from international shipping or from the operation of aircraft in international traffic, if the country in which that person resides treats persons resident in Canada in the same manner;”.

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

**133.** (1) Section 491 of the Act is amended by replacing paragraph *e.1* by the following paragraph:

“(e.1) an amount received on account of a Canadian Forces income support benefit payable under Part 2 of the Canadian Forces Members and Veterans Re-establishment and Compensation Act (Statutes of Canada, 2005, chapter 21), on account of a critical injury benefit, disability award, death benefit, clothing allowance or detention benefit payable under Part 3 of that Act or on account of a family caregiver relief benefit payable under Part 3.1 of that Act;”.

(2) Subsection 1 applies from the taxation year 2015.

**134.** (1) Section 497 of the Act is amended by replacing “18%” in subparagraph *a* of the second paragraph by “17%”.

(2) Subsection 1 applies from the taxation year 2016.

**135.** (1) The Act is amended by inserting the following after the heading of Chapter III.1 of Title IX of Book III of Part I:

**“DIVISION I****“GENERAL RULES”.**

(2) Subsection 1 has effect from 18 March 2016.

**136.** (1) Section 517.2 of the Act is replaced by the following section:

**“517.2.** For the purposes of this Part and subject to section 517.5.5, a dividend equal to the amount by which the aggregate determined under section 517.3 exceeds the aggregate determined under section 517.3.1 is deemed to have been paid to the taxpayer by the purchaser corporation, and received by the taxpayer from the purchaser corporation, at the time of the disposition.”

(2) Subsection 1 applies in respect of a disposition of shares made after 17 March 2016.

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

**“DIVISION II****“ELIGIBLE BUSINESS TRANSFER**

**“517.5.3.** In this division,

“eligible business transfer” of an individual means a series of transactions that includes the disposition of eligible primary and manufacturing sectors shares of the individual in circumstances described in section 517.1, if the conditions of sections 517.5.6 to 517.5.11 are satisfied in respect of the series of transactions;

“eligible primary and manufacturing sectors share” means

(a) a share of the capital stock of a family farm corporation, within the meaning of the first paragraph of section 726.6.1;

(b) a share of the capital stock of a family fishing corporation, within the meaning of the first paragraph of section 726.6.1; or

(c) a qualified small business corporation share, within the meaning of the first paragraph of section 726.6.1, of the capital stock of a primary and manufacturing sectors corporation;

“primary and manufacturing sectors corporation”, at the time of the disposition of a share, means a corporation more than 50% of the fair market value of the assets of which is, at that time, attributable to assets used in the primary and manufacturing sectors.

For the purposes of this division, a corporation has a substantial interest in another corporation at a particular time if it has such an interest in the other corporation under subsection 2 of section 191 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) at that time.

**“517.5.4.** For the purposes of the definition of “primary and manufacturing sectors corporation” in the first paragraph of section 517.5.3, the following rules apply:

(a) an asset of a particular corporation, other than an investment, is deemed to be used in the primary and manufacturing sectors by the particular corporation at the time of the disposition of a share of its capital stock if the prescribed proportion of primary and manufacturing sectors activities of the particular corporation, for its last two taxation years that ended before the disposition of the share and that have at least 183 days, is at least 50%; and

(b) an asset of a particular corporation that is an investment in another corporation is deemed to be an asset of the particular corporation used in the primary and manufacturing sectors by the particular corporation at the time of the disposition of a share of the capital stock of the particular corporation if, at that time, the other corporation is a primary and manufacturing sectors corporation because of subparagraph *a*.

For the purposes of subparagraph *a* of the first paragraph, where a taxation year described in that subparagraph begins before 1 January 2017, the rule according to which the prescribed proportion of primary and manufacturing sectors activities of the particular corporation for that year must be at least 50% is replaced by a rule according to which the proportion of manufacturing and processing activities of the particular corporation, within the meaning of section 771.1, for that year must be at least 50%.

In this section, “investment” of a particular corporation in another corporation means a share of the capital stock of the other corporation or a debt of the other corporation that belongs to the particular corporation.

**“517.5.5.** Where eligible shares of a primary and manufacturing sectors corporation of an individual, other than a trust, are disposed of in connection with an eligible business transfer of the individual and, but for this section, a dividend equal to the excess amount that corresponds to the amount by which the aggregate determined under section 517.3 exceeds the aggregate determined under section 517.3.1 would, under section 517.2, be deemed to have been paid by the purchaser corporation to the individual, and received by the individual from the purchaser corporation, at the time of the disposition of those shares, the following rules apply:

(a) the lesser of the amount of that excess amount and the amount determined in respect of the disposition of those shares under paragraph *b* of subsection 1 of section 84.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is deemed, for the purposes of this Part, to be a

capital gain from the disposition of those shares, up to twice the amount determined in respect of the individual for the year under

i. subparagraph *a* of the first paragraph of section 726.7, where the shares disposed of are shares described in paragraph *a* of the definition of “eligible primary and manufacturing sectors shares” in the first paragraph of section 517.5.3,

ii. subparagraph *a* of the first paragraph of section 726.7.1, where the shares disposed of are shares described in paragraph *c* of the definition of “eligible primary and manufacturing sectors shares” in the first paragraph of section 517.5.3, or

iii. subparagraph *a* of the first paragraph of section 726.7.2, where the shares disposed of are shares described in paragraph *b* of the definition of “eligible primary and manufacturing sectors shares” in the first paragraph of section 517.5.3; and

(*b*) the amount of the capital gain determined under paragraph *a* in respect of the disposition of those shares is deemed not to be a dividend paid by the purchaser corporation and received by the individual at the time of the disposition of those shares.

**“517.5.6.** A series of transactions that includes the disposition by an individual of eligible primary and manufacturing sectors shares of a corporation (in this section referred to as the “particular corporation”) may be considered to be an eligible business transfer of the individual only if the individual or the individual’s spouse was, while the individual owned those shares and during the 24-month period that immediately preceded the disposition of the shares, actively engaged in a business carried on by the particular corporation or by a corporation in which the particular corporation had a substantial interest.

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

(*a*) where the individual or the individual’s spouse, as the case may be, is, immediately before the disposition of the shares, unable to actively engage in a business carried on by the particular corporation or by a corporation in which the particular corporation had a substantial interest due to an illness or a disability, the first paragraph is to be read as if “the 24-month period that immediately preceded the disposition of the shares” were replaced by “the 24-month period that preceded the time at which the individual’s inability, or that of the individual’s spouse, began”;

(*b*) the individual is deemed, during the 24-month period that immediately precedes the disposition of the shares, to own the shares and to have been actively engaged in a business carried on by the particular corporation or by a corporation in which the particular corporation had a substantial interest if

i. the individual's spouse died in the 24-month period that precedes the disposition of the shares, and

ii. the individual or the individual's spouse was actively engaged in a business carried on by the particular corporation or by a corporation in which the particular corporation had a substantial interest during the 24-month period that precedes the date of death; and

(c) where an individual was actively engaged in a business during a particular period and all or substantially all of the assets used in the course of carrying on that business is disposed of to a corporation as consideration for shares of the capital stock of the corporation, the individual is deemed to have actively engaged in a business carried on by the corporation for the particular period.

**“517.5.7.** A series of transactions that includes the disposition by an individual of eligible primary and manufacturing sectors shares of a corporation (in this section referred to as the “particular corporation”) may not be considered to be an eligible business transfer of the individual where, after the disposition of the shares, the individual or the individual's spouse is actively engaged in a qualified business carried on by the purchaser corporation, by the particular corporation or by a corporation in which the particular corporation has a substantial interest, unless

(a) the active engagement of the individual or the individual's spouse in that business for a particular period (in the second paragraph referred to as the “transition period”) aims to encourage the transfer of the knowledge possessed by the individual or the individual's spouse in relation to that business for the benefit of other persons actively engaged in that business;

(b) substantially all the income from the business in which the individual or the individual's spouse is actively engaged is not derived from the sale, leasing, rental or development, as the case may be, of properties, or the rendering of services, similar to those of a business that, before the disposition of the shares, was carried on by the purchaser corporation, by the particular corporation or by a corporation in which the purchaser corporation or the particular corporation held a direct or indirect interest; or

(c) the active engagement of the individual or the individual's spouse in that business stems from the sole fact that the person referred to in section 517.5.11 is unable to actively engage in that business due to an illness, a disability or the person's death if the illness, disability or death begins or occurs after the disposition of the shares of the particular corporation.

For the purposes of subparagraph *a* of the first paragraph, for any calendar year included in whole or in part in the transition period, the remuneration received by an individual as consideration for services rendered in the calendar year or part of calendar year because the individual is actively engaged in a business carried on by the purchaser corporation, by the particular corporation or by a corporation in which the particular corporation has a substantial interest

must not exceed the amount obtained by multiplying the Maximum Pensionable Earnings determined for the year under section 40 of the Act respecting the Québec Pension Plan (chapter R-9) by the proportion that the number of days in the calendar year that are included in whole or in part in the transition period is of 365.

**“517.5.8.** A series of transactions that includes the disposition by an individual of eligible primary and manufacturing sectors shares of a corporation (in this section referred to as the “particular corporation”) may not be considered to be an eligible business transfer of the individual where, in the period that begins 30 days after the disposition of the shares and ends at the end of that series of transactions, the individual or the individual’s spouse controls the particular corporation or a corporation in which the particular corporation had, immediately before the disposition of those shares, a substantial interest or is a member of a group of persons that controls such a corporation, unless the corporation is

(a) a corporation carrying on a business substantially all the income of which is not derived from the sale, leasing, rental or development, as the case may be, of properties, or the rendering of services, similar to those of a business that, before the disposition of the shares, was carried on by the purchaser corporation, by the particular corporation or by a corporation in which the purchaser corporation or the particular corporation held a direct or indirect interest; or

(b) a corporation that does not carry on a qualified business.

**“517.5.9.** A series of transactions that includes the disposition by an individual of eligible primary and manufacturing sectors shares of a corporation (in this section referred to as the “particular corporation”) may not be considered to be an eligible business transfer of the individual where, in the period that begins 30 days after the disposition of the shares and ends at the end of that series of transactions, the individual or the individual’s spouse holds, directly or indirectly, common shares of the capital stock of the particular corporation or of a corporation in which the particular corporation had, immediately before the disposition of those shares, a substantial interest, unless they are common shares of the capital stock of such a corporation that is

(a) a corporation carrying on a business substantially all the income of which is not derived from the sale, leasing, rental or development, as the case may be, of properties, or the rendering of services, similar to those of a business that, before the disposition of the shares, was carried on by the purchaser corporation, by the particular corporation or by a corporation in which the purchaser corporation or the particular corporation held a direct or indirect interest; or

(b) a corporation that does not carry on a qualified business.



**“517.5.10.** A series of transactions that includes the disposition by an individual of eligible primary and manufacturing sectors shares of a corporation (in this section referred to as the “particular corporation”) may be considered to be an eligible business transfer of the individual only if

(a) throughout the period that begins 30 days after the disposition of the shares and ends at the end of that series of transactions, the aggregate of all amounts each of which is the amount of the residual financial interest of a person who is the individual, any other individual in respect of whom, but for this section, section 517.5.5 would apply in relation to the disposition of a share of the particular corporation in connection with that series of transactions, or their respective spouses, does not exceed

i. where the particular corporation is referred to in paragraph *a* or *b* of the definition of “eligible primary and manufacturing sectors share” in the first paragraph of section 517.5.3, 80% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation (in this section referred to as the “corporation concerned”) that is the particular corporation, the purchaser corporation or a corporation in which the particular corporation has a substantial interest at that time, or

ii. in any other case, 60% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation concerned;

(b) the terms and conditions of reimbursement or redemption of the residual financial interests the amount of which is included in the first aggregate referred to in subparagraph *a* provide that no later than 10 years after the disposition of the shares, that aggregate will not exceed

i. where the particular corporation is referred to in paragraph *a* or *b* of the definition of “eligible primary and manufacturing sectors share” in the first paragraph of section 517.5.3, 50% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation concerned, or

ii. in any other case, 30% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation concerned;

(c) where the residual financial interest of a person described in subparagraph *a* includes a share of the capital stock of a corporation concerned,

i. the redemption of the share may not be required by the person before the expiry of the 10-year period referred to in subparagraph *b* unless the redemption aims to comply with the requirement of subparagraph i or ii of subparagraph *b*,

ii. the share entitles its holder to a cumulative dividend at a rate not exceeding a reasonable rate according to market conditions and the rate of that dividend is not based on a corporation's profitability,

iii. the share is redeemable at any time at the option of the corporation concerned, and

iv. the share is convertible only into one or more shares that satisfy the conditions of subparagraphs i to iii or into one or more debts that satisfy the conditions of subparagraphs i to iii of subparagraph *d*; and

(*d*) where the residual financial interest of a person described in subparagraph *a* includes a debt of a corporation concerned,

i. the reimbursement of the debt may not be required by the person before the expiry of the 10-year period referred to in subparagraph *b* unless the reimbursement aims to comply with the requirement of subparagraph i or ii of subparagraph *b*,

ii. the debt entitles its holder to a reasonable return according to market conditions and the return rate of the debt is not based on a corporation's profitability,

iii. the debt is reimbursable at any time, with accrued interest, at the option of the corporation concerned, and

iv. the debt is convertible only into one or more shares that satisfy the conditions of subparagraphs i to iii of subparagraph *c* or into one or more debts that satisfy the conditions of subparagraphs i to iii.

In this section, the amount of the residual financial interest of a person described in subparagraph *a* of the first paragraph, at any time, means an amount equal to the aggregate of all amounts each of which is the fair market value, at that time, of a financial interest that the person holds, directly or indirectly, in a corporation concerned and that is a share of the capital stock of the corporation concerned or a debt of the corporation concerned.

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

(*a*) where a trust in which an individual or the individual's spouse has a beneficial interest holds, directly or indirectly, a financial interest in a corporation concerned, the individual is deemed to hold the financial interest;

(*b*) where an individual or the individual's spouse holds, directly or indirectly, a financial interest in an entity that is a trust, a partnership or a corporation, which entity holds, directly or indirectly, a financial interest in a corporation concerned, the individual is deemed to hold the financial interest in the corporation concerned; and

(c) where more than one individual would otherwise be required to include the same amount in computing their residual financial interest because of subparagraph *a* or *b*, only one of those individuals is required to take that amount into account in establishing the amount of that individual's residual financial interest in the corporation concerned.

For the purposes of subparagraphs *a* and *b* of the first paragraph, no account is to be taken of the residual financial interest of a person described in subparagraph *a* of the first paragraph in a corporation concerned or of the fair market value, immediately before the beginning of the series of transactions, of the shares of the capital stock of such a corporation, if that corporation is

(a) a corporation carrying on a business substantially all the income of which is not derived from the sale, leasing, rental or development, as the case may be, of properties, or the rendering of services, similar to those of a business that, before the disposition of the shares, was carried on by the particular corporation, by the purchaser corporation or by a corporation in which the purchaser corporation or the particular corporation held a direct or indirect interest; or

(b) a corporation that does not carry on a qualified business.

For the purpose of determining the end of the period described in subparagraph *a* of the first paragraph, the series of transactions to which that subparagraph applies is deemed not to include a transaction consisting in the redemption or reimbursement of the residual financial interest of an individual.

**“517.5.11.** A series of transactions that includes the disposition by an individual of eligible primary and manufacturing sectors shares of a corporation (in this section referred to as the “particular corporation”) may be considered as an eligible business transfer of the individual only if, in the period that begins immediately after the disposition of the shares and ends at the end of that series of transactions, at least one person (other than the individual) who holds, directly or indirectly, shares of the purchaser corporation, or the person's spouse, is actively engaged in a business carried on by the particular corporation or by a corporation in which the particular corporation had, immediately before the disposition of those shares, a substantial interest.

The first paragraph does not apply in respect of a period in which a person referred to in that paragraph who was to be actively engaged in a business is unable to be so actively engaged due to an illness, a disability or the person's death if the illness, disability or death begins or occurs after the disposition of the shares of the particular corporation.”

(2) Subsection 1 applies in respect of a disposition of shares made after 17 March 2016.

**138.** (1) The Act is amended by inserting the following section after section 555.0.2:

**“555.0.3.** Section 555 does not apply in respect of a taxpayer’s share of the capital stock of a predecessor foreign corporation that is exchanged for or becomes, on a foreign merger, a share of the capital stock of the new foreign corporation or the foreign parent corporation, where

(a) the new foreign corporation is, at the time that is immediately after the foreign merger, a foreign affiliate of the taxpayer;

(b) shares of the capital stock of the new foreign corporation are, at the time that is immediately after the foreign merger, excluded property, within the meaning of section 576.1, of another foreign affiliate of the taxpayer; and

(c) the foreign merger is part of a transaction or event or a series of transactions or events that includes a disposition of shares of the capital stock of the new foreign corporation, or property substituted for the shares, to

i. a person (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) with whom the taxpayer was dealing at arm’s length immediately after the transaction, event or series, or

ii. a partnership a member of which is, immediately after the transaction, event or series, a person described in subparagraph i.”

(2) Subsection 1 applies in respect of a foreign merger that occurs after 12 July 2013.

**139.** (1) Section 576.2 of the Act is amended

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

““eligible Canadian bank” has the meaning assigned by subsection 15 of section 90 of the Income Tax Act;”;

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

““eligible bank affiliate” has the meaning assigned by subsection 15 of section 90 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

““upstream deposit” has the meaning assigned by subsection 15 of section 90 of the Income Tax Act.”

(2) Subsection 1 applies to a taxation year of a foreign affiliate of a taxpayer that begins after 27 February 2014.

**140.** (1) Section 577.7 of the Act is amended by adding the following paragraph after paragraph *c*:

“(d) an upstream deposit owing to an eligible bank affiliate, subject to section 577.7.1.”

(2) Subsection 1 applies to a taxation year of a foreign affiliate of a taxpayer that begins after 27 February 2014.

**141.** (1) The Act is amended by inserting the following section after section 577.7:

“**577.7.1.** For the purposes of this chapter, where a taxpayer is an eligible Canadian bank and an eligible bank affiliate of the taxpayer is owed, at any time in a taxation year of the affiliate (in this section referred to as the “particular year”) or its immediately preceding taxation year, an upstream deposit, the following rules apply:

(a) the affiliate is deemed to make a loan to the taxpayer immediately before the end of the particular year equal to the loan that it is deemed to make to the taxpayer, at that time, under paragraph *a* of subsection 8.1 of section 90 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(b) the taxpayer is deemed to repay immediately before the end of the particular year—in an amount that the taxpayer is deemed to pay, at that time, under paragraph *b* of subsection 8.1 of section 90 of the Income Tax Act and in the order in which they arose—loans made by the affiliate under paragraph *a* in a prior taxation year and not previously repaid, and the repayment is deemed to not be part of a series of loans or other transactions and repayments.”

(2) Subsection 1 applies to a taxation year of a foreign affiliate of a taxpayer that begins after 27 February 2014.

**142.** (1) Section 583 of the Act is amended

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

“**583.** A taxpayer who has included an amount under section 580 in respect of a share of a controlled foreign affiliate (in this section referred to as the “particular 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 product obtained by multiplying the taxpayer’s prescribed tax factor for the year by the aggregate—to the extent that the aggregate was not deductible

under this section for a preceding year—of any amount prescribed in respect of the particular foreign affiliate or a shareholder affiliate that is attributable to the amount and any income or profits tax reasonably attributable to the amount that is paid by

- i. the particular foreign affiliate,
- ii. the shareholder affiliate of the taxpayer, or
- iii. another foreign affiliate of the taxpayer in respect of a dividend received, directly or indirectly, from the particular foreign affiliate, if that other foreign affiliate has an equity percentage in the particular foreign affiliate; and”;

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

“For the purposes of the first paragraph, a shareholder affiliate of the taxpayer means a foreign affiliate of the taxpayer, other than the particular foreign affiliate, where

- (a) it has an equity percentage in the particular foreign affiliate; and
- (b) the income or profits tax is paid by it to a country other than Canada and it, and not the particular foreign affiliate, is liable for that tax under the laws of that country.”

(2) Subsection 1 applies in respect of a taxation year of a foreign affiliate of a taxpayer that ends after 31 December 2010.

(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.

**143.** (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 a provision among those mentioned in the second paragraph, 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.

The provisions to which the first paragraph refers are the following:

(a) sections 146.1, 262.0.1, 576.2, 577, 577.2 to 577.11, 589 to 592, 592.2, 592.7 to 592.10 and 746 to 749 and paragraph *d* of section 785.1;

(b) sections 571 to 576.1, 578 and 579, where those sections apply for the purposes of the provisions mentioned in subparagraph *a*;

(c) the regulations made under the provisions mentioned in subparagraph *a*; and

(d) the provisions of Chapter I of Title III of Book V.”

(2) Subsection 1 has effect from 12 July 2013.

**144.** (1) Section 592.2 of the Act is amended by replacing subparagraph *i* of subparagraph *a* of the first paragraph by the following subparagraph:

“i. each member of the partnership (other than another partnership) is deemed to have received a portion of the dividend equal to the proportion of the dividend that the fair market value of the member’s interest held, directly or indirectly through an interest in one or more other partnerships, in the partnership at that time is of the fair market value of all the interests in the partnership held directly by members of the partnership at that time, and”.

(2) Subsection 1 applies in respect of a dividend received after 30 November 1999.

(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.

**145.** (1) Section 592.3 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) sections 262.0.1 and 555.0.3.”

(2) Subsection 1 applies to a taxation year of a foreign affiliate of a taxpayer that ends after 12 July 2013.

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

**146.** (1) The Act is amended by inserting the following after section 592.3:

**“CHAPTER V.2**

**“NON-RESIDENT CORPORATIONS WITHOUT SHARE CAPITAL**

**“592.4.** In this chapter,

“equity interest”, in a non-resident corporation without share capital, means any right, whether immediate or future and whether absolute or contingent, conferred by the corporation to receive an amount that can reasonably be regarded as all or any part of the capital, revenue or income of the corporation, but does not include a right as creditor;

“non-resident corporation without share capital” means a corporation not resident in Canada that, determined without reference to this chapter, does not have capital divided into shares.

**“592.5.** For the purposes of this Part, the following rules apply:

(a) equity interests in a non-resident corporation without share capital that have identical rights and obligations, determined without reference to proportionate differences in all of those rights and obligations, are deemed to be shares of a separate class of the capital stock of the corporation;

(b) the corporation is deemed to have 100 issued and outstanding shares of each class of shares of its capital stock;

(c) each person or partnership that holds, at any time, an equity interest in a particular class of the capital stock of the corporation is deemed to own, at that time, that number of shares of the capital stock of the particular class that is equal to the proportion of 100 that the fair market value, at that time, of all the equity interests of the particular class held by the person or partnership is of the fair market value, at that time, of all the equity interests of the particular class; and

(d) shares of a particular class of shares of the capital stock of the corporation are deemed to have rights and obligations that are the same as those of the corresponding equity interests.

**“592.6.** For the purposes of Division XIII of Chapter IV of Title IV, section 540 and Chapter V of Title IX, the following rules apply:

(a) subject to subparagraph *b*, where at any time a taxpayer resident in Canada or a foreign affiliate of the taxpayer (in this section referred to as the “vendor”) disposes of capital property that is shares of the capital stock of a foreign affiliate of the taxpayer, or a debt obligation owing to the taxpayer by the affiliate, to—or exchanges the shares or debt for shares of the capital stock of—a non-resident corporation without share capital, that is immediately after



that time a foreign affiliate of the taxpayer, in a manner that increases the fair market value of a class of shares of the capital stock of the non-resident corporation, the non-resident corporation is deemed to have issued, and the vendor is deemed to have received, new shares of the class as consideration in respect of the disposition or exchange; and

(b) if the taxpayer makes a valid election under paragraph *b* of subsection 3 of section 93.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), subparagraph *a* does not apply in relation to the disposition or exchange.

Chapter V.2 of Title II of Book I applies in relation to an election made under paragraph *b* of subsection 3 of section 93.2 of the Income Tax Act.

### “CHAPTER V.3

#### “AUSTRALIAN TRUSTS

“**592.7.** In this chapter,

“Australian trust”, at any time, means a trust in respect of which the following conditions are met at that time:

(a) in the absence of section 592.9, the trust would be described in paragraph *h* of the definition of “exempt foreign trust” in the first paragraph of section 593;

(b) the trust is resident in Australia;

(c) the interest of each beneficiary under the trust is described by reference to units of the trust; and

(d) the liability of each beneficiary under the trust is limited by the operation of any law governing the trust;

“fixed interest” has the meaning assigned by the first paragraph of section 593.

“**592.8.** The rules of section 592.9 apply at any time, for the specified purpose provided for in section 592.10, in respect of a taxpayer resident in Canada in relation to a trust if

(a) a corporation not resident in Canada is at that time beneficially interested in the trust;

(b) the corporation not resident in Canada is at that time 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);

(c) the trust is at that time an Australian trust;

(d) the total fair market value at that time of all fixed interests of a class in the trust held by the corporation not resident in Canada, or persons or partnerships that do not deal at arm's length with the corporation, is equal to at least 10% of the fair market value at that time of all fixed interests of the class; and

(e) unless the corporation not resident in Canada first acquires a beneficial interest in the trust at that time, immediately before that time section 592.9 applied

i. to the taxpayer in relation to the trust, or

ii. to a corporation resident in Canada that, immediately before that time, did not deal at arm's length with the taxpayer, in relation to the trust.

**“592.9.** The rules to which section 592.8 refers in respect of a taxpayer resident in Canada in relation to a trust are the following:

(a) the trust is deemed to be a corporation not resident in Canada that is resident in Australia and not to be a trust;

(b) each particular class of fixed interests in the trust is deemed to be a separate class of 100 issued shares, of the capital stock of the corporation not resident in Canada, that have the same attributes as the interests of the particular class;

(c) each beneficiary under the trust is deemed to hold the number of shares of each separate class described in paragraph *b* equal to the proportion of 100 that the fair market value, at the time referred to in section 592.8, of that beneficiary's fixed interests in the corresponding particular class of fixed interests in the trust is of the fair market value at that time of all fixed interests in the particular class;

(d) the corporation not resident in Canada is deemed to be controlled by the taxpayer resident in Canada—a foreign affiliate of which is referred to in paragraph *b* of section 592.8 and is beneficially interested in the trust—that has the greatest equity percentage in the corporation not resident in Canada;

(e) a particular foreign affiliate of the taxpayer in which the taxpayer has a direct equity percentage at a particular time, and that is not a controlled foreign affiliate of the taxpayer at that time, is deemed to be a controlled foreign affiliate of the taxpayer at that time if, at that time,

i. the particular foreign affiliate has an equity percentage in the foreign affiliate referred to in paragraph *b* of section 592.8, or

ii. the particular foreign affiliate is the foreign affiliate referred to in paragraph *b* of section 592.8; and

(f) Chapter VI.2 does not apply in respect of the taxpayer in relation to the trust.

**“592.10.** The specified purpose to which section 592.8 refers is the determination, in respect of an interest in an Australian trust, of the Québec tax results (as defined in section 21.4.16) of the taxpayer resident in Canada referred to in section 592.8 for a taxation year in respect of shares of the capital stock of a foreign affiliate of the taxpayer.”

(2) Subsection 1, where it enacts Chapter V.2 of Title X of Book III of Part I of the Act, applies to a taxation year of a corporation not resident in Canada ending after 31 December 1994. However,

(1) if a taxpayer makes a valid election under subsection 2 of section 22 of the Second Act to implement certain provisions of the budget tabled in Parliament on February 11, 2014 and other measures (Statutes of Canada, 2014, chapter 39), subsection 1 applies, in respect of the taxpayer, only to a taxation year of a corporation not resident in Canada that ends after 12 July 2013; and

(2) in respect of a disposition that occurs before 12 July 2013, Chapter V.2 of Title X of Book III of Part I of the Taxation Act is to be read without reference to section 592.6.

(3) Subsection 1, where it enacts Chapter V.3 of Title X of Book III of Part I of the Act, has effect from 12 July 2013. In addition, if a corporation resident in Canada and each other corporation resident in Canada that, at any time after 31 December 2005 and before 12 July 2013, was both related to the corporation and had a foreign affiliate (determined as if subparagraph *b* of the first paragraph of section 573 of the Act were read as if “any corporation” were replaced by “any corporation not resident in Canada”) that was beneficially interested in an Australian trust (as defined in section 592.7 of the Act, enacted by subsection 1) make a valid election under subsection 3 of section 22 of the Second Act to implement certain provisions of the budget tabled in Parliament on February 11, 2014 and other measures, the following rules apply in respect of each corporation that has made such an election under that subsection 3:

(1) that Chapter V.3 has effect from 1 January 2006; and

(2) where it applies before 12 July 2013, that Chapter V.3 is to be read as if the following section were added after section 592.10 of the Taxation Act:

**“592.11.** 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 this chapter, if, based on the assumptions contained in paragraph *c* of section 600, at any time shares of the capital stock of a corporation are owned by a partnership or are deemed under this section to be

owned by a partnership, then each member of the partnership is deemed to own at that time the number of those shares that is equal to the proportion of all 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."

(4) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election referred to in paragraph 1 of subsection 2 or in subsection 3. For the purposes of section 21.4.7 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 7 August 2017.

(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 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.

**147.** (1) Section 596 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(b) for the purposes of sections 440, 454 and 597.0.6, the definition of "Canadian partnership" in the first paragraph of section 599, paragraph *c* of section 692.5, the definition of "qualified disability trust" in the first paragraph of section 768.2 and paragraph *a* of section 1120;"

(2) Subsection 1 applies from the taxation year 2016.

**148.** (1) The Act is amended by inserting the following section after section 646:

**"646.0.1.** For the purposes of this Title, a succession that is a graduated rate estate, of an individual at a particular time, is the succession that arose on and as a consequence of the individual's death and that meets the following conditions:

(a) the particular time is no more than 36 months after the death;

(b) the succession is at the particular time a testamentary trust;

(c) the individual's Social Insurance Number (or if the individual had not, before the death, been assigned a Social Insurance Number, such other information as is acceptable to the Minister) is provided in the succession's fiscal return under this Part for its taxation year that includes the particular time and for each of its earlier taxation years that ended after 31 December 2015;

(d) the succession designates itself as the succession that is the graduated rate estate of the individual in its fiscal return under this Part for its first taxation year that ends after 31 December 2015; and

(e) no other succession designates itself as the succession that is the graduated rate estate of the individual in a fiscal return under this Part for a taxation year that ends after 31 December 2015.”

(2) Subsection 1 has effect from 31 December 2015.

**149.** (1) Section 649.1 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) a succession that is a graduated rate estate; or

“(b) a trust in which no beneficial interest was acquired for consideration payable directly or indirectly to the trust or to any person or partnership that has made a contribution to the trust by way of transfer, assignment or other disposition of property.”

(2) Subsection 1 applies from the taxation year 2016.

**150.** (1) Section 651.3 of the Act is amended

(1) by replacing “is deemed not to be acquired for consideration” in subparagraph *a* of the first paragraph by “is not deemed to be acquired for consideration”;

(2) by replacing “an *inter vivos* trust” in subparagraph *b* of the first paragraph by “a trust”;

(3) by replacing “réfère le paragraphe *b* du premier alinéa” in the portion of the second paragraph before subparagraph *a* in the French text by “le paragraphe *b* du premier alinéa fait référence”.

(2) Subsection 1 applies from the taxation year 2016.

**151.** (1) Sections 656.3 and 656.3.1 of the Act are replaced by the following sections:

“**656.3.** Every trust that holds an interest in a NISA Fund No. 2 that was transferred to it in circumstances to which the second paragraph of section 441.1 applied is deemed, at the end of the day on which the spouse referred to in that paragraph dies, to have been paid an amount out of the fund equal to the balance at the end of that day in the fund so transferred.

“**656.3.1.** Every trust that holds an interest in a farm income stabilization account that was transferred to it in circumstances to which the second paragraph of section 441.2 applied is deemed, at the end of the day on which

the spouse referred to in that paragraph dies, to have been paid an amount out of the account equal to the balance at the end of that day in the account so transferred.”

(2) Subsection 1 applies from the taxation year 2016.

**152.** (1) Section 657 of the Act is amended, in paragraph *a*,

(1) by replacing the portion before subparagraph ii.1 by the following:

“(a) an amount that the trust claims as a deduction not exceeding the amount by which the amount determined under subparagraph i exceeds the amount determined under subparagraph ii or iv, as the case may be:

i. the part of the amount that would be its income for the year, but for this paragraph and paragraph *b*, that became payable in the year to a beneficiary or was included because of section 662 in computing the income of a beneficiary,

ii. if the trust is a trust for which a day is to be determined in accordance with subparagraph *a* or *a.4* of the first paragraph of section 653 by reference to a particular death or later death, as the case may be, that has not occurred before the end of the year, the part of the amount that would be its income for the year, but for this paragraph and paragraph *b*, that became payable in the year to, or that was included under section 662 in computing the income of, a beneficiary (other than a beneficiary whose death is the particular death or later death), and”;

(2) by striking out subparagraphs ii.1 and iii;

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

“iv. if the trust is a SIFT trust for the year, the amount by which the particular amount determined under subparagraph i in relation to the trust for the year exceeds the amount by which the particular amount exceeds its non-portfolio earnings for the year, within the meaning assigned by the first paragraph of section 1129.70; and”.

(2) Subsection 1 applies from the taxation year 2016.

**153.** (1) Section 657.1 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) where that section applies to a trust deemed by section 851.25 to exist in respect of a congregation that is a part of a religious organization, the amount that may be deducted by such a trust under that paragraph *a* is equal to such part of its income as became payable in the year to a beneficiary; and”.

(2) Subsection 1 applies from the taxation year 2016.

**154.** (1) Section 659.2 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2016.

**155.** (1) Sections 660.1 and 660.2 of the Act are repealed.

(2) Subsection 1 applies from the taxation year 2016.

**156.** (1) The Act is amended by inserting the following section after section 663:

**“663.0.1.** If an individual’s death occurs on a day in a particular taxation year of a trust and the death is the death or later death referred to in any of subparagraphs *a*, *a.1* and *a.4* of the first paragraph of section 653 in respect of the trust, the following rules apply:

(*a*) the particular taxation year is deemed to end at the end of that day and a new taxation year of the trust is deemed to begin immediately after that day;

(*b*) the trust’s income (determined without reference to section 657) for the particular taxation year is, despite section 652, deemed to have become payable in the year to the individual and not to have become payable to another beneficiary or to be included under section 662 in computing the individual’s income; and

(*c*) in respect of the particular taxation year

i. paragraph *b* of the definition of “balance-due day” in section 1 is to be read as if “the year” were replaced by “the calendar year in which the taxation year ends”,

ii. paragraph *d* of subsection 2 of section 1000 is to be read as if “its taxation year” were replaced by “the calendar year in which its taxation year ends”, and

iii. the second paragraph of section 1086R57 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is to be read as if “end of the taxation year” were replaced by “end of the calendar year in which the taxation year ends”.”

(2) Subsection 1 applies from the taxation year 2016.

**157.** (1) The Act is amended by inserting the following section after section 663.2:

**“663.2.1.** Where a designation referred to in section 663.1 or 663.2 and made by a trust in its fiscal return filed for a taxation year under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in accordance with subsection 13.1 or 13.2, as the case may be, of section 104 of that Act, is invalid for the purposes of that Act under subsection 13.3 of

section 104 of that Act, section 663.1 or 663.2, as the case may be, does not apply in respect of the designation for the year.”

(2) Subsection 1 applies from the taxation year 2016.

**158.** (1) Section 669.1 of the Act is replaced by the following section:

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

(2) Subsection 1 applies from the taxation year 2016.

**159.** (1) Section 669.2 of the Act is replaced by the following section:

**“669.2.** The amount received by the succession that is a graduated rate estate of an individual on or after the individual’s death in recognition of the individual’s service in an office or employment is deemed to be an amount received by a particular beneficiary under the succession at a particular time on or after the individual’s death in recognition of the individual’s service in an office or employment and, except for the purposes of this section, not to have been received by the succession to the extent that the amount may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be paid or payable at the particular time to the particular beneficiary.”

(2) Subsection 1 applies from the taxation year 2016.

**160.** (1) Section 677.1 of the Act is amended by replacing “section 118.04” by “section 118.04 or 118.041”.

(2) Subsection 1 applies from the taxation year 2016.

**161.** (1) Section 680 of the Act is replaced by the following section:

**“680.** The income of a person for a taxation year from a succession that is a graduated rate estate is deemed to be the aggregate of the person’s benefits



from or under the succession for any taxation year of the succession that ended in the year, determined under the provisions of this Title except for sections 683 to 692.”

(2) Subsection 1 applies from the taxation year 2016.

**162.** (1) Section 681 of the Act is amended by replacing “testamentary trust” in the portion before paragraph *a* by “trust that is a succession that is a graduated rate estate”.

(2) Subsection 1 applies from the taxation year 2016.

**163.** (1) Section 682 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2016.

**164.** (1) Section 692.3 of the Act is amended

(1) by striking out paragraphs *a* and *b*;

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

“(b.1) for the purposes of sections 736, 736.0.2, 736.0.3.1 and 999.1, the trust is deemed to cease at that time to be exempt from tax under this Part on its taxable income;”.

(2) Subsection 1 has effect from 21 March 2013.

**165.** (1) Section 692.5 of the Act is amended by replacing “an inter vivos trust” in paragraph *j* by “a trust”.

(2) Subsection 1 applies from the taxation year 2016.

**166.** (1) Section 710 of the Act is amended

(1) by replacing “paragraphs *b* to *e*” in paragraph *a* by “paragraphs *c* to *e*”;

(2) by replacing “five” in paragraph *a.1* by “20”;

(3) by striking out paragraph *b*;

(4) by replacing the portion of subparagraph *i* of paragraph *c* before subparagraph 1 by the following:

“i. in the case of a property described in paragraph *a* or *b* of section 710.0.1, to a qualified donee that is”;

(5) by replacing the portion of subparagraph ii of paragraph *c* before subparagraph 1 by the following:

“ii. in the case of a property described in paragraph *c* or *d* of section 710.0.1, to any of the following entities that, except in the case provided for in subparagraph 3, is a qualified donee:”;

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

“(2) the State, Her Majesty in right of Canada or a province, other than Québec, a municipality in Canada or a municipal or public body performing a function of government in Canada, or”;

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

“(3) the United States, any state of that country, a municipality in the United States or a municipal or public body performing a function of government in the United States;”.

(2) Paragraphs 1 and 3 of subsection 1 apply from the taxation year 2016.

(3) Paragraph 2 of subsection 1 applies in respect of a gift made after 18 March 2007.

(4) Paragraphs 4 to 7 of subsection 1 apply in respect of a gift made after 10 February 2014.

(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 paragraph 2 of subsection 1 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.

**167.** (1) Section 716.0.1.4 of the Act is replaced by the following section:

“**716.0.1.4.** For the purpose of determining the amount deductible under paragraph *a* of section 710 in computing the taxable income of a corporation for a taxation year, the eligible amount of the following gifts made to a registered charity that is a prescribed charity is to be increased by 1/2 of that amount:

(*a*) a gift made by a recognized farm producer of an eligible agricultural product produced by such a producer; or

(*b*) a gift of an eligible food product made by a corporation carrying on a food processing business or by a corporation that is a member of a partnership carrying on such a business.

In this section, “recognized farm producer” has the meaning that would be assigned by the definition of that expression in the first paragraph of section 752.0.10.1 if that definition were read as if “an individual” were replaced, wherever it appears, by “a corporation”, and “eligible agricultural product” and “eligible food product” have the meaning assigned by that section.”

(2) Subsection 1 applies in respect of a gift made after 17 March 2016.

**168.** (1) Section 725.1.2 of the Act is amended by inserting the following subparagraph after subparagraph *a* of the second paragraph:

“(a.1) an amount received because of the loss of all or part of the income from an office or employment, in accordance with an insurance plan, that is referred to in section 43;”.

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

**169.** (1) Section 725.2.0.1 of the Act is replaced by the following section:

“**725.2.0.1.** Where section 725.2 applies in respect of a security that a qualifying person has agreed to sell or issue under an agreement referred to in section 48 and the qualifying person was a qualified corporation for the calendar year that includes the time at which the individual to whom that section 725.2 applies acquired rights under the agreement in relation to the acquisition of the security, it is to be read as if “25%” in the portion before paragraph *a* were replaced by “50%” and without reference to subparagraphs ii and iii of paragraph *c*.”

(2) Subsection 1 applies in respect of a security that a person has agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 8 February 2017.

**170.** (1) Section 725.2.2 of the Act is amended by replacing “ii to vi” in subparagraph *a* of the first paragraph by “i to v”.

(2) Subsection 1 applies in respect of a gift made after 18 March 2007.

**171.** (1) Section 725.3.1 of the Act is replaced by the following section:

“**725.3.1.** Where section 725.3 applies in respect of a share that an individual has acquired under an agreement referred to in section 48 and entered into with a corporation that was a qualified corporation for the calendar year that includes the time at which the individual acquired rights under the agreement in relation to the acquisition of the share, it is to be read as if “25%” in the portion before paragraph *a* were replaced by “50%”.”

(2) Subsection 1 applies in respect of a share acquired under an agreement referred to in section 48 of the Act and entered into after 8 February 2017.

**172.** (1) Section 726.7 of the Act is amended by inserting the following paragraph after the third paragraph:

“For the purposes of subparagraph *e* of the first paragraph, where section 517.5.5 applies in respect of the disposition in a taxation year of an individual’s eligible primary and manufacturing sectors shares described in paragraph *a* of the definition of that expression in the first paragraph of section 517.5.3, the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28 if those shares were the only properties referred to in that paragraph *b* is deemed to have been allowed as a deduction in computing the individual’s taxable income for the year for the purposes of the Income Tax Act under section 110.6 of that Act in respect of qualified farm properties.”

(2) Subsection 1 applies in respect of a disposition of shares made after 17 March 2016.

**173.** (1) Section 726.7.1 of the Act is amended by inserting the following paragraph after the first paragraph:

“For the purposes of subparagraph *e* of the first paragraph, where section 517.5.5 applies in respect of the disposition in a taxation year of an individual’s eligible primary and manufacturing sectors shares described in paragraph *c* of the definition of that expression in the first paragraph of section 517.5.3, the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28 if those shares were the only properties referred to in that paragraph *b* is deemed to have been allowed as a deduction in computing the individual’s taxable income for the year for the purposes of the Income Tax Act under section 110.6 of that Act in respect of qualified small business corporation shares.”

(2) Subsection 1 applies in respect of a disposition of shares made after 17 March 2016.

**174.** (1) Section 726.7.2 of the Act is amended by inserting the following paragraph after the first paragraph:

“For the purposes of subparagraph *e* of the first paragraph, where section 517.5.5 applies in respect of the disposition in a taxation year of an individual’s eligible primary and manufacturing sectors shares described in paragraph *b* of the definition of that expression in the first paragraph of section 517.5.3, the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28 if those shares were the only properties referred to in that paragraph *b* is deemed to have been allowed as a deduction in computing the individual’s taxable income for the year for the purposes of the Income Tax Act under section 110.6 of that Act in respect of qualified fishing properties.”

(2) Subsection 1 applies in respect of a disposition of shares made after 17 March 2016.

**175.** (1) Section 730 of the Act is amended by replacing subparagraph iii of paragraph *b* by the following subparagraph:

“iii. where the taxpayer was subject to a loss restriction event before the end of the year and after the end of the taxpayer’s tenth preceding taxation year, zero.”

(2) Subsection 1 has effect from 21 March 2013.

**176.** (1) Section 736 of the Act is amended by replacing the portion before subparagraph *c* of the fourth paragraph by the following:

“**736.** Despite section 729 and subject to section 736.0.5, where, at any time (in this section referred to as “that time”) a taxpayer is subject to a loss restriction event, the following rules apply:

(a) no amount in respect of a net capital loss for a taxation year ending before that time is deductible in computing the taxpayer’s taxable income for a taxation year ending after that time; and

(b) no amount in respect of a net capital loss for a taxation year ending after that time is deductible in computing the taxpayer’s taxable income for a taxation year ending before that time.

In addition, where, at that time, the taxpayer neither became nor ceased to be exempt from tax under this Part on the taxpayer’s taxable income, the following rules apply:

(a) in computing the adjusted cost base to the taxpayer at and after that time of each capital property, other than a depreciable property, owned by the taxpayer immediately before that time, there is to be deducted an amount equal to the amount by which the adjusted cost base to the taxpayer of the capital property immediately before that time exceeds its fair market value immediately before that time;

(b) each amount required by subparagraph *a* to be deducted in computing the adjusted cost base to the taxpayer of a property is deemed to be a capital loss of the taxpayer for the taxation year ending immediately before that time from the disposition of the property;

(c) each capital property that is owned by the taxpayer immediately before that time (other than a property in respect of which an amount would, but for this subparagraph, be required under subparagraph *a* to be deducted in computing its adjusted cost base to the taxpayer or a depreciable property of a prescribed class to which, but for this subparagraph, paragraph *a* of section 736.0.2 would apply) and that the taxpayer designates after 19 December 2006 in accordance with paragraph *e* of subsection 4 of section 111 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the loss restriction event, is deemed to have been

disposed of by the taxpayer immediately before the time that is immediately before that time for proceeds of disposition equal to the lesser of the fair market value of the capital property immediately before that time and the greater of the adjusted cost base to the taxpayer of the capital property immediately before the disposition and the amount designated by the taxpayer after 19 December 2006, in respect of the loss restriction event, in accordance with that paragraph *e* in respect of the capital property, and is deemed, subject to the third paragraph, to have been reacquired by the taxpayer at that time at a cost equal to those proceeds of disposition; and

(*d*) each amount that under subparagraph *b* or *c* is a capital loss or gain of the taxpayer from a disposition of a property for the taxation year ending immediately before that time is deemed, for the purposes of paragraph *b* of section 570, to be a capital loss or gain, as the case may be, of the taxpayer from the disposition of the property immediately before the time that a capital property of the taxpayer in respect of which subparagraph *c* would be applicable would be deemed by that subparagraph to have been disposed of by the taxpayer.

Despite subparagraph *c* of the second paragraph and for the purposes of Division II of Chapter II of Title III of Book III, sections 130, 130.1, 142 and 149 and any regulation made under paragraph *a* of section 130 or section 130.1, where the property is depreciable property of the taxpayer the capital cost of which to the taxpayer immediately before the disposition exceeds the proceeds of disposition determined under that subparagraph *c*, the following rules apply:

(*a*) the capital cost of the property to the taxpayer at that time is deemed to be the amount that was its capital cost immediately before the disposition; and

(*b*) the excess is deemed to have been allowed to the taxpayer in respect of the property under the regulations made under paragraph *a* of section 130 in computing the taxpayer's income for taxation years that ended before that time.

For the purposes of subparagraph *c* of the second paragraph, the taxpayer is deemed to have designated a particular capital property, as well as an amount in its respect, after 19 December 2006 in accordance with paragraph *e* of subsection 4 of section 111 of the Income Tax Act in respect of the loss restriction event, or to have designated after that date, in respect of that event, in accordance with that paragraph *e* in respect of a particular capital property, a particular amount different from that designated by the taxpayer after that date, in relation to that event, in accordance with that paragraph *e* in its respect, if

(*a*) the taxpayer files an application with the Minister in that respect, in a document containing information that is satisfactory to the Minister, on or before the day that is 90 days after the day on which a notice of assessment of tax payable for the taxation year ending immediately before that time or a notice that no tax is payable for the year is sent to the taxpayer;

(b) it may reasonably be considered that the taxpayer's designation regarding the particular capital property and the amount in its respect, or the change made to the amount designated in respect of the particular capital property, as the case may be, is justified only because of a difference between tax attributes, in particular the adjusted cost base of the particular capital property or the undeducted balance of a deductible loss, for the purposes of Part I of the Income Tax Act and the corresponding tax attributes for the purposes of this Part; and".

(2) Subsection 1 has effect from 21 March 2013.

**177.** (1) Section 736.0.0.1 of the Act is amended

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

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

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

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

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

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

(2) Subsection 1 has effect from 21 March 2013.

**178.** (1) Sections 736.0.1 to 736.0.2 of the Act are replaced by the following sections:

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

However, the taxpayer may deduct, for a particular taxation year ending after that time, such portion of a non-capital loss or farm loss, as the case may

be, for a taxation year ending before that time as may reasonably be regarded as the taxpayer's loss from carrying on a business and, where a business was carried on by the taxpayer in that taxation year, such portion of the non-capital loss as may reasonably be regarded as being attributable to an amount deductible under section 725.1.1 in computing the taxpayer's taxable income for that taxation year, if the following conditions are met:

(a) the business was carried on by the taxpayer for profit or with a reasonable expectation of profit throughout the particular year; and

(b) the amount that the taxpayer may deduct must not exceed the aggregate of the taxpayer's income for the particular year from the business and, where the taxpayer sold, leased, rented or developed properties or rendered services in the course of carrying on that business before that time, from any other business substantially all the income of which was derived from the sale, leasing, rental or development, as the case may be, of similar properties, or the rendering of similar services.

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

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

(a) the business was carried on by the taxpayer for profit or with a reasonable expectation of profit throughout the taxation year and in the particular year; and

(b) the amount that the taxpayer may deduct must not exceed the taxpayer's income for the particular year from the business and, where the taxpayer sold, leased, rented or developed properties or rendered services in the course of carrying on that business before that time, from any other business substantially all of the income of which was derived from the sale, leasing, rental or development, as the case may be, of similar properties, or the rendering of similar services.

**“736.0.1.2.** For the purposes of sections 736.0.1 and 736.0.1.1, a taxpayer's business that is at any time an adventure or concern in the nature of trade is deemed to be a business carried on at that time by the taxpayer.

**“736.0.2.** Subject to section 736.0.5, where, at any time, a taxpayer (other than a taxpayer who at that time became or ceased to be exempt from



tax under this Part on the taxpayer's taxable income) is subject to a loss restriction event, the following rules apply:

(a) where the undepreciated capital cost to the taxpayer of depreciable property of a prescribed class immediately before that time would have exceeded, if this Part were read without reference to section 93.4, the aggregate of the fair market value of all the property of that class immediately before that time and the amount in respect of property of that class otherwise allowed under regulations made under paragraph *a* of section 130 or deductible under the second paragraph of section 130.1 in computing the taxpayer's income for the taxation year ending immediately before that time, the excess is to be deducted in computing the taxpayer's income for the taxation year ending immediately before that time and is deemed to have been deductible by the taxpayer in respect of the property of that class under regulations made under paragraph *a* of section 130; and

(b) where, immediately before that time, the eligible incorporeal capital amount of the taxpayer in respect of a business exceeded the aggregate of 75% of the fair market value of the aggregate of the incorporeal capital property in respect of the business and the amount otherwise deducted under paragraph *b* of section 130 in computing the taxpayer's income from the business for the taxation year ending immediately before that time, the excess is to be deducted under paragraph *b* of section 130 in computing the taxpayer's income from the business for the taxation year ending immediately before that time.”

(2) Subsection 1 has effect from 21 March 2013.

**179.** (1) Section 736.0.3.1 of the Act is amended

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

“**736.0.3.1.** Subject to section 736.0.5, where, at any time, a taxpayer, other than a taxpayer who at that time became or ceased to be exempt from tax under this Part on the taxpayer's taxable income, is subject to a loss restriction event, no amount may be deducted under section 140 in computing the taxpayer's income for the taxpayer's taxation year ending immediately before that time and each amount that is the greatest amount that would, but for this section, have been deductible under section 140 in respect of a debt owing to the taxpayer immediately before that time is deemed to be a separate debt and is, despite any other provision of this Part, to be deducted as a bad debt under section 141 in computing the taxpayer's income for the year.”;

(2) by striking out “être” in the second paragraph in the French text.

(2) Subsection 1 has effect from 21 March 2013.

**180.** (1) Section 736.0.5 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“736.0.5.** Where a taxpayer is subject to a loss restriction event at a particular time and it can reasonably be considered that the main reason that the taxpayer is subject to the loss restriction event was to cause subparagraph *b* of the second paragraph of section 736 or section 736.0.2 or 736.0.3.1 to apply, the following provisions do not apply with respect to the loss restriction event:”.

(2) Subsection 1 has effect from 21 March 2013.

**181.** (1) Section 737.18.17.1 of the Act is amended by replacing the definition of “tax-free period” in the first paragraph by the following definition:

““tax-free period” of a corporation or a partnership, for a taxation year or a fiscal period, in relation to a large investment project, means the part of the taxation year or fiscal period that is both covered by a certificate issued to the corporation or partnership in respect of the large investment project and included in the 15-year period that begins on the date of the beginning of the tax-free period in respect of the project or, where the corporation or partnership acquired all or substantially all of the recognized business in relation to the project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in the part of that 15-year period that begins on the date of acquisition of the recognized business;”.

(2) Subsection 1 has effect from 21 November 2012.

**182.** (1) Section 737.18.17.6 of the Act is amended

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

**“737.18.17.6.** The amount to which the first paragraph of section 737.18.17.5 refers in respect of a corporation for a taxation year is equal, subject to paragraph *a* of sections 737.18.17.7 and 737.18.17.7.1, 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*) the product obtained by multiplying the proportion that is the reciprocal of the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 by 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”;

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

“(b) B is, subject to paragraph *b* of sections 737.18.17.7 and 737.18.17.7.1, the aggregate of”;

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

“ii. the product obtained by multiplying the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 by 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;”;

(4) by replacing the portion of subparagraph *d* of the fifth paragraph before subparagraph i by the following:

“(d) D is, subject to paragraph *b* of sections 737.18.17.7 and 737.18.17.7.1, the aggregate of”;

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

“ii. the product obtained by multiplying the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 by 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”.

(2) Subsection 1 applies to a taxation year that ends after 31 December 2016. However, where section 737.18.17.6 of the Act applies to the taxation year that includes that date, it is to be read as if “of sections 737.18.17.7 and 737.18.17.7.1” were replaced by “of section 737.18.17.7” in the following provisions:

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

— the portion of subparagraph *b* of the fifth paragraph before subparagraph i;

— the portion of subparagraph *d* of the fifth paragraph before subparagraph i.

**183.** (1) Section 737.18.17.7 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) as if “100/8 of” in subparagraph *b* of the first paragraph were replaced by “the product obtained by multiplying the proportion that is the reciprocal of the difference between the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 and the percentage determined for the year in its respect under section 771.0.2.5 by”;

“(b) as if “8% of” in subparagraph *i* of subparagraphs *b* and *d* of the fifth paragraph were replaced by “the product obtained by multiplying the difference between the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 and the percentage determined for the year in its respect under section 771.0.2.5 by”.”;

(2) by striking out the second paragraph.

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

**184.** (1) The Act is amended by inserting the following section after section 737.18.17.7:

**“737.18.17.7.1.** Where the corporation described in section 737.18.17.5 for a taxation year is a primary and manufacturing sectors corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.4* of subsection 1 of section 771 applies for the year, section 737.18.17.6 is to be read

(a) as if “100/8 of” in subparagraph *b* of the first paragraph were replaced by “the product obtained by multiplying the proportion that is the reciprocal of the difference between the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 and the percentage determined for the year in its respect under section 771.0.2.6 by”;

(b) as if “8% of” in subparagraph *i* of subparagraphs *b* and *d* of the fifth paragraph were replaced by “the product obtained by multiplying the difference between the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 and the percentage determined for the year in its respect under section 771.0.2.6 by”.”

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

**185.** (1) Section 737.18.17.12 of the Act is amended

(1) by replacing the portion of subparagraph *b* of the third paragraph before subparagraph *i* by the following:

“(b) B is, subject to the fifth and sixth paragraphs, the aggregate of”;

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

“ii. the product obtained by multiplying the basic rate determined for the preceding year in respect of the vendor under section 771.0.2.3.1 by 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”;

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

“Where the corporation is a manufacturing corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.3* of subsection 1 of section 771 applies for the preceding taxation year, subparagraph *i* of subparagraph *b* of the third paragraph is to be read as if “8% of” were replaced by “the product obtained by multiplying the difference between the basic rate determined for the preceding year in respect of the vendor under section 771.0.2.3.1 and the percentage determined for the preceding year in its respect under section 771.0.2.5 by”.

Where the corporation is a primary and manufacturing sectors corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.4* of subsection 1 of section 771 applies for the preceding taxation year, subparagraph *i* of subparagraph *b* of the third paragraph is to be read as if “8% of” were replaced by “the product obtained by multiplying the difference between the basic rate determined for the preceding year in respect of the vendor under section 771.0.2.3.1 and the percentage determined for the preceding year in its respect under section 771.0.2.6 by”.

(2) Subsection 1 applies to a taxation year that ends after 31 December 2016. However, where section 737.18.17.12 of the Act applies to the taxation year that includes that date, it is to be read

(1) as if “to the fifth and sixth paragraphs” in the portion of subparagraph *b* of the third paragraph before subparagraph *i* were replaced by “to the fifth paragraph”; and

(2) without reference to the sixth paragraph.

(3) In addition, where section 737.18.17.12 of the Act applies to a taxation year that ends before 1 January 2017, it is to be read as if “the taxation year” were replaced by “the preceding taxation year” wherever it appears in the following provisions:

- the portion of the fifth paragraph before subparagraph *a*;
- subparagraphs *a* to *c* of the sixth paragraph.

**186.** (1) Section 742 of the Act is amended

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

“Where the trust referred to in the first paragraph is a succession that is the graduated rate estate of an individual, the share was acquired as a consequence of the individual’s death and the disposition of the share occurs during the trust’s first taxation year, the amount to which subparagraph *a* of the first paragraph refers is 1/2 of the lesser of”;

(2) by replacing “réfère le sous-paragraphe ii du paragraphe *a* du premier alinéa” in the portion of the third paragraph before subparagraph *a* in the French text by “le sous-paragraphe ii du paragraphe *a* du premier alinéa fait référence”.

(2) Subsection 1 applies from the taxation year 2016.

**187.** (1) The Act is amended by inserting the following sections after section 745:

**“745.1.** For the purposes of paragraph *b* of sections 741.1 and 741.3, subparagraph *i* of subparagraph *c* of the third paragraph of sections 742 and 742.1, paragraph *b* of sections 742.2, 742.3, 743.1, 744.0.1, 744.2.1 and 744.2.2, subparagraph *b* of the first paragraph of section 744.6, paragraph *b* of section 744.6.1 and section 745.2, where a synthetic disposition arrangement is entered into in respect of a property owned by a taxpayer and the synthetic disposition period of the arrangement is at least 30 days, the taxpayer is deemed not to own the property during the synthetic disposition period.

**“745.2.** Section 745.1 does not apply in respect of a property owned by a taxpayer in respect of a synthetic disposition arrangement if the taxpayer owned the property throughout the 365-day period (determined without reference to this section) that ended immediately before the synthetic disposition period of the arrangement.”

(2) Subject to subsection 3, subsection 1 applies in respect of an agreement or arrangement entered into after 20 March 2013. It also applies in respect of an agreement or arrangement entered into before 21 March 2013, the term of which is extended after 20 March 2013, as if the agreement or arrangement were entered into at the time of the extension.

(3) However, where section 745.2 of the Act applies in respect of an agreement or arrangement entered into before 13 September 2013 and the term of which is not extended after 12 September 2013, it is to be read as follows:

**“745.2.** Section 745.1 does not apply in respect of a property owned by a taxpayer in respect of a synthetic disposition arrangement if the taxpayer owned the property throughout the 365-day period that ended immediately before the synthetic disposition period of the arrangement.”

**188.** (1) Section 752.0.10.0.4 of the Act is amended by inserting the following definition in alphabetical order:

““volunteer firefighter” has the meaning assigned by the third paragraph of section 39.6.”

(2) Subsection 1 is declaratory, except in respect of cases pending on 2 March 2015 and notices of objection filed with the Minister of Revenue on or before that date, where the basis of one of the subjects of the contestation, expressly invoked on or before that date in the motion for appeal or in the notice of objection, is the meaning of “volunteer firefighter”.

**189.** (1) Section 752.0.10.1 of the Act is amended,

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

““eligible food product” means milk, oil, flour, sugar, frozen vegetables, pasta, prepared meals, baby foods and infant formula;”;

(2) by striking out the definitions of “qualified total charitable gifts”, “qualified total major cultural gift”, “qualified total patronage gifts” and “total Crown gifts” in the first paragraph;

(3) by striking out ““total Crown gifts” of the individual for the year,” in the definition of “total charitable gifts” in the first paragraph;

(4) by replacing the portion of the definition of “total gifts of qualified property” in the first paragraph 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 referred to in the definition of “total cultural gifts” of the individual for the year) made by the individual in the year or in any of the ten preceding taxation years to any of the following entities that is, except in the case provided for in paragraph *e*, a qualified donee, if the conditions set out in section 752.0.10.2 are met in respect of that amount:”;

(5) by replacing paragraph *d* of the definition of “total gifts of qualified property” in the first paragraph by the following paragraph:

“(d) the State, Her Majesty in right of Canada or a province, other than Québec, a municipality in Canada or a municipal or public body performing a function of government in Canada, if the object of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”; or”;

(6) by adding the following paragraph after paragraph *d* of the definition of “total gifts of qualified property” in the first paragraph:

“(e) the United States, any state of that country, a municipality in the United States or a municipal or public body performing a function of government in the United States, if the object of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”;”;

(7) by striking out the fifth paragraph.

(2) Paragraph 1 of subsection 1 has effect from 18 March 2016.

(3) Paragraphs 2, 3 and 7 of subsection 1 apply from the taxation year 2016.

(4) Paragraphs 4 to 6 of subsection 1 apply in respect of a gift made after 10 February 2014. However, where the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1 of the Act applies to a taxation year preceding the taxation year 2016, the portion of that definition before paragraph *a* is to be read as follows:

““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 ten preceding taxation years to any of the following entities that is, except in the case provided for in paragraph *e*, a qualified donee, if the conditions set out in section 752.0.10.2 are met in respect of that amount.”.

**190.** (1) Section 752.0.10.3 of the Act is amended by striking out “total Crown gifts,” in the portion of the first paragraph before subparagraph *a*.

(2) Subsection 1 applies from the taxation year 2016.

**191.** (1) Section 752.0.10.5.1 of the Act is amended by striking out “total Crown gifts,”.

(2) Subsection 1 applies from the taxation year 2016.



**192.** (1) Section 752.0.10.6 of the Act is amended

(1) by replacing “from the taxation year 2006” in the portion of subparagraph *d* of the first paragraph before subparagraph *i* by “for the taxation years 2006 to 2016”;

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

“(e) from the taxation year 2017, the aggregate of

i. 20% of the lesser of \$200 and the aggregate determined under the second paragraph,

ii. 25.75% of the lesser of

(1) the amount by which the aggregate determined under the second paragraph exceeds \$200, and

(2) the amount by which the individual’s taxable income for the year exceeds the amount referred to in paragraph *d* of section 750 in relation to the year, and

iii. 24% of the amount by which the aggregate determined under the second paragraph exceeds the aggregate of \$200 and the lesser of the amounts referred to in subparagraphs 1 and 2 of subparagraph *ii*, in relation to the individual for the year.”;

(3) by striking out subparagraph *a* of the second paragraph;

(4) by replacing “qualified total charitable gifts” in subparagraph *d* of the second paragraph by “total charitable gifts”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2017.

(3) Paragraphs 3 and 4 of subsection 1 apply from the taxation year 2016.

**193.** (1) Section 752.0.10.6.1 of the Act is amended by replacing “the qualified total major cultural gift” in the first paragraph by “a major cultural gift”.

(2) Subsection 1 applies from the taxation year 2016.

**194.** (1) Section 752.0.10.6.2 of the Act is amended by replacing “qualified total patronage gifts” by “total patronage gifts”.

(2) Subsection 1 applies from the taxation year 2016.

**195.** (1) Section 752.0.10.15.6 of the Act is replaced by the following section:

**“752.0.10.15.6.** For the purposes of the definition of “total charitable gifts” of an individual for a taxation year in the first paragraph of section 752.0.10.1, the eligible amount of the following gifts made to a registered charity that is a prescribed charity is to be increased by 1/2 of that amount:

(a) a gift made by a recognized farm producer of an eligible agricultural product produced by such a producer; or

(b) a gift of an eligible food product made by an individual who is carrying on a food processing business or by an individual who is a member of a partnership that is carrying on such a business.”

(2) Subsection 1 applies in respect of a gift made after 17 March 2016.

**196.** (1) Section 752.0.10.16 of the Act is amended by striking out “or total Crown gifts” in paragraphs *b* and *c*.

(2) Subsection 1 applies from the taxation year 2016.

**197.** (1) Section 752.0.10.19 of the Act is amended by striking out “total Crown gifts.”

(2) Subsection 1 applies from the taxation year 2016.

**198.** (1) Section 752.0.11.1.3 of the Act is amended by replacing subparagraphs *i* and *ii* of paragraph *a* by the following subparagraphs:

“*i.* expenses taken into account in computing the amount that a person is deemed to have paid to the Minister under Division II.12.1 of Chapter III.1 of Title III of Book IX for the taxation year in which the expenses were paid,

“*ii.* paid in respect of an *in vitro* fertilization activity carried out in Québec in a centre for assisted procreation that does not hold a licence issued in accordance with the Act respecting clinical and research activities relating to assisted procreation (chapter A-5.01), or”.

(2) Subsection 1 applies in respect of expenses paid after 31 December 2014.

**199.** (1) Section 752.0.13.1 of the Act is amended by replacing subparagraphs *i* and *ii* of subparagraph *a* of the second paragraph by the following subparagraphs:

“*i.* expenses taken into account in computing the amount that a person is deemed to have paid to the Minister under Division II.12.1 of Chapter III.1 of Title III of Book IX for the taxation year in which the expenses were paid,

“ii. paid in respect of an in vitro fertilization activity carried out in Québec in a centre for assisted procreation that does not hold a licence issued in accordance with the Act respecting clinical and research activities relating to assisted procreation (chapter A-5.01), or”.

(2) Subsection 1 applies in respect of expenses paid after 31 December 2014.

**200.** (1) Section 752.0.18.15 of the Act is amended by inserting the following subparagraph after subparagraph *c* of the first paragraph:

“(c.1) the Apprentice Loans Act (Statutes of Canada, 2014, chapter 20, section 483); or”.

(2) Subsection 1 has effect from 2 January 2015.

**201.** (1) Section 766.2.1 of the Act is amended by adding the following paragraphs at the end:

“The Minister may waive, in whole or in part, the amount that the individual is required to add, under the first paragraph, to the individual’s tax otherwise payable under this Part for the particular taxation year—to the extent that the amount is attributable to a particular amount described in the second paragraph of section 725.1.2—where the number of years to which the particular amount relates results from exceptional circumstances beyond the individual’s control.

The Minister’s decision under the second paragraph is not subject to opposition or appeal.”

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

**202.** (1) Section 767 of the Act is amended by replacing “8.319/18” in subparagraph *a* of the first paragraph by “8.2485/17”.

(2) Subsection 1 applies from the taxation year 2016.

**203.** (1) Section 768 of the Act is replaced by the following section:

“**768.** Despite section 750, the tax payable under this Part for a taxation year by a trust (other than a qualified disability trust, a trust to which section 770 or 770.0.1 applies or a succession that is a graduated rate estate) is equal to the aggregate of

(a) the amount obtained by multiplying the percentage specified for the year in section 750.1.1 by its taxable income for the year; and

(b) if any of the conditions of paragraphs *a* to *c* of section 768.1 is met in respect of the trust for the taxation year, the amount determined by the formula

$A - B.$

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

(*a*) *A* is the amount that would be determined under subparagraph *b* for the year if

i. the percentage applicable for the purpose of determining the tax payable by the trust for each taxation year referred to in subparagraph *b* were the percentage specified for that year in section 750.1.1, and

ii. the trust's taxable income for a particular taxation year referred to in subparagraph *b* were reduced by the total of

(1) if the conditions of the third paragraph are met, the amount that was paid or distributed in satisfaction of all or part of an individual's interest as a beneficiary under the trust,

(2) the portion of the tax payable by the trust for the particular taxation year under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) that can reasonably be considered to be attributable to an amount determined in accordance with subparagraph 1,

(3) the portion of the tax payable by the trust for the particular taxation year to a government of a province (other than Québec) in which the trust is resident for the particular taxation year that can reasonably be considered to be attributable to an amount determined in accordance with subparagraph 1, and

(4) the portion of the tax payable by the trust for the particular taxation year under this Part that can reasonably be considered to be attributable to an amount determined in accordance with subparagraph 1; and

(*b*) *B* is the aggregate of all amounts each of which is the tax payable under this Part by the trust for a taxation year that precedes the taxation year referred to in the first paragraph if that preceding taxation year is

i. the first taxation year for which the trust was a qualified disability trust or, if it is later, the last taxation year for which section 768.1 applied to the trust, if applicable, or

ii. a taxation year that ends after the taxation year described in subparagraph i.

The conditions to which subparagraph 1 of subparagraph ii of subparagraph *a* of the second paragraph refers are the following:

(*a*) the individual referred to in that subparagraph 1 was an electing beneficiary of the trust for the particular taxation year;

(b) the payment or distribution can reasonably be considered to have been made out of the trust's taxable income for the particular taxation year; and

(c) the payment or distribution was made in a taxation year referred to in subparagraph *b* of the second paragraph.”

(2) Subsection 1 applies from the taxation year 2016.

**204.** (1) The Act is amended by inserting the following sections after section 768:

**“768.1.** The conditions to which subparagraph *b* of the first paragraph of section 768 refers in respect of a trust, for a particular taxation year, that was a qualified disability trust for a preceding taxation year, are the following:

(a) none of the beneficiaries under the trust at the end of the particular taxation year was an electing beneficiary of the trust for a preceding taxation year;

(b) the particular taxation year ended immediately before the trust ceased to be resident in Canada; and

(c) an amount is paid or distributed in the particular taxation year to a beneficiary under the trust in satisfaction of all or part of the beneficiary's interest in the trust unless

i. the beneficiary is an electing beneficiary of the trust for the particular taxation year or a preceding taxation year,

ii. the amount is deducted under paragraph *a* of section 657 in computing the trust's income for the particular taxation year, or

iii. the amount is paid or distributed in satisfaction of a right to enforce payment of an amount that was deducted under paragraph *a* of section 657 in computing the trust's income for a preceding taxation year.

**“768.2.** For the purposes of sections 768, 768.1 and this section,

“beneficiary” under a trust includes a person beneficially interested in the trust;

“electing beneficiary” of a qualified disability trust for a taxation year means a beneficiary under the trust that for the year

(a) makes an election described in subparagraph iii of paragraph *a* of the definition of “qualified disability trust”; and

(b) is described in paragraph *b* of the definition of “qualified disability trust”;

“qualified disability trust” for a taxation year (in this definition referred to as the “trust year”) means a trust that meets the following conditions:

(a) the trust

i. is, at the end of the trust year, a testamentary trust that arose on and as a consequence of a particular individual’s death,

ii. is resident in Canada for the trust year, and

iii. has made, for the trust year, a valid election under clause A of subparagraph iii of paragraph *a* of the definition of “qualified disability trust” in subsection 3 of section 122 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), jointly with one or more beneficiaries under the trust;

(b) each of the beneficiaries referred to in subparagraph iii of paragraph *a* is an individual named as a beneficiary by the particular individual in the instrument under which the trust was created and the following conditions are met in respect of each of those beneficiaries:

i. subparagraphs *a* to *c* of the first paragraph of section 752.0.14 apply in respect of the beneficiary for the beneficiary’s taxation year (in this definition referred to as the “beneficiary year”) in which the trust year ends, and

ii. the beneficiary does not jointly elect with any other trust, for a taxation year of the other trust that ends in the beneficiary year, to have that other trust qualify as a disability trust; and

(c) none of the conditions of paragraphs *a* to *c* of section 768.1 has been met, in respect of the trust, for the trust year.

Chapter V.2 of Title II of Book I of Part I applies in relation to an election made under clause A of subparagraph iii of paragraph *a* of the definition of “qualified disability trust” in subsection 3 of section 122 of the Income Tax Act.”

(2) Subsection 1 applies from the taxation year 2016.

**205.** (1) Section 769 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2016.

**206.** (1) Section 770.1 of the Act is replaced by the following section:

“**770.1.** No deduction may be made under this Title in computing the tax payable by a trust for a taxation year, except the deductions provided for in Chapters I.0.2.1, I.3 and III.”

(2) Subsection 1 applies from the taxation year 2016.

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

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

“(a) in the case of a deposit insurance corporation described in paragraph *b* of section 804, to 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;”;

(2) by inserting the following paragraph after paragraph *d.3*:

“(d.4) 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 primary and manufacturing sectors 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 771.0.2.6 to the amount determined in its respect for the year under section 771.2.1.2;”;

(3) by replacing the portion of paragraph *j.1* before subparagraph *i* by the following:

“(j.1) despite paragraphs *d.2* to *d.4*, in the case of a corporation other than a corporation referred to in paragraph *a*, for a taxation year for which it is a corporation dedicated to the commercialization of intellectual property, to the amount by which the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to its taxable income for the year exceeds the aggregate of”;

(4) by replacing subparagraph *ii* of paragraph *j.1* by the following subparagraph:

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

(1) if neither subparagraph 2 nor subparagraph 3 applies to the corporation, the percentage determined in its respect for the year under section 771.0.2.4,

(2) if the corporation is a manufacturing corporation for the year, the percentage determined in its respect for the year under section 771.0.2.5, or

(3) if the corporation is a primary and manufacturing sectors corporation for the year, the percentage determined in its respect for the year under section 771.0.2.6;”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 31 December 2016.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2016.

(4) Paragraphs 3 and 4 of subsection 1 apply to a taxation year that ends after 4 June 2014. However, where paragraph *j.1* of subsection 1 of section 771 of the Act applies to a taxation year that begins before 1 January 2017, it is to be read

(1) as if “*d.2* to *d.4*” in the portion before subparagraph *i* were replaced by “*d.2* and *d.3*”;

(2) as if subparagraph 1 of subparagraph *ii* were replaced by the following subparagraph:

“(1) if subparagraph 2 does not apply to the corporation for the year, the percentage determined in its respect for the year under section 771.0.2.4, or”; and

(3) without reference to subparagraph 3 of subparagraph *ii*.

**208.** (1) Section 771.0.2.3.1 of the Act is amended

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

“(*b*) if the taxation year begins after 31 December 2008 and ends before 1 January 2017, 11.9%; and”;

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

“(*c*) if the taxation year ends after 31 December 2016, the total of

*i.* the proportion of 11.9% that the number of days in the taxation year that precede 1 January 2017 is of the number of days in the taxation year,

*ii.* the proportion of 11.8% that the number of days in the taxation year that follow 31 December 2016 but precede 1 January 2018 is of the number of days in the taxation year,

*iii.* the proportion of 11.7% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year,



iv. the proportion of 11.6% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year, and

v. the proportion of 11.5% that the number of days in the taxation year that follow 31 December 2019 is of the number of days in the taxation year.”

(2) Subsection 1 applies from 1 January 2017.

**209.** (1) Section 771.0.2.4 of the Act is amended

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

“(b) if the taxation year begins after 31 December 2008 but before 1 January 2017, the total of

i. the proportion of 3.9% that the number of days in the taxation year that precede 1 January 2017 is of the number of days in the taxation year,

ii. the proportion of 3.8% that the number of days in the taxation year that follow 31 December 2016 but precede 1 January 2018 is of the number of days in the taxation year, and

iii. the proportion of 3.7% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year; and”;

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

“(c) if the taxation year begins after 31 December 2016 and

i. if the number of hours referred to in subparagraph *a* or *b* of the first paragraph of section 771.2.1.2.1 in respect of the corporation for the taxation year or the number of hours referred to in the first paragraph of section 771.2.1.2.2 in respect of a partnership of which the corporation is a member in the taxation year, whichever is greater, is at least 5,500, the total of

(1) the proportion of 3.8% that the number of days in the taxation year that precede 1 January 2018 is of the number of days in the taxation year,

(2) the proportion of 3.7% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year,

(3) the proportion of 3.6% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year, and

(4) the proportion of 3.5% that the number of days in the taxation year that follow 31 December 2019 is of the number of days in the taxation year, or

ii. unless subparagraph i applies, the percentage determined by the formula

$A \times (B - 5,000)/500$ .”;

(3) by adding the following paragraph:

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

(a) *A* is the percentage that would be determined under subparagraph i of subparagraph *c* of the first paragraph if that subparagraph i applied; and

(b) *B* is the number of hours referred to in subparagraph *a* or *b* of the first paragraph of section 771.2.1.2.1 in respect of the corporation for the taxation year, the number of hours referred to in the first paragraph of section 771.2.1.2.2 in respect of a partnership of which the corporation is a member in the taxation year or 5,000, whichever number is the greatest.”

(2) Subsection 1 applies from 1 January 2017.

**210.** (1) Section 771.0.2.5 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph ii of subparagraph *a* by the following subparagraph:

“ii. the taxation year begins after 31 March 2015 but before 1 January 2017, to the total of

(1) the proportion of 7.9% that the number of days in the taxation year that precede 1 January 2017 is of the number of days in the taxation year,

(2) the proportion of 7.8% that the number of days in the taxation year that follow 31 December 2016 but precede 1 January 2018 is of the number of days in the taxation year, and

(3) the proportion of 7.7% that the number of days in the taxation year that follow 31 December 2017 is of the number of days in the taxation year; and”;

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

“ii. the taxation year begins after 31 March 2015 but before 1 January 2017, to the total of

(1) the proportion of 3.9% that the number of days in the taxation year that precede 1 January 2017 is of the number of days in the taxation year,

(1.1) the proportion of 3.8% that the number of days in the taxation year that follow 31 December 2016 but precede 1 January 2018 is of the number of days in the taxation year,

(1.2) the proportion of 3.7% that the number of days in the taxation year that follow 31 December 2017 is of the number of days in the taxation year, and”.

(2) Subsection 1 applies from 1 January 2017.

**211.** (1) The Act is amended by inserting the following section after section 771.0.2.5:

**“771.0.2.6.** The percentage that is required to be determined for a taxation year for the purposes of paragraph *d.4* of subsection 1 of section 771 in respect of a primary and manufacturing sectors corporation is equal,

(*a*) if the proportion of primary and manufacturing sectors activities of the corporation for the taxation year is 50% or more, to the total of

i. the proportion of 7.8% that the number of days in the taxation year that precede 1 January 2018 is of the number of days in the taxation year,

ii. the proportion of 7.7% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year,

iii. the proportion of 7.6% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year, and

iv. the proportion of 7.5% that the number of days in the taxation year that follow 31 December 2019 is of the number of days in the taxation year; and

(*b*) in any other case, to the greater of the percentages determined by the formulas

i.  $A \times (B - 25\%)/25\%$ , and

ii.  $[C \times (D - 5,000)/500] + [4\% \times (B - 25\%)/25\%]$ .

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

(*a*) *A* is the percentage that would be determined under subparagraph *a* of the first paragraph if that subparagraph applied;

(*b*) *B* is the proportion of primary and manufacturing sectors activities of the corporation for the taxation year;

(c) C is the total of

i. the proportion of 3.8% that the number of days in the taxation year that precede 1 January 2018 is of the number of days in the taxation year,

ii. the proportion of 3.7% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year,

iii. the proportion of 3.6% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year, and

iv. the proportion of 3.5% that the number of days in the taxation year that follow 31 December 2019 is of the number of days in the taxation year; and

(d) D is 5,000 or, if it is greater but without exceeding 5,500, the number of hours referred to in subparagraph *a* or *b* of the first paragraph of section 771.2.1.2.1 in respect of the corporation for the taxation year or the number of hours referred to in the first paragraph of section 771.2.1.2.2 in respect of a partnership of which the corporation is a member in the taxation year, whichever number is greater.”

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

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

(1) by replacing the portion of the definition of “specified partnership loss” before paragraph *a* by the following:

““specified partnership loss” of a corporation for a year means the aggregate of all amounts each of which is an amount, in respect of a partnership referred to in section 771.2.1.2.2 for the year and of which the corporation is a member in the year, equal to the aggregate of”;

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

““proportion of primary and manufacturing sectors activities” of a corporation for a taxation year means the prescribed proportion;”;

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

““primary and manufacturing sectors corporation” for a taxation year that begins after 31 December 2016 means a corporation whose proportion of primary and manufacturing sectors activities for the taxation year is not less than 25%;”;

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

““manufacturing corporation” for a taxation year that begins before 1 January 2017 means a corporation whose proportion of manufacturing or processing activities for the taxation year is not less than 25%.”;

(5) by replacing the portion of paragraph *a* of the definition of “specified partnership income” before subparagraph *i* by the following:

“(a) the aggregate of all amounts each of which is an amount, in respect of a partnership that is described in section 771.2.1.2.2 for the year and of which the corporation is a member in the year, equal to the lesser of”.

(2) Paragraphs 2 to 4 of subsection 1 apply from 1 January 2017.

(3) Paragraphs 1 and 5 of subsection 1 apply to a taxation year that begins after 31 December 2016.

**213.** (1) Section 771.2.1.2 of the Act is amended

(1) by replacing “*d.2*, *d.3* and *h*” in the portion before paragraph *a* by “*d.2* to *d.4* and *h*”;

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

“(a) the amount by which the aggregate of all amounts each of which is, if the corporation is a primary and manufacturing sectors corporation for the year or if it is described in section 771.2.1.2.1 for the year, the income of the corporation for the year from an eligible business carried on by it in Canada, other than the income of the corporation for the year from a business carried on by it as a member of a partnership, and the specified partnership income of the corporation for the year exceeds the aggregate of”.

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

**214.** (1) The Act is amended by inserting the following sections after section 771.2.1.2:

“**771.2.1.2.1.** A corporation to which paragraph *a* of section 771.2.1.2 refers for a particular taxation year is a corporation in respect of which the number of hours of work referred to in either of the following subparagraphs exceeds 5,000:

(a) the number of hours of work carried out by the employees of the corporation in the particular year; or

(b) the number of hours of work carried out by the employees of the corporation and by those of the corporations with which it is associated in the particular year, in the taxation years of those corporations that ended in the calendar year preceding the calendar year in which the particular year ends.

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

(a) the number of hours of work carried out by a person in a week that may be taken into account may not exceed 40; and

(b) subject to the third paragraph, the hours worked may be taken into account only to the extent that they were paid.

For the purposes of this section, a person who holds, directly or indirectly, shares in the capital stock of a corporation is considered to be an employee of the corporation and the hours of work the person carries out for the corporation may be taken into account even if they are not remunerated.

For the purposes of subparagraph *a* of the first paragraph, where the number of days in the corporation's particular taxation year is less than 365, the number of hours of work carried out by the corporation's employees in the particular year is deemed to be equal to the product obtained by multiplying that number otherwise determined by the proportion that 365 is of the number of days in the particular taxation year.

**“771.2.1.2.2.** A partnership of which a corporation that is carrying on an eligible business in a taxation year as a member of the partnership is a member and to which paragraph *a* of the definition of “specified partnership income” in the first paragraph of section 771.1 refers for the taxation year is a partnership whose employees have carried out, in a fiscal year that ends in the taxation year, more than 5,000 hours of work.

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

(a) the number of hours of work carried out by a person in a week that may be taken into account may not exceed 40; and

(b) the hours worked may be taken into account only to the extent that they were paid.”

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

**215.** (1) Section 771.2.1.10 of the Act is amended by replacing “paragraph *d.2* or *d.3*” by “any of paragraphs *d.2* to *d.4*”.

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

**216.** (1) Section 772.2 of the Act is amended

(1) 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 776.1.35, 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* to *d.4* of that subsection 1, the deduction provided for in respect of a Canadian-controlled private corporation;”;

(2) by replacing “772.5.1 and 772.5.2” in the portion of the definitions of “business-income tax” and “non-business-income tax” before paragraph *a* by “772.5.1 to 772.5.2”.

(2) Paragraph 1 of subsection 1, where it enacts the definition of “tax otherwise payable” in section 772.2 of the Act to add a reference to section 776.1.35 of the Act, has effect from 27 March 2015.

(3) Paragraph 1 of subsection 1, where it enacts the definition of “tax otherwise payable” in section 772.2 of the Act to add a reference to paragraph *d.4* of subsection 1 of section 771 of the Act, applies to a taxation year that begins after 31 December 2016.

(4) Paragraph 2 of subsection 1 applies in respect of the income or profits tax paid for a taxation year of a taxpayer that ends after 4 March 2010.

**217.** (1) The Act is amended by inserting the following sections after section 772.5.1:

**“772.5.1.1.** Where a taxpayer is a member of a partnership, no amount of income or profits tax paid to the government of a country other than Canada—in respect of the partnership’s income for a period during which the taxpayer’s direct or indirect share of the partnership’s income that is subject to the income tax laws (in section 772.5.1.2 referred to as the “relevant foreign tax law”) of any country other than Canada is less than the taxpayer’s direct or indirect share, determined for the purposes of this Act, of the income—is to be included in computing the taxpayer’s business-income tax or non-business-income tax for any taxation year.

**“772.5.1.2.** For the purposes of section 772.5.1.1, a taxpayer is not to be considered to have a lesser direct or indirect share of a partnership’s income under the relevant foreign tax law than for the purposes of this Act solely because of one or more of the following:

(a) a difference between the relevant foreign tax law and this Act in the manner of

- i. computing the partnership's income, or
- ii. allocating the partnership's income because of the admission to, or withdrawal from, the partnership of any of its members;

(b) the fact that the partnership is considered as a corporation under the relevant foreign tax law; or

(c) the fact that the taxpayer is not considered as a corporation under the relevant foreign tax law.

**“772.5.1.3.** For the purposes of sections 772.5.1.1 and 772.5.1.2, where a taxpayer is (or is deemed under this section to be) a member of a particular partnership that is a member of another partnership, the taxpayer is deemed to be a member of the other partnership.”

(2) Subsection 1 applies in respect of the income or profits tax paid for a taxation year of a taxpayer that ends after 4 March 2010. However, where it applies to a taxation year that ends before 28 August 2010,

- (1) section 772.5.1.1 of the Act is to be read as follows:

**“772.5.1.1.** Where a taxpayer is a member of a partnership, no amount of income or profits tax paid to the government of a country other than Canada—in respect of the partnership's income for a period during which the taxpayer's share of the partnership's income that is subject to the income tax laws (in section 772.5.1.2 referred to as the “relevant foreign tax law”) of any country other than Canada is less than the taxpayer's share, determined for the purposes of this Act, of the income—is to be included in computing the taxpayer's business-income tax or non-business-income tax for any taxation year.”;

(2) the portion of section 772.5.1.2 of the Act before paragraph *a* is to be read as follows:

**“772.5.1.2.** For the purposes of section 772.5.1.1, a taxpayer is not to be considered to have a lesser share of a partnership's income under the relevant foreign tax law than for the purposes of this Act solely because of one or more of the following:”; and

- (3) it is to be read without reference to section 772.5.1.3 of the Act.

**218.** (1) Section 772.5.2 of the Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

“(a) A is,



i. if the foreign tax was otherwise included in business-income tax, the total of

(1) that proportion of 26.5% that the number of days in the taxation year that are included in the calendar year 2011 is of the number of days in the taxation year, and

(2) that proportion of 25% that the number of days in the taxation year that are after 31 December 2011 is of the number of days in the taxation year, or

ii. if the foreign tax was otherwise included in non-business-income tax, the total of

(1) if the taxpayer is a Canadian-controlled private corporation throughout the taxation year, that proportion of 28% that the number of days in the taxation year that are after 31 December 2010 is of the number of days in the taxation year, and

(2) if the taxpayer is not a Canadian-controlled private corporation throughout the taxation year, the total of that proportion of 16.5% that the number of days in the taxation year that are included in the calendar year 2011 is of the number of days in the taxation year and that proportion of 15% that the number of days in the taxation year that are after 31 December 2011 is of the number of days in the taxation year;”.

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

**219.** (1) The Act is amended by inserting the following sections after section 772.5.4:

**“772.5.4.1.** Where a synthetic disposition arrangement is entered into in respect of a property owned by a taxpayer and the synthetic disposition period of the arrangement is 30 days or more, the following rules apply:

(a) for the purpose of determining whether the period referred to in the first paragraph of section 772.5.2 is one year or less, the period is deemed to begin immediately before the particular time referred to in that section or, if it is earlier, at the end of the synthetic disposition period of the arrangement; and

(b) for the purposes of section 772.5.4.2, the taxpayer is deemed not to own the property during the synthetic disposition period of the arrangement.

**“772.5.4.2.** Section 772.5.4.1 does not apply in respect of a property owned by a taxpayer in respect of a synthetic disposition arrangement if the taxpayer owned the property throughout the one-year period (determined without reference to this section) that ended immediately before the synthetic disposition period of the arrangement.”

(2) Subject to subsection 3, subsection 1 applies in respect of an agreement or arrangement entered into after 20 March 2013. It also applies in respect of an agreement or arrangement entered into before 21 March 2013, the term of which is extended after 20 March 2013, as if the agreement or arrangement were entered into at the time of the extension.

(3) However, where section 772.5.4.2 of the Act applies in respect of an agreement or arrangement entered into before 13 September 2013 and the term of which is not extended after 12 September 2013, it is to be read as follows:

**“772.5.4.2.** Section 772.5.4.1 does not apply in respect of a property owned by a taxpayer in respect of a synthetic disposition arrangement if the taxpayer owned the property throughout the one-year period that ended immediately before the synthetic disposition period of the arrangement.”

**220.** (1) Section 772.5.6 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the amount by which the total of all amounts each of which is, but for this section, income or profits tax paid in the year in respect of the business to the government of the taxing country is exceeded by the amount obtained by multiplying the taxpayer’s income from the business in the taxing country for the year by the total of

i. that proportion of 26.5% that the number of days in the taxation year that are included in the calendar year 2011 is of the number of days in the taxation year, and

ii. that proportion of 25% that the number of days in the taxation year that are after 31 December 2011 is of the number of days in the taxation year; and”.

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

**221.** (1) Section 772.6 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) in the case of a corporation, the proportion of the amount by which the foreign tax deduction that would be granted to the corporation for the year under subsection 1 of section 126 of the Income Tax Act, if the deduction referred to in subsection 1 of section 124 of that Act were not taken into account and the rates of 28%, 16.5% and 15% referred to in A of the formula in subsection 4.2 of that section 126 were replaced by rates of 38%, 26.5% and 25%, respectively, exceeds the deduction granted for the year under subsection 1 of that section 126 that the corporation’s business for the year carried on in Québec is of its business carried on in Canada, computed in the manner prescribed in the regulations made under section 771, with the necessary modifications.”

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

**222.** (1) The Act is amended by inserting the following section after section 776.1.1.1:

**“776.1.1.2.** If an amount is paid for the purchase, in a period specified in the second paragraph, of a share referred to in paragraph *b* of section 776.1.1, that section is to be read in respect of that share as if the percentage of 15% in that section were replaced by a percentage of 20%.

The period to which the first paragraph refers begins on 1 June 2015 and ends on 31 May 2018.”

(2) Subsection 1 has effect from 1 June 2015.

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

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

$$0.25A + 0.2B + 0.15C.$$

In the formula in the first paragraph,

(a) A is 400% of the aggregate of all amounts each of which is the amount deducted by the individual for the year under section 776.1.1 or 776.1.2, in respect of a share referred to in section 776.1.1.1;

(b) B is 500% of the aggregate of all amounts each of which is the amount deducted by the individual for the year under section 776.1.1 or 776.1.2, in respect of a share referred to in section 776.1.1.2; and

(c) C is 100/15 of the aggregate of all amounts each of which is the amount deducted by the individual for the year under section 776.1.1 or 776.1.2 in respect of a share not referred to in section 776.1.1.1 or 776.1.1.2.

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

(2) Subsection 1 has effect from 1 June 2015.

**224.** (1) Section 776.1.5.0.1 of the Act is amended, in the definition of “specified balance” in the first paragraph,

(1) by replacing “in paragraph *c*” in paragraph *b* by “in paragraph *c* or *d*”;

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

“(d) 500% of an amount that the individual is required to pay under section 1086.14 or 1086.16 for a taxation year that ended before that time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**225.** (1) Section 776.1.5.0.2 of the Act is amended, in subparagraph *b* of the second paragraph,

(1) by replacing “in subparagraph iii” in subparagraph ii by “in subparagraph iii or iv”;

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

“iv. 500% of an amount that the individual is required to pay under section 1086.14 for a taxation year that precedes the particular taxation year and that is included in the particular participation period of the individual in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2; and”.

(2) Subsection 1 has effect from 1 June 2015.

**226.** (1) Section 776.1.5.0.3 of the Act is amended

(1) by replacing “in paragraph *c*” in paragraph *b* by “in paragraph *c* or *d*”;

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

“(d) 500% of an amount that the individual is required to pay under section 1086.14 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**227.** (1) Section 776.1.5.0.4 of the Act is amended

(1) by replacing “in paragraph *c*” in paragraph *b* by “in paragraph *c* or *d*”;

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

“(d) 500% of an amount that the individual is required to pay under section 1086.14 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**228.** (1) Section 776.1.5.0.6 of the Act is amended, in the definition of “specified balance” in the first paragraph,

(1) by replacing “in paragraph *c*” in paragraph *b* by “in paragraph *c* or *d*”;

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

“(d) 500% of an amount that the individual is required to pay under section 1086.20 or 1086.22 for a taxation year that ended before that time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**229.** (1) Section 776.1.5.0.7 of the Act is amended, in subparagraph *b* of the second paragraph,

(1) by replacing “in subparagraph iii” in subparagraph ii by “in subparagraph iii or iv”;

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

“iv. 500% of an amount that the individual is required to pay under section 1086.20 for a taxation year preceding the particular taxation year, other than a taxation year included in a participation period of the individual that ended before the particular taxation year, in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2; and”.

(2) Subsection 1 has effect from 1 June 2015.

**230.** (1) Section 776.1.5.0.8 of the Act is amended

(1) by replacing “in paragraph *c*” in paragraph *b* by “in paragraph *c* or *d*”;

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

“(d) 500% of an amount that the individual is required to pay under section 1086.20 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**231.** (1) Section 776.1.5.0.9 of the Act is amended

(1) by replacing “in paragraph *c*” in paragraph *b* by “in paragraph *c* or *d*”;

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

“(d) 500% of an amount that the individual is required to pay under section 1086.20 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**232.** (1) Section 776.1.5.0.10.1 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph *e* by the following subparagraph:

“(e) a period that begins on 1 March of a year after 2013 and before 2016 and ends on the last day of the month of February of the following year; or”;

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

“(f) a period that begins on 1 March of a year after 2015 and ends on the last day of the month of February of the following year.”

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

**233.** (1) Section 776.1.5.0.11 of the Act is amended

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

“(d) 40%, if the acquisition period referred to in that paragraph is described in subparagraph *f* of the first paragraph of section 776.1.5.0.10.1.”;

(2) by replacing “subparagraph *d* or *e*” in subparagraph *c* of the third paragraph by “any of subparagraphs *d* to *f*”.

(2) Subsection 1 applies in respect of an amount paid after 29 February 2016.

**234.** (1) The Act is amended by inserting the following after section 776.1.26:

**“TITLE III.5**

**“TAX CREDIT FOR INTERNATIONAL FINANCIAL CENTRES**

**“776.1.27.** In this Title,

“eligible employee” of a corporation for all or part of a taxation year means an employee of the corporation in respect of whom a certificate to the effect that the employee is an eligible employee for all or part of the year is issued to the corporation for the year for the purposes of this Title;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, tax deduction, investment allowance or as any other form of assistance, except a deduction under this Title in computing tax payable under this Part;

“non-government assistance” means an amount that would be included in computing a taxpayer’s income because of paragraph *w* of section 87, if that paragraph were read without reference to its subparagraphs *ii* and *iii*, except a deduction under this Title in computing tax payable under this Part;

“qualified wages” incurred by a corporation in a taxation year in respect of an eligible employee for all or part of the taxation year means the lesser of

(*a*) the amount obtained by multiplying \$66,667 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee of the corporation is of 365; and

(*b*) the amount by which the amount of the wages incurred in the year by the corporation in respect of the employee, while the employee qualifies as an eligible employee of the corporation, to the extent that that amount is paid, exceeds the aggregate of

*i.* the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for the taxation year, and

*ii.* the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to 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 that taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner;

“unused portion of the tax credit” of a corporation for a taxation year means the amount by which the maximum amount that the corporation could deduct under section 776.1.28 for the taxation year if it had sufficient tax payable under this Part for that taxation year exceeds the tax payable by the corporation for the taxation year under this Part, determined before the application of that section and of the second paragraph of section 776.1.29;

“wages” means the income computed under Chapters I and II of Title II of Book III, but includes benefits referred to in that Chapter II only if they were paid in currency.

**“776.1.28.** A corporation operating an international financial centre in a taxation year that holds for that year a valid certificate issued for the purposes of this Title and that encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the second paragraph may deduct from its tax payable under this Part for that year, determined before the application of this section and of the second paragraph of section 776.1.29, an amount equal to 24% of the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year.

The documents to which the first paragraph refers are the following:

- (a) the prescribed form containing prescribed information; and
- (b) a copy of any certificate that has been issued to the corporation for the taxation year for the purposes of this Title.

**“776.1.29.** A corporation may deduct, for a taxation year in respect of which the corporation holds a valid qualification certificate issued for the purposes of this Title, from its tax payable under this Part, determined before the application of this Title, the unused portions of the tax credit of the corporation for the 20 taxation years that precede that taxation year.

Similarly, a corporation may deduct, for a taxation year that ended after 26 March 2015 and for which the corporation holds a valid qualification certificate issued for the purposes of this Title, from its tax payable under this Part, determined before the application of this paragraph, the unused portions of the tax credit of the corporation for the three taxation years that follow that taxation year.



**“776.1.30.** No amount is deductible under section 776.1.29 in respect of an unused portion of the tax credit for a taxation year until the unused portions of the tax credit for the preceding taxation years that are deductible have been deducted.

In addition, an unused portion of the tax credit may be deducted for a taxation year under section 776.1.29 only to the extent that it exceeds the aggregate of the amounts deducted in its respect for the preceding taxation years under that section.

**“776.1.31.** For the purpose of computing the amount that a corporation may deduct under section 776.1.29 for a particular taxation year in respect of the unused portion of the tax credit of the corporation for a particular preceding taxation year, that unused portion of the tax credit of the corporation, otherwise determined, is to be reduced by the amount determined under the second paragraph if, in the particular taxation year or a preceding taxation year, an amount relating to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year, other than an amount described in subparagraph i or ii of paragraph *b* of the definition of “qualified wages” in section 776.1.27, is

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

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

The amount to which the first paragraph refers is the amount by which the maximum amount that the corporation could have deducted under section 776.1.28 for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year exceeds the aggregate of

(*a*) the maximum amount that the corporation could have deducted under that section for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year and if, for the purposes of paragraph *b* of the definition of “qualified wages” in section 776.1.27,

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

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

(b) any portion—that may reasonably be considered as relating to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year—of the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.27.24 for the particular taxation year or a preceding taxation year.

For the purpose of computing the amount that the corporation may deduct under section 776.1.29 for the particular taxation year in respect of the unused portion of the tax credit of the corporation for a taxation year other than the particular preceding taxation year, the corporation is deemed to have deducted under that section for the taxation years preceding the particular taxation year in respect of the unused portions of the tax credit of the corporation for the taxation years other than the particular preceding taxation year that are deductible for the particular taxation year, in addition to any other amount deducted or deemed to be deducted, an amount equal to the amount by which the amount determined under the second paragraph exceeds the amount by which the unused portion of the tax credit of the corporation for the particular preceding taxation year, determined before the application of this section and section 776.1.32, exceeds the aggregate of the amounts deducted by the corporation under section 776.1.29 for the taxation years preceding the particular taxation year in respect of that unused portion of the tax credit of the corporation.

**“776.1.32.** For the purpose of computing the amount that a corporation may deduct under section 776.1.29 for a particular taxation year in respect of the unused portion of the tax credit of the corporation for a particular preceding taxation year, that unused portion of the tax credit of the corporation, otherwise determined, is to be increased by the amount determined under the second paragraph if, in the particular taxation year or a preceding taxation year, an amount relating to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year, described in subparagraph i or ii of paragraph b of the definition of “qualified wages” in section 776.1.27 or in subparagraph a or b of the first paragraph of section 776.1.31, is, pursuant to a legal obligation,

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

(b) paid by a person or a partnership, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph ii or in subparagraph b of the first paragraph of section 776.1.31.

The amount to which the first paragraph refers is the amount by which the maximum amount that the corporation could have deducted under section 776.1.28 for the particular preceding taxation year if it had had sufficient

tax payable under this Part for that taxation year is exceeded by the aggregate of

(a) the maximum amount that the corporation could have deducted under that section for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year and if, for the purposes of paragraph *b* of the definition of “qualified wages” in section 776.1.27,

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

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

(b) any portion—that may reasonably be considered as relating to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year—of the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.27.24 for a taxation year preceding the particular taxation year.

For the purpose of computing the amount that the corporation may deduct under section 776.1.29 for the particular taxation year in respect of the unused portion of the tax credit of the corporation for a taxation year other than the particular preceding taxation year, the corporation shall also take into account the amount by which the unused portion of the tax credit of the corporation for the particular preceding taxation year is to be increased under the first paragraph.

**“776.1.33.** For the purposes of section 776.1.32, an amount attributable to qualified wages paid by a corporation to an individual for a preceding taxation year, described in subparagraph *i* or *ii* of paragraph *b* of the definition of “qualified wages” in section 776.1.27, is deemed to be repaid by a corporation, person or partnership, as the case may be, in a particular taxation year, pursuant to a legal obligation, if that amount

(a) is described in that subparagraph *i* or *ii* in relation to those qualified wages;

(b) in the case of an amount described in that subparagraph *i*, was not received by the corporation;

(c) in the case of an amount described in that subparagraph *ii*, was not obtained by the person or partnership; and

(d) ceased, in the particular taxation year, to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain.

**“776.1.34.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a preceding taxation year in respect of an expenditure made in a taxation year preceding a particular taxation year is to be considered as received by the corporation in the particular taxation year, to the extent that the amount is not considered, under this section, as received by the corporation in a taxation year preceding the particular taxation year.

**“776.1.35.** A corporation may deduct an amount under section 776.1.28 in computing its tax payable for a taxation year only if it files with the Minister the prescribed form containing prescribed information and a copy of each certificate it is required to file for the year in accordance with that section, on or before the day that is 12 months after the corporation’s filing-due date for the year or, if it is later, the day that is three months after the date of issue of the certificate relating to the year.

Despite sections 1010 to 1011, the Minister shall redetermine the tax, interest and penalties payable by a corporation under this Part for a taxation year and make a reassessment for the year to give effect to the first paragraph to the extent that the reassessment may reasonably be considered to relate to an amount that is claimed as a deduction under section 776.1.28 for the year and in respect of which a certificate, referred to in the first paragraph and relating to the year, has been filed with the Minister after the day that is 12 months after the corporation’s filing-due date for the year and on or before the day that is three months after the date of its issue.”

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

**235.** (1) Section 776.46 of the Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) the letter C represents

i. in the case of an individual (other than a trust) or a succession that is a graduated rate estate, \$40,000, and

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

(2) Subsection 1 applies from the taxation year 2016.

**236.** (1) Title III of Book V.1 of Part I of the Act, comprising sections 776.47 to 776.49, is repealed.

(2) Subsection 1 applies from the taxation year 2016.

**237.** (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, II.12.1 to II.17.1 and II.17.3 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 succession that is a graduated rate estate, to end on the day immediately before the date of the bankruptcy.”

(2) Subsection 1 applies from the taxation year 2015. However, where section 779 of the Act applies to that taxation year 2015, it is to be read as if “II.17.3” and “succession that is a graduated rate estate” were replaced by “II.18” and “testamentary trust”, respectively.

**238.** (1) Section 785.0.1 of the Act is amended by replacing paragraph *k* of the definition of “excluded right or interest” by the following paragraph:

“(k) an interest of the individual in a testamentary trust not resident in Canada that is a succession that arose on and as a consequence of an individual’s death if

- i. the interest was never acquired for consideration, and
- ii. the succession has been in existence for no more than 36 months; or”.

(2) Subsection 1 applies from the taxation year 2016.

**239.** (1) Section 785.1 of the Act is amended

(1) by replacing paragraphs *a.1* and *a.2* by the following paragraphs:

“(a.1) if the taxpayer is a trust (other than a succession that is a graduated rate estate), the taxpayer’s taxation year that would otherwise have included the particular time is deemed to have ended immediately before the particular time and a new taxation year is deemed to have begun at the particular time;

“(a.2) if the taxpayer is a trust that is a succession that is a graduated rate estate and paragraph *a* of subsection 1 of section 128.1 of the Income Tax Act does not apply to the taxpayer in respect of the particular time, the taxpayer’s taxation year that would otherwise have included the particular time is deemed to have ended immediately before the particular time and a new taxation year is deemed to have begun at the particular time;”;

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

“iv. an excluded right or interest of the taxpayer, other than an interest described in paragraph *k* of the definition of “excluded right or interest” in section 785.0.1;”.

(2) Subsection 1 applies from the taxation year 2016.

**240.** (1) Section 785.2 of the Act is amended by replacing subparagraphs *a.0.1* and *a.0.2* of the first paragraph by the following subparagraphs:

“(a.0.1) if the taxpayer is a trust (other than a succession that is a graduated rate estate), the taxpayer’s taxation year that would otherwise have included the particular time is deemed to have ended immediately before the particular time and a new taxation year is deemed to have begun at the particular time;

“(a.0.2) if the taxpayer is a trust that is a succession that is a graduated rate estate and paragraph *a* of subsection 4 of section 128.1 of the Income Tax Act does not apply to the taxpayer in respect of the particular time, the taxpayer’s taxation year that would otherwise have included the particular time is deemed to have ended immediately before the particular time and a new taxation year is deemed to have begun at the particular time;”.

(2) Subsection 1 applies from the taxation year 2016.

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

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

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

**242.** (1) Section 835 of the Act is amended by adding the following subparagraph after subparagraph ii of subparagraph *n* of the first paragraph:

“iii. in respect of the amendment made to paragraph *b* of section 840R12 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) by subsection 1 of section 20 of the Regulation to amend the Regulation respecting the Taxation Act enacted by Order in Council 1105-2014 (2014, G.O. 2, 2812) and applicable from the taxation year 2012, the life insurer’s taxation year 2012.”

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

**243.** (1) The Act is amended by inserting the following section after section 844.14:

**“844.15.** In applying sections 844.6 to 844.9 to a life insurer for a taxation year,

(a) if the application of one or more of those sections 844.6 to 844.9 is in respect of the amendment made to paragraph *b* of section 840R12 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) by subsection 1 of section 20 of the Regulation to amend the Regulation respecting the Taxation Act enacted by Order in Council 1105-2014 (2014, G.O. 2, 2812) and applicable from the life insurer’s taxation year 2012, the life insurer’s reserve transition amount for its transition year in respect of that amendment is to be determined as if subparagraph *a* of the second paragraph of section 835 were read as follows:

“(a) A is the maximum amount that the life insurer would be permitted to claim under paragraph *a* of section 840 as a reserve for its base year in respect of its life insurance policies in Canada if paragraph *b* of section 840R12 of the Regulation respecting the Taxation Act were read as it applied to the life insurer’s taxation year 2012; and”;

(b) if one or more of those sections 844.6 to 844.9 applies to the same taxation year in respect of both the amendment referred to in paragraph *a* and the International Financial Reporting Standards adopted by the Accounting Standards Board and effective as of 1 January 2011, for the purpose of applying those sections 844.6 to 844.9 in respect of a transition year described in subparagraph ii of subparagraph *n* of the first paragraph of section 835, subparagraph ii of subparagraph *a* of the second paragraph of section 835 is to be read as follows:

“ii. the regulations made under paragraph *a* of section 840 applied to the life insurer for its base year, as they read in respect of its transition year and determined without reference to the amendment made to paragraph *b* of section 840R12 of the Regulation respecting the Taxation Act by subsection 1 of section 20 of the Regulation to amend the Regulation respecting the Taxation Act enacted by Order in Council 1105-2014 (2014, G.O. 2, 2812) and applicable from the life insurer’s taxation year 2012; and”;

(c) if the life insurer has more than one transition year for the same taxation year, the following rules apply:

i. the computation of the reserve transition amount for the transition year, and the requirement to include, or right to deduct, under those sections 844.6 to 844.9 an amount in respect of that reserve transition amount, are to be determined, for each of those transition years, as if that transition year were the only transition year of the life insurer for that taxation year, and

ii. for the purposes of those sections 844.6 to 844.9, a reference to a transition year is a reference to each of those transition years.”

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

**244.** (1) Section 851.2 of the Act is replaced by the following section:

**“851.2.** A trust is deemed to be created in respect of an insurer’s segregated fund on the day that the segregated fund is created or, if it is later, the day on which the insurer’s taxation year 1978 commences, and to continue in existence throughout the period during which the fund determines any portion of the benefits payable under its segregated fund policies.

Property of the fund and any income accruing on that property are deemed to be the property and income of that trust and the insurer is deemed to be the trustee having control of the property of the trust.”

(2) Subsection 1 applies from the taxation year 2016.

**245.** (1) Section 851.4 of the Act is amended by replacing “682” by “681”.

(2) Subsection 1 applies from the taxation year 2016.

**246.** (1) Sections 851.16.1 and 851.16.2 of the Act are repealed.

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

**247.** (1) Section 851.25 of the Act is amended by replacing “an *inter vivos* trust” in the first paragraph by “a trust” and “the *inter vivos* trust” in the second paragraph by “the trust”.

(2) Subsection 1 applies from the taxation year 2016.

**248.** (1) Section 851.27.1 of the Act is amended by replacing “an *inter vivos* trust” by “a trust”.

(2) Subsection 1 applies from the taxation year 2016.

**249.** (1) Section 851.33 of the Act is amended

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

**“851.33.** If the eligible amount of a gift made in a taxation year by a trust referred to in section 851.25 in respect of a congregation would, but for this section, be included in the total charitable gifts, total cultural gifts, total gifts of qualified property or total musical instrument gifts of the trust for the year under the first paragraph of section 752.0.10.1, and the trust makes a valid election under subsection 3.1 of section 143 of the Income Tax Act (Revised



Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the gift, the following rules apply:”;

(2) 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 3.1 of section 143 of the Income Tax Act.”

(2) Subsection 1 applies from the taxation year 2016.

**250.** (1) Section 851.34 of the Act is amended by replacing “an *inter vivos* trust” in subparagraph *a* of the second paragraph by “a trust”.

(2) Subsection 1 applies from the taxation year 2016.

**251.** (1) The Act is amended by inserting the following after section 851.54:

## “TITLE X

### “RESTRICTIONS AND LIMITATION ON EXPENDITURES

#### “CHAPTER I

##### “DEFINITIONS

“**851.55.** In this Title,

“contingent amount”, of a taxpayer at any time when the taxpayer is not a bankrupt, includes an amount to the extent that the taxpayer, or another taxpayer that does not deal at arm’s length with the taxpayer, has a right to reduce the amount at that time;

“expenditure” of a taxpayer means an expense, expenditure or outlay made or incurred by the taxpayer, or a cost or capital cost of property acquired by the taxpayer;

“option” means

(*a*) a security that is issued or sold by a taxpayer under an agreement referred to in section 48; or

(*b*) an option, warrant or similar right, issued or granted by a taxpayer, giving the holder the right to acquire an interest in the taxpayer or in another taxpayer with whom the taxpayer does not, at the time the option, warrant or similar right is issued or granted, deal at arm’s length;

“right to reduce” means a right to reduce or eliminate an amount in respect of an expenditure at any time, including such a right that is contingent upon the occurrence of an event, or in any other way contingent, if it is reasonable

to conclude, having regard to all the circumstances, that the right will become exercisable;

“taxpayer” includes a partnership.

## “CHAPTER II

### “RESTRICTIONS APPLICABLE TO AN EXPENDITURE

“**851.56.** This chapter applies for the purpose of computing a taxpayer’s income, taxable income or tax payable or an amount deemed to have been paid by the taxpayer to the Minister on account of the taxpayer’s tax payable.

However, it does not apply

(a) for the purpose of determining the cost or capital cost of property in accordance with sections 440 and 454 to 462.0.2, Chapter IV of Title IX of Book III, the second paragraph of section 614, Chapter X of Title XII of Book III, Title I.2 or Chapter II or III of Title V; or

(b) for the purpose of determining the amount of a taxpayer’s expenditure that would, but for this subparagraph, be greater than the amount otherwise determined under Chapter II of Title VII of Book III or section 431.

Similarly, section 851.57 does not apply to reduce an expenditure that is a commission, fee or other consideration for services rendered by a person acting as a salesperson, mandatary or dealer in securities in the course of the issuance of an option.

In addition, section 851.58 or 851.59, as the case may be, applies to reduce an expenditure of a taxpayer only to the extent that the expenditure includes an amount determined to be an excess under that section.

“**851.57.** An expenditure of a taxpayer is deemed not to include any portion of the expenditure that would, but for this section, be included in determining the expenditure because of the taxpayer having granted or issued an option.

“**851.58.** An expenditure of a corporation that would, but for this section, include an amount because of the corporation having issued a share of its capital stock at a particular time is reduced by

(a) if the issuance of the share is not a consequence of the exercise of an option, the amount by which the fair market value of the share at the particular time exceeds

i. if the transaction under which the share is issued is a transaction to which Chapter IV of Title IX of Book III or Chapter II or III of Title V applies, the

amount determined in accordance with that chapter to be the cost to the corporation of the property acquired in consideration for issuing the share, or

ii. in any other case, the fair market value of the property transferred or issued to, or the services provided to, the corporation in consideration for issuing the share; or

(b) if the issuance of the share is a consequence of the exercise of an option, the amount by which the fair market value of the share at the particular time exceeds the amount paid, pursuant to the terms of the option, by the holder of the option to the corporation in consideration for issuing the share.

**“851.59.** An expenditure of a taxpayer (other than a corporation) that would, but for this section, include an amount because of the taxpayer having issued an interest, or because of an interest being created, in itself at a particular time is reduced by

(a) if the issuance or creation of the interest is not a consequence of the exercise of an option, the amount by which the fair market value of the interest at the particular time exceeds

i. if the transaction under which the interest is issued or created is a transaction to which section 440, paragraph *c* of section 454.1, the second paragraph of section 614, Chapter X of Title XII of Book III or Title I.2 applies, the amount determined in accordance with that provision, chapter or Title, as the case may be, to be the cost to the taxpayer of the property acquired in consideration for the interest, or

ii. in any other case, the fair market value of the property transferred or issued to, or the services provided to, the taxpayer in consideration for the interest; and

(b) if the issuance or creation of the interest is a consequence of the exercise of an option, the amount by which the fair market value of the interest at the particular time exceeds the amount paid, pursuant to the terms of the option, by the holder of the option to the taxpayer in consideration for the interest.

### **“CHAPTER III**

#### **“LIMITATION ON THE AMOUNT OF AN EXPENDITURE**

**“851.60.** For the purposes of this Part, the amount, at any time, of an expenditure of a taxpayer that occurs in a taxation year is the lesser of

(a) the amount of the expenditure at the time, calculated under this Part but without reference to this chapter; and

(b) the amount obtained by subtracting, from the amount of the expenditure determined in accordance with paragraph *a*, the amount by which the aggregate

of all amounts each of which is a contingent amount of the taxpayer in the year in respect of the expenditure exceeds the aggregate of all amounts each of which is

i. an amount paid by the taxpayer to obtain a right to reduce an amount in respect of the expenditure, or

ii. a limited-recourse amount for the purposes of section 851.41 that reduces the expenditure under that section to the extent that the amount is also a contingent amount described in this paragraph in respect of the expenditure.

**“851.61.** Where, in a particular taxation year, a taxpayer pays all or a portion of a contingent amount referred to in paragraph *b* of section 851.60 that reduces the amount of the taxpayer’s expenditure referred to in paragraph *a* of that section, the portion of the contingent amount paid by the taxpayer in the particular year for the purpose of earning income is, for the purposes of this Part, deemed

(*a*) to have been incurred by the taxpayer in the particular year;

(*b*) to have been incurred for the same purpose and to have the same character as the expenditure so reduced; and

(*c*) to have become payable by the taxpayer in respect of the particular year.

**“851.62.** Where, at any time in a taxation year that is after a particular taxation year in which an expenditure of a taxpayer occurred, the taxpayer, or another taxpayer not dealing at arm’s length with the taxpayer, has a right to reduce an amount in respect of the expenditure that would, if that right had been held by either of those taxpayers in the particular year, have resulted in section 851.60 applying in the particular year to reduce or eliminate the amount of the expenditure, the subsequent contingent amount in respect of the expenditure, as determined under the second paragraph, is deemed, subject to section 851.63 and to the extent that section 851.60 and this paragraph have not previously applied in respect of the expenditure, to have been received

(*a*) by the taxpayer at the time in the course of earning income from a business or property from a person described in paragraph *w* of section 87; and

(*b*) as a refund, reimbursement, contribution or allowance or as assistance, whether as a grant, subsidy, forgivable loan, deduction from tax, allowance or any other form of assistance, in respect of an amount included in, or deducted as, the cost of property or in respect of an outlay or expense.

A taxpayer’s subsequent contingent amount in respect of an expenditure of the taxpayer is the amount by which the maximum amount by which a particular amount in respect of the expenditure may be reduced in accordance with a right to reduce the particular amount exceeds the amount, if any, paid to obtain that right.

**“851.63.** The right which a taxpayer, or another taxpayer that does not deal at arm’s length with the taxpayer, has to reduce an amount in respect of an expenditure of the taxpayer in a taxation year that is after the particular taxation year in which the expenditure occurred, determined without reference to section 851.61, is deemed to be held by the taxpayer in the particular year if it is reasonable to conclude having regard to all the circumstances that one of the purposes for which that right was held by the taxpayer, or by the other taxpayer, after the end of the year was to avoid the application of section 851.60 in respect of the expenditure.

**“851.64.** Despite sections 1010 to 1011, the Minister may make such assessments of tax, interest and penalties, or such determinations and redeterminations as are necessary to give effect to this chapter.”

(2) Subsection 1 has effect from 17 November 2005. However,

(1) where Title X of Book VI of Part I of the Act applies to a taxation year that ends before 16 March 2011, it is to be read without reference to the definitions of “contingent amount” and “right to reduce” in section 851.55 of the Act and to its Chapter III;

(2) where Chapter II of that Title X applies in respect of a security issued or sold before 24 October 2012, the definition of “option” in section 851.55 of the Act is to be read without reference to its paragraph *a*; and

(3) Chapter II of that Title X does not apply in respect of cases pending on 23 March 2006 and notices of objection filed with the Minister of Revenue on or before that date, where the basis of one of the subjects of the contestation, expressly invoked on or before that date in the motion for appeal or in the notice of objection, is the determination of an expenditure for the purpose of computing a taxpayer’s income, taxable income or tax payable or an amount deemed to have been paid by the taxpayer on account of the taxpayer’s tax payable.

**252.** (1) Section 890.0.1 of the Act is amended by striking out “separation” in subparagraph ii of subparagraph *b* of the second paragraph.

(2) Subsection 1 applies in respect of a transfer made after 20 March 2003.

**253.** (1) Section 890.2 of the Act is replaced by the following section:

**“890.2.** In respect of the subject property of a retirement compensation arrangement, other than subject property of the arrangement held by a trust governed by a retirement compensation arrangement, for the purposes of this Part, the following rules apply:

(*a*) a trust is deemed to be created on the day that the arrangement is established;

(b) the subject property of the arrangement is deemed to be property of the trust and not to be property of any other person; and

(c) the custodian of the arrangement is deemed to be the trustee having ownership or control of the trust property.”

(2) Subsection 1 applies from the taxation year 2016.

**254.** (1) Section 902 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2016.

**255.** Section 905.0.3 of the Act is amended by replacing “2017” in subparagraph ii.1 of paragraph *a* of the definition of “disability savings plan” in the first paragraph by “2019”.

**256.** (1) The Act is amended by inserting the following section after section 977.1:

“**977.2.** If a policyholder has after 20 March 2013 and before 1 April 2014 disposed of an interest in a leveraged insurance policy because of a partial or complete surrender of the policy, the policyholder may deduct in computing the policyholder’s income for the taxation year in which the disposition occurs an amount that does not exceed the least of

(a) the portion of an amount, included under section 968 in computing the policyholder’s income for the year in respect of the disposition, that is attributable to an investment account described in paragraph *b* of the definition of “leveraged insurance policy” in section 1 in respect of the policy;

(b) the aggregate of all amounts each of which is an amount, to the extent that the amount has not otherwise been included in determining an amount under this paragraph, of a payment made after 20 March 2013 and before 1 April 2014 that reduces the amount outstanding of a borrowing or policy loan, as the case may be, described in paragraph *a* of the definition of “leveraged insurance policy” in section 1 in respect of the policy; and

(c) the aggregate of all amounts each of which is an amount, to the extent that the amount has not otherwise been included in determining an amount under this paragraph, that the policyholder is entitled to receive as a result of the disposition and that is paid after 20 March 2013 and before 1 April 2014 out of an investment account described in paragraph *b* of the definition of “leveraged insurance policy” in section 1 in respect of the policy.”

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

**257.** (1) Section 985.8.1 of the Act is amended by adding the following paragraph after paragraph *e*:

“(f) of a registered charity, if it accepts a gift from a foreign state, within the meaning of section 2 of the State Immunity Act (Revised Statutes of Canada, 1985, chapter S-18), that is set out on the list referred to in subsection 2 of section 6.1 of that Act.”

(2) Subsection 1 applies in respect of a gift accepted after 10 February 2014.

**258.** (1) Section 985.8.5.1 of the Act is replaced by the following section:

“**985.8.5.1.** The Minister may refuse, in the manner described in section 985.8.5, to register a person as a registered charity if

(a) the application for registration is made on the person’s behalf by an ineligible individual;

(b) an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever; or

(c) the person has accepted a gift from a foreign state, within the meaning of section 2 of the State Immunity Act (Revised Statutes of Canada, 1985, chapter S-18), that is set out on the list referred to in subsection 2 of section 6.1 of that Act.”

(2) Subsection 1 applies in respect of a gift accepted after 10 February 2014.

**259.** (1) Section 985.23.9 of the Act is amended by adding the following paragraph after paragraph *b*:

“(c) the association accepts a gift from a foreign state, within the meaning of section 2 of the State Immunity Act (Revised Statutes of Canada, 1985, chapter S-18), that is set out on the list referred to in subsection 2 of section 6.1 of that Act.”

(2) Subsection 1 applies in respect of a gift accepted after 10 February 2014.

**260.** (1) Section 997 of the Act is amended

(1) by replacing “an *inter vivos* trust” in the portion before paragraph *a* by “a trust”;

(2) by striking out “être” in paragraphs *a* to *c* in the French text.

(2) Subsection 1 applies from the taxation year 2016.

**261.** (1) Section 999.1 of the Act is amended

(1) by replacing the portion before paragraph *a.0.1* by the following:

**“999.1.** Where at any time (in this section referred to as “that time”), a person that is a corporation or, if that time is after 12 September 2013, a trust becomes or ceases to be exempt from tax under this Part on its taxable income, otherwise than by reason of paragraph *k* of section 998, the following rules apply:

(*a*) the taxation year of the person—where the person is either a corporation and subsection 10 of section 149 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) does not apply to the corporation in respect of that time, or a trust—that would otherwise include that time is deemed to end immediately before that time and a new taxation year of the person is deemed to begin at that time and, if the person is a corporation, to end at the time at which its taxation year (determined for the purposes of the Income Tax Act) that includes that time, ends;”;

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

“(a.1) for the purpose of computing the person’s income for its first taxation year ending after that time, the person is deemed to have deducted under Chapter III of Title III of Book III and Chapters II and III of Title V of Book VI in computing its income for its taxation year ending immediately before that time, the greatest amount that could have been claimed or deducted for that year as a reserve under those provisions;

“(b) the person is deemed to dispose, at the time (in this section referred to as the “disposition time”) that is immediately before the time that is immediately before that time, of each property that was owned by it immediately before that time for an amount equal to its fair market value at that time, and to reacquire the property at that time at a cost equal to that fair market value;”;

(3) by replacing paragraphs *e* and *f* by the following paragraphs:

“(e) for the purposes of sections 222 to 230.0.0.6, 330, 359 to 418.36, 419 to 419.4, 419.6, 600.1, 600.2, 727 to 737 and 772.2 to 772.13, the person is deemed to be a new corporation or a new trust, as the case may be, the first taxation year of which began at that time; and

“(f) where, immediately before the disposition time, the person’s eligible incorporeal capital amount in respect of a business exceeds the aggregate of 75% of the fair market value of the incorporeal capital property in respect of that business and the amount otherwise deducted under paragraph *b* of section 130 in computing the person’s income from that business for the taxation year that ended immediately before that time, the excess is to be deducted under that paragraph *b* in computing the person’s income from that business for that taxation year.”



(2) Subsection 1 has effect from 21 March 2013.

**262.** (1) Section 1012.1 of the Act is amended by inserting the following paragraph after paragraph *d.1.0.0.2*:

“(d.1.0.0.3) section 776.1.29 in respect of the unused portion of the tax credit, within the meaning of section 776.1.27, for a subsequent taxation year;”.

(2) Subsection 1 has effect from 27 March 2015.

**263.** (1) The Act is amended by inserting the following section after section 1012.1.2:

“**1012.1.3.** Where section 1012 does not apply to a corporation, in relation to a particular taxation year, in respect of a particular amount referred to in paragraph *d.1.0.0.3* of section 1012.1 relating to the unused portion of the tax credit, within the meaning of section 776.1.27, of the corporation for a subsequent taxation year but would apply to the corporation if it were read without reference to “, on or before the taxpayer’s filing-due date for the subsequent taxation year in respect of that amount,”, section 1012 is, in relation to the particular taxation year and in respect of the particular amount, to be read as follows:

“**1012.** If a corporation has filed for a particular taxation year the fiscal return required by section 1000 and, in a subsequent taxation year, a particular amount referred to in paragraph *d.1.0.0.3* of section 1012.1, in respect of the unused portion of the tax credit, within the meaning of section 776.1.27, of the corporation for the subsequent taxation year is claimed as a deduction in computing the corporation’s tax payable for the particular taxation year by filing with the Minister, on or before the corporation’s filing-due date for the taxation year that includes the day referred to in the first paragraph of section 776.1.35 in relation to the subsequent taxation year, a prescribed form amending the fiscal return for the particular taxation year, the Minister shall, despite sections 1010 to 1011, for any relevant taxation year, other than a taxation year preceding the particular taxation year, redetermine the corporation’s tax to take into account the particular amount so claimed as a deduction.”

(2) Subsection 1 has effect from 27 March 2015.

**264.** (1) Section 1015 of the Act is amended by inserting the following paragraphs after the seventh paragraph:

“If a person referred to in the first paragraph is a new employer throughout a particular month in a calendar year, that person may elect, in the prescribed form containing prescribed information, to pay an amount referred to in the first paragraph and equal to an amount deducted or withheld in respect of remuneration paid by that person in the particular month, on the dates, for the periods and according to the terms and conditions prescribed.

For the purposes of the eighth paragraph, a person is deemed

(a) to become a new employer at the beginning of any month beginning after 31 December 2015 in which the person first becomes an employer; and

(b) to cease to be a new employer at a prescribed time in a calendar year if, in a particular month of the calendar year,

i. the monthly withholding amount, within the meaning of the regulations made under this section, to be carried out by the person for the particular month is not less than \$1,000, or

ii. the Minister sends to the person, in the particular month, a notice of change in the frequency of payment as a result of the fact that the person no longer meets one of the conditions determined by the Minister.”

(2) Subsection 1 applies in respect of remuneration paid after 31 December 2015.

**265.** (1) Section 1026.1 of the Act is amended

(1) by adding the following paragraph after paragraph *b*:

“(c) the individual is, for the particular year, a succession that is a graduated rate estate.”;

(2) by adding the following paragraph:

“Sections 1026 and 1026.0.1 do not apply to a SIFT trust.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2016.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 20 July 2011.

**266.** (1) Section 1027 of the Act is amended by adding the following paragraph after the second paragraph:

“The first and second paragraphs apply, with the necessary modifications, to a SIFT trust.”

(2) Subsection 1 applies to a taxation year that begins after 20 July 2011.

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

(1) by replacing the portion before subparagraph *a* 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.6.4.2.1, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.15 and II.22 to II.25, the following rules apply:”;

(2) by striking out “II.6.0.0.4.1,” in subparagraph *b*;

(3) by inserting the following subparagraphs after subparagraph viii.3 of subparagraph *c*:

“viii.4. the amount of financial assistance granted by the Société des célébrations du 375<sup>e</sup> anniversaire de Montréal,

“viii.5. the amount of financial assistance granted under the programme de Soutien à la production cinématographique et télévisuelle de la Ville de Québec, or”;

(4) by adding the following subparagraph after subparagraph iii of subparagraphs *d* and *e*:

“iv. the amount of financial assistance granted by the Société des célébrations du 375<sup>e</sup> anniversaire de Montréal;”;

(5) by adding the following subparagraph after subparagraph iv of subparagraph *e.1*:

“v. the amount of financial assistance granted by the Société des célébrations du 375<sup>e</sup> anniversaire de Montréal;”;

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

“(e.2) in the case of Division II.6.0.0.4.1, 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. the amount of financial assistance granted by the Société des célébrations du 375<sup>e</sup> anniversaire de Montréal;”;

(7) by adding the following subparagraph after subparagraph v of subparagraph *f*:

“vi. the amount of financial assistance granted by the Société des célébrations du 375<sup>e</sup> anniversaire de Montréal;”;

(8) by adding the following subparagraph after subparagraph *m*:

“(n) in the case of Division II.25, 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.”

(2) Paragraphs 1 and 8 of subsection 1 have effect from 18 March 2016.

(3) Paragraphs 2 to 7 of subsection 1 have effect from 1 January 2012. However, where section 1029.6.0.1 of the Act applies before 1 January 2015, it is to be read without reference to subparagraph viii.5 of subparagraph *c* of the second paragraph.

**268.** (1) Section 1029.6.0.6 of the Act, amended by section 98 of chapter 10 of the statutes of 2013, is again amended by inserting the following subparagraphs after subparagraph *b.5* of the fourth paragraph:

“(b.5.1) the amounts between \$50,000 and \$120,000 mentioned in section 1029.8.66.5.1;

“(b.5.2) the amounts between \$25,000 and \$60,000 mentioned in section 1029.8.66.5.2;

“(b.5.3) the amounts of \$97,458 and \$48,729 mentioned in section 1029.8.66.5.3;

“(b.5.4) the amounts between \$50,000 and \$97,458 mentioned in section 1029.8.66.5.4;

“(b.5.5) the amounts between \$25,000 and \$48,729 mentioned in section 1029.8.66.5.5.”.

(2) Subsection 1 applies from the taxation year 2016.

**269.** (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 “*b.5*” in the second paragraph by “*b.5* to *b.5.5*”.

(2) Subsection 1 applies from the taxation year 2017. In addition, where section 1029.6.0.7 of the Act applies to the taxation year 2016, it is to be read as if “*b.5.1* to *b.5.5*,” were inserted before “*g*” in the second paragraph.

**270.** Section 1029.7 of the Act is amended by inserting the following paragraph after the fourth paragraph:

“Where a taxpayer paid a consideration under a particular contract referred to in any of subparagraphs *d*, *d.1*, *e*, *h*, *h.1* and *i* of the first paragraph for work undertaken in a taxation year, the portion of that paragraph before subparagraph *a* is to be read, for the purposes of any of those subparagraphs for the year, as if

“for the taxation year in which the research and development was undertaken” were replaced by “for the taxation year in which work relating to such research and development was undertaken”.”

**271.** Section 1029.8 of the Act is amended

(1) by inserting the following paragraph after the fifth paragraph:

“Where a partnership paid a consideration under a particular contract referred to in any of subparagraphs *d*, *d.1*, *e*, *h*, *h.1* and *i* of the first paragraph for work undertaken in a fiscal period, the portion of that paragraph before subparagraph *a* is to be read, for the purposes of any of those subparagraphs for the fiscal period, as if “at the end of a fiscal period of the partnership in which the research and development was undertaken” were replaced by “at the end of a fiscal period of the partnership in which work relating to such research and development was undertaken”.”;

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

“For the purposes of this section, “wages” means the income computed pursuant to Chapters I and II of Title II of Book III.”

**272.** (1) Section 1029.8.1 of the Act is amended by replacing paragraph *a.1* by the following paragraph:

“(a.1) “eligible public research centre” means a public research centre recognized as an eligible public research centre for the purposes of this division or a college centre for the transfer of technology within the meaning of section 1029.8.21.17;”.

(2) Subsection 1 applies from 1 July 2016.

**273.** (1) Section 1029.8.21.17 of the Act is amended

(1) by replacing the definition of “eligible college centre for the transfer of technology” in the first paragraph by the following definition:

““eligible college centre for the transfer of technology” means a college centre for the transfer of technology that is authorized under the General and Vocational Colleges Act (chapter C-29);”;

(2) by replacing paragraphs *a* and *b* of the definition of “qualified expenditure” in the first paragraph by the following paragraphs:

“(a) 80% of the fees relating to an eligible liaison and transfer service provided in Québec by the eligible liaison and transfer centre or the eligible college centre for the transfer of technology, as the case may be; and

“(b) attendance fees for training and information activities undertaken in Québec 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 adding the following paragraph after the second paragraph:

“For the purposes of the definition of “eligible college centre for the transfer of technology” in the first paragraph, a college centre for the transfer of technology or a research centre affiliated with such a centre that, on 30 June 2016, was an eligible college centre for the transfer of technology under that definition, as it read on that date, is deemed to be, on 1 July 2016, a college centre for the transfer of technology that is authorized under the General and Vocational Colleges Act.”

(2) Paragraphs 1 and 3 of subsection 1 apply from 1 July 2016.

(3) Paragraph 2 of subsection 1 applies in respect of an expenditure incurred after 17 March 2016, in relation to a service offered after that date under a contract entered into after that date.

**274.** (1) Section 1029.8.35 of the Act is amended by replacing “subparagraphs ii to viii.3” in the portion of subparagraph *c* of the first paragraph before subparagraph *i* by “subparagraphs ii to viii.5”.

(2) Subsection 1 has effect from 1 January 2012. However, where section 1029.8.35 of the Act applies before 1 January 2015, subparagraph *c* of the first paragraph is to be read as if “subparagraphs ii to viii.5” were replaced by “subparagraphs ii to viii.4”.

**275.** Section 1029.8.36.0.0.7 of the Act is amended by replacing “master copy” in subparagraph *a* of the third paragraph by “master”.

**276.** (1) Section 1029.8.36.0.0.10 of the Act is amended

(1) by replacing “25/7” 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 “20/7”;

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

“Where 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 “20/7” 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 *b* of the first paragraph of that section, the definition of “qualified labour expenditure” in the first paragraph is to be read as if “20/7” were replaced wherever it appears by “25/7”.

(2) Subsection 1 has effect from 27 March 2015.

**277.** (1) Section 1029.8.36.0.0.11 of the Act is amended

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

“(b) 28% 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 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 began before 27 March 2015 and that is not described in subparagraph *a*; or”;

(2) by adding the following subparagraph after subparagraph *b* of the first paragraph:

“(c) 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 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 26 March 2015 is filed with the Société de développement des entreprises culturelles after that date, 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 that period and to which subparagraph ii of subparagraph *a* does not apply.”;

(3) by replacing “\$1,000,000” in subparagraph *a* of the third paragraph by “\$1,250,000”;

(4) by inserting the following subparagraph after subparagraph *a* of the third paragraph:

“(a.1) where the Société de développement des entreprises culturelles specifies in the favourable advance ruling given or the certificate issued, as the case may be, to the corporation that the property is a comedy show for which the application for an advance ruling or, in the absence of such an application, the application for a certificate 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 is filed with the Société de développement des entreprises culturelles after 30 June 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 26 March 2015, after that date, the amount by which \$350,000 exceeds the amount by which the aggregate of all amounts each of

which is an amount that the corporation is deemed to have paid to the Minister under the first paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.14 in respect of the property for a preceding taxation year; or”;

(5) by replacing “\$600,000” in subparagraph *b* of the third paragraph by “\$750,000”;

(6) by replacing “\$1,000,000” wherever it appears in subparagraph *a* of the fourth paragraph by “\$1,250,000”;

(7) by inserting the following subparagraph after subparagraph *a* of the fourth paragraph:

“(a.1) in the case of a property referred to in subparagraph *a.1* of the third paragraph, that subparagraph *a.1* is to be read as if “\$350,000” were replaced by the amount obtained by applying to \$350,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property; and”;

(8) by replacing “\$600,000” wherever it appears in subparagraph *b* of the fourth paragraph by “\$750,000”;

(9) by striking out the fifth paragraph;

(10) by adding the following paragraph after the fifth paragraph:

“For the purposes of subparagraph *c* of the first paragraph, the portion of a labour expenditure of a corporation for a taxation year in respect of a property that relates to a period described in paragraph *a* or *b* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that began before 27 March 2015 is deemed to relate to a subsequent period described in that definition if

(a) it cannot be included in the qualified labour expenditure of the corporation for the year in respect of the property because of the application of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.0.10; and

(b) it is included in the qualified labour expenditure of the corporation for a subsequent taxation year included in the subsequent period.”

(2) Paragraphs 1, 2, 4, 7, 9 and 10 of subsection 1 have effect from 27 March 2015.



(3) Paragraphs 3, 5, 6 and 8 of subsection 1 apply in respect of property for which any of the periods described in paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 was not completed on 26 March 2015.

**278.** (1) Section 1029.8.36.0.0.12.1 of the Act is amended by replacing subparagraph ii of subparagraph *d* of the second paragraph by the following subparagraph:

“ii. the amount of any benefit or advantage attributable to the particular amount 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 that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and”.

(2) Subsection 1 applies in respect of a qualified labour expenditure incurred after 20 March 2012.

**279.** (1) Section 1029.8.36.0.3.9 of the Act is amended

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

“i. 37.5%, 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. 30%, 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. 26.25%, in any other case.”;

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

“Where this section applies in respect of all or part of a qualified labour expenditure that consists of salaries or wages incurred after 4 June 2014 and before 27 March 2015 or of amounts each of which is a portion of the consideration or one-half of a portion of the consideration that is paid under a contract entered into after 3 June 2014 and before 27 March 2015, the percentages of 37.5%, 30% and 26.25% in subparagraph *b* of the third paragraph are to be replaced by the percentages of 30%, 24% and 21%, respectively, in respect of all or part of the qualified labour expenditure.”;

(3) by adding the following paragraphs after the fifth paragraph:

“For the purposes of the first paragraph, the amount, determined after the application of sections 1029.8.36.0.3.10.1 and 1029.8.36.0.3.13, of a salary or wages referred to in paragraph *a* or *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.8, incurred and

paid in respect of an eligible employee, may not exceed the amount obtained by multiplying \$100,000 by the proportion that the number of days in the corporation's taxation year during which the employee is an eligible employee is of the number of days in that taxation year.

The sixth paragraph does not apply in respect of a salary or wages paid in consideration of services rendered by an eligible employee as part of the production of a property, if the employee belongs to the group consisting of 20% of the total number of eligible employees whose salaries or wages considered in computing the corporation's qualified labour expenditure for the year in respect of the property are the highest.

For the purposes of the seventh paragraph, if the result obtained after having applied the percentage of 20% to the total number of eligible employees is not a whole number, it must be rounded to the nearest whole number and, if it is equidistant from two consecutive whole numbers, it must be rounded to the higher of those two numbers.”

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of a qualified labour expenditure incurred after 26 March 2015 or, if applicable, in respect of a qualified labour expenditure incurred under a contract entered into after 26 March 2015. However, where section 1029.8.36.0.3.9 of the Act applies to a taxation year that ends after 26 March 2015 and includes that date, the sixth paragraph of that section is to be read as if the amount of \$100,000 were replaced by the proportion of that amount that the number of days in that taxation year that follow 26 March 2015 is of the number of days in that taxation year.

(3) Paragraph 2 of subsection 1 has effect from 27 March 2015.

**280.** (1) Section 1029.8.36.0.3.19 of the Act is amended

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

“i. 37.5%, 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. 30%, 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. 26.25%, in any other case.”;

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

“Where this section applies in respect of all or part of a qualified labour expenditure that consists of salaries or wages incurred after 4 June 2014 and before 27 March 2015 or of amounts each of which is a portion of the consideration or one-half of a portion of the consideration that is paid under a contract entered into after 3 June 2014 and before 27 March 2015, the percentages of 37.5%, 30% and 26.25% in subparagraph *b* of the third paragraph are to be replaced by the percentages of 30%, 24% and 21%, respectively, in respect of all or part of the qualified labour expenditure.”;

(3) by adding the following paragraphs after the fifth paragraph:

“For the purposes of the first paragraph, the amount, determined after the application of sections 1029.8.36.0.3.21 and 1029.8.36.0.3.24, of a salary or wages referred to in paragraph *a* or *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.18, incurred and paid in respect of an eligible employee, may not exceed the amount obtained by multiplying \$100,000 by the proportion that the number of days in the corporation’s taxation year during which the employee is an eligible employee is of the number of days in that taxation year.

The sixth paragraph does not apply in respect of a salary or wages paid in consideration of services rendered by an eligible employee, if the employee belongs to the group consisting of 20% of the total number of eligible employees whose salaries or wages considered in computing the corporation’s qualified labour expenditure for the year are the highest.

For the purposes of the seventh paragraph, if the result obtained after having applied the percentage of 20% to the total number of eligible employees is not a whole number, it must be rounded to the nearest whole number and, if it is equidistant from two consecutive whole numbers, it must be rounded to the higher of those two numbers.”

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of a qualified labour expenditure incurred after 26 March 2015 or, if applicable, in respect of a qualified labour expenditure incurred under a contract entered into after 26 March 2015. However, where section 1029.8.36.0.3.19 of the Act applies to a taxation year that ends after 26 March 2015 and includes that date, the sixth paragraph of that section is to be read as if the amount of \$100,000 were replaced by the proportion of that amount that the number of days in that taxation year that follow 26 March 2015 is of the number of days in that taxation year.

(3) Paragraph 2 of subsection 1 has effect from 27 March 2015.

**281.** (1) The Act is amended by inserting the following section after section 1029.8.36.59.42:

**“1029.8.36.59.42.1.** If a particular corporation does not have a taxation year ended before 1 January 2013 and it results from the amalgamation after 31 December 2011 of two or more corporations (in this section referred to as “predecessor corporations”) that were carrying on damage insurance activities in Québec during their last taxation year ended before 1 January 2013, the following rules apply:

(a) for the purposes of the definition of “qualified corporation” in section 1029.8.36.59.42, the particular corporation is deemed to have carried on damage insurance activities in Québec during its last taxation year ended before 1 January 2013; and

(b) the qualified expenditure of the particular corporation is equal to the aggregate of all amounts each of which is the qualified expenditure of a predecessor corporation.”

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

**282.** (1) Section 1029.8.36.72.82.1 of the Act is amended by replacing “or by 100/10 if the particular calendar year is subsequent to the calendar year 2010” by “by 100/10 if the particular calendar year is any of the calendar years 2011 to 2013, by 100/9 if the particular calendar year is the calendar year 2014, or by 100/8 if the particular calendar year is the calendar year 2015” in the following provisions of the definition of “eligible repayment of assistance” in the first paragraph:

— the portion of paragraph *m.1* before subparagraph *i*;

— subparagraph *i* of paragraph *m.1*;

— the portion of paragraph *n.1* before subparagraph *i*;

— subparagraph *i* of paragraph *n.1*;

— the portion of paragraph *o.1* before subparagraph *i*;

— subparagraph *i* of paragraph *o.1*.

(2) Subsection 1 has effect from 4 June 2014.

**283.** (1) The heading of Division II.6.6.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

“CREDIT TO PROMOTE EMPLOYMENT IN THE GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC”.

(2) Subsection 1 applies from the calendar year 2016. In addition, for the calendar year 2015, the heading of Division II.6.6.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Act is to be read as follows:

“CREDIT FOR JOB CREATION IN THE GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC IN THE FIELDS OF RECREATIONAL TOURISM, MARINE BIOTECHNOLOGY, MARICULTURE AND MARINE PRODUCTS PROCESSING”.

**284.** (1) Section 1029.8.36.72.82.13 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “eligibility period” by the following definition:

““eligibility period” of a corporation means, subject to the third paragraph, the period that begins on 1 January of the first calendar year referred to in the first unrevoked qualification certificate issued to the corporation or deemed obtained by it, in relation to a recognized business, for the purposes of this division or, if the recognized business is referred to in any of paragraphs *b* and *d* to *f* of the definition of “eligible region”, for the purposes of Division II.6.6.4 or II.6.6.6.1, and that ends on 31 December 2020;”;

(2) by replacing the portion of the definition of “base period” before paragraph *a* by the following:

““base period” of a corporation means, subject to the fourth paragraph, the calendar year that precedes the first calendar year covered by the first unrevoked qualification certificate issued to the corporation for the purposes of this division, or, where an unrevoked qualification certificate has been obtained by the corporation for the purposes of Division II.6.6.4 or II.6.6.6.1, in relation to a recognized business described in paragraph *a* or *c* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1 or in paragraph *a.1* or *e* of that definition, enacted, respectively, by subparagraphs *i* and *ii* of subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, the earliest of the following calendar years that is before the first-mentioned calendar year:”;

(3) by replacing paragraph *b* of the definition of “eligible region” by the following paragraph:

“(b) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which

a calendar year subsequent to the calendar year 2010 ends and, if the corporation has not made the election provided for in section 1029.8.36.72.82.3.1.1, for its taxation year in which the calendar year 2010 ends, in respect of a recognized business whose activities described in a qualification certificate, issued to the corporation for the purposes of this division, are the processing of marine products or activities related to such processing activities, the Municipalité régionale de comté de La Matanie or the administrative region referred to in subparagraph ii of paragraph *a* and described in the order in council referred to in paragraph *a*;

(4) by adding the following paragraphs after paragraph *b* of the definition of “eligible region”:

“(c) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year subsequent to the calendar year 2014 ends in respect of a recognized business whose activities described in a qualification certificate, issued to the corporation for the purposes of this division, are activities in the recreational tourism sector or activities related to such activities, the part of the administrative region referred to in subparagraph iii of paragraph *a* and described in the order in council referred to in paragraph *a* that is represented by the territory of the urban agglomeration of Iles-de-la-Madeleine;

“(d) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year subsequent to the calendar year 2015 ends in respect of a recognized business whose activities described in a qualification certificate, issued to the corporation for the purposes of this division, are manufacturing or processing activities, other than those referred to in paragraphs *a* and *f*, included in the group described under code 31, 32 or 33 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada, or activities related to such manufacturing or processing activities, the administrative region referred to in subparagraph iii of paragraph *a* and described in the order in council referred to in paragraph *a*;

“(e) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year subsequent to the calendar year 2015 ends in respect of a recognized business whose activities described in a qualification certificate, issued to the corporation for the purposes of this division, are the manufacturing or processing of finished or semi-finished products made from peat or slate or activities related to such manufacturing or processing activities, one of the administrative regions referred to in subparagraphs i and ii of paragraph *a* and described in the order in council referred to in paragraph *a*; and

“(f) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year subsequent to the calendar year 2015 ends in respect of a recognized business whose activities described in a qualification certificate, issued to the corporation for the purposes of this division, are the manufacturing

of wind turbines, the production of wind power or activities related to such manufacturing or production activities, the Municipalité régionale de comté de La Matanie or the administrative region referred to in subparagraph iii of paragraph *a* and described in the order in council referred to in paragraph *a*;

(5) by adding the following paragraph after paragraph *b* of the definition of “salary or wages”:

“(c) for the purposes of subparagraph i of subparagraphs *a* and *a.1* of the first paragraph of sections 1029.8.36.72.82.14 and 1029.8.36.72.82.15 and paragraph *a* of sections 1029.8.36.72.82.16 and 1029.8.36.72.82.16.1, wages in respect of which no contribution is payable to the Minister by a corporation in accordance with subparagraph *d.1* of the seventh paragraph of section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) and section 34.1.0.3 of that Act.”

(2) Paragraphs 1 to 3 of subsection 1, paragraph 4 of subsection 1, where it enacts paragraphs *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 of the Act, and paragraph 5 of subsection 1 apply from the calendar year 2016.

(3) Paragraph 4 of subsection 1, where it enacts paragraph *c* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 of the Act, applies from the calendar year 2015.

**285.** (1) Section 1029.8.36.72.82.14 of the Act is amended

(1) by replacing subparagraphs i and ii of subparagraph *a.1* of the first paragraph by the following subparagraphs:

“i. the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to an activity referred to in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13,

“ii. the amount by which the amount that would be the qualified corporation’s eligible amount for the calendar year exceeds the amount that would be the qualified corporation’s base amount if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity referred to in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered, and”;

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

“ii.1. 30% for a taxation year in which a calendar year subsequent to the calendar year 2015 ends, and”;

(3) by inserting the following subparagraph after subparagraph ii of subparagraph *b* of the fourth paragraph:

“ii.1. 15% for a taxation year in which a calendar year subsequent to the calendar year 2015 ends, and”;

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

“For the purposes of subparagraph i of subparagraphs *a* and *a.1* of the first paragraph, the aggregate of all amounts each of which is the salary or wages paid by a corporation to an employee in respect of a pay period, ended in a calendar year subsequent to the calendar year 2015, for which the employee is an eligible employee of the corporation, determined after the application of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18, if applicable, may not exceed, in respect of the employee, the amount obtained by multiplying \$83,333 by the proportion that the number of days in each pay period, ended in the calendar year, for which the employee is an eligible employee of the corporation is of 365.”

(2) Subsection 1 applies from the calendar year 2016.

**286.** (1) Section 1029.8.36.72.82.15 of the Act is amended

(1) by replacing subparagraphs i to iii of subparagraph *a.1* of the first paragraph by the following subparagraphs:

“i. the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13,

“ii. the amount by which the aggregate of the amount that would be the qualified corporation’s eligible amount for the calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered, and of the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee in respect of a pay period, ended in the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec



and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business and that is described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13, exceeds the total of

(1) the amount that would be the qualified corporation’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee in respect of a pay period, ended in the qualified corporation’s base period, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business and that is described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13,

“iii. the amount by which the amount that would be the qualified corporation’s eligible amount for the calendar year exceeds the amount that would be the qualified corporation’s base amount if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered, and”;

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

“ii.1. 30% for a taxation year in which a calendar year subsequent to the calendar year 2015 ends, and”;

(3) by inserting the following subparagraph after subparagraph ii of subparagraph *b* of the fifth paragraph:

“ii.1. 15% for a taxation year in which a calendar year subsequent to the calendar year 2015 ends, and”;

(4) by adding the following paragraph after the fifth paragraph:

“For the purposes of subparagraph *i* of subparagraphs *a* and *a.1* of the first paragraph, the aggregate of all amounts each of which is the salary or wages paid by a corporation to an employee in respect of a pay period, ended in a calendar year subsequent to the calendar year 2015, for which the employee is an eligible employee of the corporation, determined after the application of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18, if applicable, may not exceed, in respect of the employee, the amount obtained by multiplying \$83,333 by the proportion that the number of days in each pay period, ended in the calendar year, for which the employee is an eligible employee of the corporation is of 365.”

(2) Subsection 1 applies from the calendar year 2016.

**287.** (1) Section 1029.8.36.72.82.16 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee of the corporation, determined after the application of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.18, if applicable, without exceeding, in respect of the aggregate of the pay periods of each employee ended in the calendar year, if the calendar year is subsequent to the calendar year 2015, the amount obtained by multiplying \$83,333 by the proportion that the number of days in the pay periods for which the employee is an eligible employee of the corporation is of 365;”.

(2) Subsection 1 applies from the calendar year 2016.

**288.** (1) Section 1029.8.36.72.82.16.1 of the Act is amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee of the corporation, to the extent that the salary or wages, determined after the application of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.18, if applicable, may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13, without exceeding, in respect of the aggregate of the pay periods of each employee ended in the calendar year, if the calendar year is subsequent to the calendar year 2015, the amount obtained by multiplying \$83,333 by the proportion that the number of days in the pay periods for which the employee is an eligible employee of the corporation is of 365;

“(b) the amount by which the aggregate of all amounts each of which is the amount that would be the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the amount that would be the base amount of such a corporation if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered; and

“(c) the amount by which the aggregate of all amounts each of which is the amount that would be the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered, or the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business and that is described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section, exceeds the total of

i. the aggregate of all amounts each of which would be the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of that section were considered, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the base period of a qualified corporation that is a member of the group at the end of the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued for the year, for the purposes of

this division and in respect of a recognized business, to a qualified corporation that is a member of the group and that is described in any of paragraphs *b* and *d* to *f* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13, unless an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a pay period that ended in a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group.”

(2) Subsection 1 applies from the calendar year 2016.

**289.** (1) Section 1029.8.36.72.82.22 of the Act is amended by replacing “in paragraph *b*” by “in any of paragraphs *b* and *d* to *f*” wherever it appears in the following provisions of the first paragraph:

- subparagraph ii of subparagraph *a*;
- subparagraph ii of subparagraph *b*;
- subparagraph i.1 of subparagraph *c*;
- the portion of subparagraph iii of subparagraph *c* before subparagraph 2;
- subparagraph 1 of subparagraph ii of subparagraph *d*.

(2) Subsection 1 applies from the calendar year 2016.

**290.** (1) Section 1029.8.36.72.82.23 of the Act is amended by replacing “in paragraph *b*” by “in any of paragraphs *b* and *d* to *f*” wherever it appears in the following provisions of the first paragraph:

- subparagraphs i.1 and iii of subparagraph *a*;
- subparagraphs i.1 and iii of subparagraph *b*;
- subparagraphs i.1 and iii of subparagraph *c*;
- subparagraph 2 of subparagraphs i.1 and iii of subparagraph *d*.

(2) Subsection 1 applies from the calendar year 2016.

**291.** (1) Section 1029.8.36.166.40 of the Act is amended

(1) by replacing subparagraphs i to ii of paragraph *a* of the definition of “qualified property” in the first paragraph by the following subparagraphs:

“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 either 1 January 2017 or, where the property is acquired to be used mainly in a resource region, 1 January 2023, 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,

“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 either 1 January 2017 or, where the property is acquired to be used mainly in a resource region, 1 January 2023, or

“ii. in the case of a property to which paragraph *a.1* applies because of the application of subparagraph ii of that paragraph, after 20 March 2012 and before either 1 January 2017 or, where the property is acquired to be used mainly in a resource region, 1 January 2023, but is not a property acquired pursuant to an obligation in writing entered into before 21 March 2012 or the construction of which, if applicable, by or on behalf of the purchaser, had begun by 20 March 2012;”;

(2) by replacing subparagraph i.1 of paragraph *a.1* of the definition of “qualified property” in the first paragraph by the following subparagraph:

“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 “either 1 January 2017 or, where the property is acquired to be used mainly in a resource region, within the meaning of the first paragraph of section 1029.8.36.166.40 of the Act, 1 January 2023” and as if no reference were made to subparagraph *c* of that paragraph, or”;

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

“For the purposes of the definition of “eligible expenses” in the first paragraph, the following rules apply:

(*a*) the expenses that are included, at the end of a taxation year or fiscal period, in the capital cost of a property do not include the expenses so included under section 180 or 182; and

(*b*) the expenses incurred to acquire a property must be incurred before 1 January 2017 or, where the property is acquired to be used mainly in a resource region, 1 January 2023.”

(2) Subsection 1 applies from 1 January 2017.

**292.** (1) Section 1029.8.36.166.45 of the Act is amended, in the first paragraph,

(1) by replacing the formula in subparagraph *a* by the following formula:

“ $24\% - [20\% \times (A - \$250,000,000)/\$250,000,000]$ ”;

(2) by replacing the formula in subparagraph ii of subparagraph *b* by the following formula:

$$"16\% - [12\% \times (A - \$250,000,000)/\$250,000,000]";$$

(3) by replacing the formula in subparagraph ii of subparagraph *c* by the following formula:

$$"8\% - [4\% \times (A - \$250,000,000)/\$250,000,000]".$$

(2) Subsection 1 applies in respect of eligible expenses incurred after 31 December 2016.

**293.** (1) Section 1029.8.36.166.60.19 of the Act is amended

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

““retail trade sector activities” means the activities attributable to the activities in the retail trade sector that are included in the group described under code 44-45 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;

““wholesale trade sector activities” means the activities attributable to the activities in the wholesale trade sector that are included in the group described under code 41 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada.”;

(2) by replacing “means the activities” in the definition of “primary sector activities” in the first paragraph by “means the activities attributable to the activities”;

(3) by inserting the following paragraphs after paragraph *d* of the definition of “eligible expenses” in the first paragraph:

“(e) for a qualified corporation that has filed with Investissement Québec its application for a certificate in respect of the contract after 17 March 2016, the aggregate of the amounts incurred after that date and before 1 January 2020 to which any of subparagraphs i to iii of paragraph *c* would apply if those subparagraphs were read as if “qualified manufacturing or primary sector corporation” were replaced by “qualified manufacturing, primary sector or wholesale trade or retail trade sectors corporation”;

“(f) for a qualified partnership that has filed with Investissement Québec its application for a certificate in respect of the contract after 17 March 2016, the aggregate of the amounts incurred after that date and before 1 January 2020 to which any of subparagraphs i to iii of paragraph *d* would apply if those subparagraphs were read as if “qualified manufacturing or primary sector partnership” were replaced by “qualified manufacturing, primary sector or wholesale trade or retail trade sectors partnership”;

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

““qualified manufacturing, primary sector or wholesale trade or retail trade sectors 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, primary sector activities and wholesale trade and retail trade sectors activities that the aggregate of the manufacturing or processing salary or wages, the primary sector salary or wages and the wholesale trade and retail trade sectors 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%;”;

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

““qualified manufacturing, primary sector or wholesale trade or retail trade sectors corporation” for a taxation year means a qualified corporation, for the year, in respect of which the proportion of the manufacturing or processing activities, primary sector activities and wholesale trade and retail trade sectors activities that the aggregate of the manufacturing or processing salary or wages, the primary sector salary or wages and the wholesale trade and retail trade sectors salary or wages in relation to the corporation for the taxation year is of the salary or wages in relation to the corporation for the taxation year, exceeds 50%;”;

(6) by replacing “section 1029.8.36.166.40” in the definition of “salary or wages” in the first paragraph by “the first paragraph of section 1029.8.36.166.40”;

(7) by inserting the following definition in alphabetical order in the first paragraph:

““wholesale trade and retail trade sectors 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, referred to in the definition of “salary or wages” in the first paragraph of section 1029.8.36.166.40, of an employee of the corporation or partnership, as the case may be, that the employee’s working time spent on wholesale trade sector activities or retail trade sector activities in the taxation year or fiscal period is of all the employee’s working time in the taxation year or fiscal period;”;

(8) by replacing “in section 1029.8.36.166.40” in the definition of “primary sector salary or wages” in the first paragraph by “in the first paragraph of section 1029.8.36.166.40”;

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

“For the purposes of the definitions of “wholesale trade and retail trade sectors salary or wages” and “primary sector salary or wages” in the first paragraph, an employee who spends 90% or more of working time on wholesale trade sector activities, retail trade sector activities or primary sector activities, as the case may be, is deemed to spend all working time thereon.”

(2) Paragraphs 1, 3 to 5, 7 and 9 of subsection 1 apply to a taxation year that ends after 17 March 2016 in respect of the expenses incurred after that date in relation to a contract whose negotiation began after that date.

(3) Paragraphs 2, 6 and 8 of subsection 1 have effect from 27 March 2015.

**294.** (1) Section 1029.8.36.166.60.27 of the Act is amended by replacing the portion before the third paragraph by the following:

“**1029.8.36.166.60.27.** A qualified corporation for a taxation year that encloses the documents described 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 aggregate of

(a) 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:

i. 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 application for a certificate has been filed with Investissement Québec before 4 June 2014, and

ii. the amount by which the balance of the corporation’s cumulative limit for the year exceeds all or part of the aggregate described in subparagraph i of subparagraph *b* that the corporation elects to use for the purpose of determining the amount the corporation is deemed to have paid to the Minister for the year under this section; and

(b) 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:

i. 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 application for a certificate has been filed with Investissement Québec after 26 March 2015, and



ii. the amount by which the balance of the corporation's cumulative limit for the year exceeds all or part of the aggregate described in subparagraph i of subparagraph *a* that the corporation elects to use for the purpose of determining the amount the corporation is deemed to have paid to the Minister for the year under this section.

For the purposes of subparagraph ii of subparagraphs *a* and *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 the amounts described in subparagraph i of subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.166.60.28, in respect of which the corporation is deemed to have paid an amount to the Minister for the year under that section."

(2) Subsection 1 applies in respect of expenses incurred after 26 March 2015.

**295.** (1) Section 1029.8.36.166.60.28 of the Act is amended

(1) by replacing the portion before the fourth paragraph by the following:

**"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 described 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 aggregate of

(*a*) 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:

i. 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 in respect of which the application for a certificate has been filed with Investissement Québec before 4 June 2014, and

ii. the amount by which the balance of the corporation's cumulative limit for the year exceeds all or part of the aggregate described in subparagraph i of subparagraph *b* that the corporation elects to use for the purpose of determining the amount the corporation is deemed to have paid to the Minister for the year under this section; and

(*b*) 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:

i. 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 in respect of which the application for a certificate has been filed with Investissement Québec after 26 March 2015, and

ii. the amount by which the balance of the corporation's cumulative limit for the year exceeds all or part of the aggregate described in subparagraph i of subparagraph *a* that the corporation elects to use for the purpose of determining the amount the corporation is deemed to have paid to the Minister for the year under this section.

For the purposes of subparagraph i of subparagraphs *a* and *b* 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, that are referred to in either of those subparagraphs, may not exceed the balance of the partnership's cumulative limit for the fiscal period.

For the purposes of subparagraph ii of subparagraphs *a* and *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 the amounts described in subparagraph i of subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.166.60.27, in respect of which the corporation is deemed to have paid an amount to the Minister for the year under that section.”;

(2) by replacing subparagraphs *a* and *b* of the fifth paragraph by the following subparagraphs:

“(a) the expenses that would otherwise be such expenses because of subparagraph ii of paragraph *b* or *d* or of paragraph *f* 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 precedes 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* or *d* or of paragraph *f* 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.”

(2) Subsection 1 applies in respect of expenses incurred after 26 March 2015. However, where section 1029.8.36.166.60.28 of the Act applies in respect of expenses incurred before 18 March 2016, subparagraphs *a* and *b* of the fifth paragraph of that section are to be read as if “or of paragraph *f*” were struck out.

**296.** (1) Section 1029.8.36.166.60.29 of the Act is replaced by the following section:

**“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

(a) in relation to an eligible information technology integration contract in respect of which the application for a certificate has been filed with Investissement Québec before 4 June 2014, the rate determined by the formula

$$25\% - [25\% \times (A - \$15,000,000)/\$5,000,000]; \text{ or}$$

(b) in relation to an eligible information technology integration contract in respect of which the application for a certificate has been filed with Investissement Québec after 26 March 2015, the rate determined by the formula

$$20\% - [20\% \times (A - \$35,000,000)/\$15,000,000].$$

In the formula in subparagraph *a* of 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.

In the formula in subparagraph *b* of the first paragraph, A is the greater of

(a) \$35,000,000; and

(b) the lesser of \$50,000,000 and the corporation's paid-up capital for the year, determined in accordance with section 1029.8.36.166.60.23.”

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

**297.** (1) Section 1029.8.36.166.60.30 of the Act is amended

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

“(a) the corporation's eligible expenses, referred to in subparagraph *i* of subparagraphs *a* and *b* 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”;

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

“(b) the corporation’s share of the eligible expenses of a partnership, referred to in subparagraph *i* of subparagraphs *a* and *b* 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”.

(2) Subsection 1 has effect from 27 March 2015.

**298.** (1) Section 1029.8.36.167 of the Act is amended, in the definition of “eligible expenses” in the first paragraph,

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

“(c) any Canadian exploration expense, other than those described in paragraph *c.1*, that would be described in paragraph *a* or *b.1* of section 395 if the reference therein to “in Canada”, wherever it appears, except in subparagraph *iv* of paragraph *b.1*, were a reference to “in the northern exploration zone” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership’s fiscal period;”;

(2) by inserting the following paragraph after paragraph *c*:

“(c.0.1) any Canadian exploration expense incurred after 17 March 2016 that would be described in paragraph *c* of section 395 if the reference therein to “in Canada”, wherever it appears, were a reference to “in the northern exploration zone” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership’s fiscal period;”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 17 March 2016.

**299.** (1) Section 1029.8.36.168 of the Act is amended, in the first paragraph,

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

“(b) 15% of the eligible expenses of the corporation for the year that constitute such expenses by reason of any of paragraphs *c*, *c.1* and *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”;

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

“(b.1) 18.75% of the eligible expenses of the corporation for the year that constitute such expenses by reason of paragraph *c.0.1* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 17 March 2016.

**300.** (1) Section 1029.8.36.169 of the Act is amended, in the first paragraph,

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

“(b) 15% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of any of paragraphs *c*, *c.1* and *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”;

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

“(b.1) 18.75% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of paragraph *c.0.1* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 17 March 2016.

**301.** (1) Section 1029.8.36.170 of the Act is amended, in the first paragraph,

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

“(c) 31% of the eligible expenses of the corporation for the year that constitute such expenses by reason of any of paragraphs *c*, *c.1* and *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”;

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

“(c.1) 38.75% of the eligible expenses of the corporation for the year that constitute such expenses by reason of paragraph *c.0.1* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 17 March 2016.

**302.** (1) Section 1029.8.36.171 of the Act is amended, in the first paragraph,

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

“(c) 31% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of any of paragraphs *c*, *c.1* and *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”;

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

“(c.1) 38.75% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of paragraph *c.0.1* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 17 March 2016.

**303.** (1) Section 1029.8.61.93 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1029.8.61.93.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual’s balance-due day for that taxation year, on account of the individual’s tax payable under this Part for that taxation year, the amount determined in accordance with the third paragraph in respect of a person who, throughout the minimum cohabitation period of that person for the year, is an eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment (other than a self-contained domestic establishment situated in a private seniors’ residence, in a facility maintained by a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2), or in a public network facility within the meaning of section 1029.8.61.1) of which the individual or the eligible relative, alone or jointly with another person, is the owner, lessee or sublessee throughout that period.”

(2) Subsection 1 applies from the taxation year 2017.

**304.** (1) The Act is amended by inserting the following before section 1029.8.66.1:

“§1.—*Interpretation*”.

(2) Subsection 1 has effect from 1 January 2015.

**305.** (1) Section 1029.8.66.1 of the Act is amended

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

““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;

““in vitro fertilization cycle” means a cycle that aims to obtain the formation of one or more embryos for transfer into a woman and that

(a) consists of the following steps:

i. egg retrieval or donation, which may be preceded by ovarian stimulation or ovulation induction,

ii. sperm retrieval or donation,

iii. in vitro fertilization and, if applicable, preservation of surplus embryos, and

iv. transfer into a woman, in one or more separate attempts, of the embryos obtained until a live birth results; or

(b) is a cycle that was interrupted because a quality embryo was not obtained for transfer into a woman;”;

(2) by replacing the definition of “eligible expenses” in the first paragraph by the following definition:

““eligible expenses” of an individual means the expenses paid by the individual after 31 December 2014 in respect of an eligible in vitro fertilization treatment if

(a) the expenses are paid to enable the individual or a person participating with the individual in assisted procreation to have a child;

(b) where the expenses are incurred after 10 November 2015,

i. neither the individual nor the person who is the other party to the parental project has a child before the beginning of the in vitro fertilization treatment,

ii. a physician certifies that neither the individual nor the person who is the other party to the parental project has undergone surgical sterilization by vasectomy or tubal ligation, as the case may be, for reasons that are not strictly medical, and

iii. the expenses are attributable to no more than one and the same in vitro fertilization cycle, in the case of a woman 36 years of age or under, and to no more than the same two in vitro fertilization cycles, in the case of a woman 37 years of age or over; and

(c) the expenses are paid

i. for an in vitro fertilization activity carried out in a centre for assisted procreation that holds a licence issued in accordance with the Act respecting clinical and research activities relating to assisted procreation (chapter A-5.01),

ii. for an in vitro fertilization activity carried out in an establishment situated outside Québec, unless, where in vitro fertilization activities in respect of that treatment were begun after 31 December 2014 by the individual or the person who is the other party to the parental project, the person who began such activities was domiciled in Québec at the time the expenses were incurred,

iii. for medications related to an in vitro fertilization activity that satisfy the following conditions:

(1) they can lawfully be acquired for use by a person only if prescribed by a physician,

(2) their purchase is recorded by a pharmacist, and

(3) they are not covered by an insurance plan,

iv. for expenses related to an assessment referred to in section 10.2 of the Act respecting clinical and research activities relating to assisted procreation of the individual or of the person who is the other party to the parental project, where such an assessment allowed the in vitro fertilization treatment to be undertaken or continued,

v. for travel expenses that, but for paragraph *a* of section 752.0.11.1.3, would be medical expenses referred to in paragraph *h* or *i* of section 752.0.11.1, or

vi. for reasonable travel and lodging expenses of a particular person and, if the particular person cannot travel unassisted, of the person accompanying the particular person for participation in an in vitro fertilization treatment at a centre for assisted procreation situated in Québec, if a physician certifies that no centre for assisted procreation exists in Québec within 250 kilometres of the locality, in Québec, where the particular person lives and, if such is the case, that the person is unable to travel unassisted;”;

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

““pre-existing expenses” of an individual means the individual’s eligible expenses that were incurred before 11 November 2015 in respect of an in vitro fertilization treatment that was, at the time the expenses were incurred, a non-insured in vitro fertilization treatment;”;

(4) by striking out “or the members of the Royal Canadian Mounted Police” in paragraph *b* of the definition of “universal health insurance plan” in the first paragraph;



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

““family income” of an individual for a taxation year means the aggregate of the income of the individual for the year and the income, for the year, of the person who is the individual’s eligible spouse for the year;”;

(6) by replacing the definition of “eligible in vitro fertilization treatment” in the first paragraph by the following definition:

““eligible in vitro fertilization treatment” means a non-insured in vitro fertilization treatment during which

(a) a single embryo or, in accordance with the decision of a physician who has considered the quality of the embryos, a maximum of two embryos, in the case of a woman 36 years of age or under, or three embryos including no more than two blastocysts, in the case of a woman 37 years of age or over, are transferred into the woman before 11 November 2015; or

(b) a single embryo or, in accordance with the decision of a physician who has considered the quality of the embryos, a maximum of two embryos, in the case of a woman 37 years of age or over, are transferred into the woman after 10 November 2015;”;

(7) by replacing the definition of “non-insured in vitro fertilization treatment” in the first paragraph by the following definition:

““non-insured in vitro fertilization treatment” means an in vitro fertilization treatment in respect of which no cost for in vitro fertilization activities is paid on behalf of a person participating in the treatment, or for which the person may not be reimbursed, by the administrator of a universal health insurance plan;”;

(8) by replacing “the individual’s spouse” wherever it appears in subparagraphs i and ii of subparagraph *a* of the second paragraph and in subparagraph *b* of that paragraph by “the person who is the other party to the parental project”;

(9) by inserting the following paragraphs after the second paragraph:

“For the purposes of subparagraph ii of paragraph *c* of the definition of “eligible expenses” in the first paragraph, a person is considered to have begun in vitro fertilization activities if

(a) the person herself has received services required to retrieve eggs or ovarian tissue; or

(b) the person participating with her in the assisted procreation activity has received, as applicable, services required to retrieve sperm by means of medical intervention or services required to retrieve eggs or ovarian tissue.

For the purposes of the definition of “family income” in the first paragraph, where an individual has not been 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 individual’s death.”;

(10) by striking out the third paragraph.

(2) Subsection 1 applies from the taxation year 2015.

**306.** (1) The Act is amended by inserting the following before section 1029.8.66.2:

“§2.— *Credit*”.

(2) Subsection 1 has effect from 1 January 2015.

**307.** (1) Section 1029.8.66.2 of the Act is amended

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

**“1029.8.66.2.** An individual who is resident in Québec at the end of 31 December of a taxation year is deemed to have paid to the Minister, on the individual’s balance-due day for that taxation year, on account of the individual’s tax payable under this Part for that taxation year, an amount equal to the aggregate of

(a) the lesser of \$10,000 and 50% of the individual’s pre-existing expenses which the individual paid in the year; and

(b) the amount determined by the formula

$A \times (B - C)$ .”;

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

“In the formula in the first paragraph,

(a) A is the appropriate percentage determined in section 1029.8.66.5.1 or 1029.8.66.5.2, as the case may be, in respect of the individual for the year;

(b) B is the lesser of \$20,000 and the individual’s eligible expenses which the individual paid in the year; and

(c) C is the individual’s pre-existing expenses which the individual paid in the year.”

(2) Subsection 1 applies from the taxation year 2015.

**308.** (1) Section 1029.8.66.3 of the Act is amended by replacing paragraphs *b* and *c* by the following paragraphs:

“(b) a copy of all receipts providing evidence of the expenses referred to in any of subparagraphs i to v of paragraph *c* of the definition of “eligible expenses” in the first paragraph of section 1029.8.66.1; and

“(c) a copy of the certificate referred to in subparagraph ii of paragraph *b* and subparagraph vi of paragraph *c* of the definition of “eligible expenses” in the first paragraph of section 1029.8.66.1 in prescribed form.”

(2) Subsection 1 applies from the taxation year 2015.

**309.** (1) Section 1029.8.66.5 of the Act is replaced by the following section:

“**1029.8.66.5.** Where, in a taxation year, eligible expenses in respect of the same parental project were paid by more than one individual, the total eligible expenses that may be taken into account for the purpose of computing the amount that each of those individuals is deemed to have paid to the Minister under section 1029.8.66.2 for the year may not be greater than the amount of eligible expenses that could be so taken into account for the year if only one of the individuals had paid all of the expenses.

Where those individuals cannot agree as to the amount of eligible expenses each individual may take into account for the purpose of computing the amount that that individual is deemed to have paid to the Minister under section 1029.8.66.2 for the year, the Minister may determine that amount for the year.”

(2) Subsection 1 applies from the taxation year 2015.

**310.** (1) The Act is amended by inserting the following after section 1029.8.66.5:

“**1029.8.66.5.1.** The percentage to which subparagraph *a* of the second paragraph of section 1029.8.66.2 refers for a taxation year in respect of an individual who has an eligible spouse for the year is

(a) 80% if the individual’s family income for the year does not exceed \$50,000;

(b) 79% if the individual’s family income for the year exceeds \$50,000 but does not exceed \$51,186;

(c) 78% if the individual’s family income for the year exceeds \$51,186 but does not exceed \$52,373;

(d) 77% if the individual's family income for the year exceeds \$52,373 but does not exceed \$53,559;

(e) 76% if the individual's family income for the year exceeds \$53,559 but does not exceed \$54,746;

(f) 75% if the individual's family income for the year exceeds \$54,746 but does not exceed \$55,932;

(g) 74% if the individual's family income for the year exceeds \$55,932 but does not exceed \$57,119;

(h) 73% if the individual's family income for the year exceeds \$57,119 but does not exceed \$58,305;

(i) 72% if the individual's family income for the year exceeds \$58,305 but does not exceed \$59,492;

(j) 71% if the individual's family income for the year exceeds \$59,492 but does not exceed \$60,678;

(k) 70% if the individual's family income for the year exceeds \$60,678 but does not exceed \$61,864;

(l) 69% if the individual's family income for the year exceeds \$61,864 but does not exceed \$63,051;

(m) 68% if the individual's family income for the year exceeds \$63,051 but does not exceed \$64,237;

(n) 67% if the individual's family income for the year exceeds \$64,237 but does not exceed \$65,424;

(o) 66% if the individual's family income for the year exceeds \$65,424 but does not exceed \$66,610;

(p) 65% if the individual's family income for the year exceeds \$66,610 but does not exceed \$67,797;

(q) 64% if the individual's family income for the year exceeds \$67,797 but does not exceed \$68,983;

(r) 63% if the individual's family income for the year exceeds \$68,983 but does not exceed \$70,169;

(s) 62% if the individual's family income for the year exceeds \$70,169 but does not exceed \$71,356;

(t) 61% if the individual's family income for the year exceeds \$71,356 but does not exceed \$72,542;

(u) 60% if the individual's family income for the year exceeds \$72,542 but does not exceed \$73,729;

(v) 59% if the individual's family income for the year exceeds \$73,729 but does not exceed \$74,915;

(w) 58% if the individual's family income for the year exceeds \$74,915 but does not exceed \$76,102;

(x) 57% if the individual's family income for the year exceeds \$76,102 but does not exceed \$77,288;

(y) 56% if the individual's family income for the year exceeds \$77,288 but does not exceed \$78,475;

(z) 55% if the individual's family income for the year exceeds \$78,475 but does not exceed \$79,661;

(z.1) 54% if the individual's family income for the year exceeds \$79,661 but does not exceed \$80,847;

(z.2) 53% if the individual's family income for the year exceeds \$80,847 but does not exceed \$82,034;

(z.3) 52% if the individual's family income for the year exceeds \$82,034 but does not exceed \$83,220;

(z.4) 51% if the individual's family income for the year exceeds \$83,220 but does not exceed \$84,407;

(z.5) 50% if the individual's family income for the year exceeds \$84,407 but does not exceed \$85,593;

(z.6) 49% if the individual's family income for the year exceeds \$85,593 but does not exceed \$86,780;

(z.7) 48% if the individual's family income for the year exceeds \$86,780 but does not exceed \$87,966;

(z.8) 47% if the individual's family income for the year exceeds \$87,966 but does not exceed \$89,153;

(z.9) 46% if the individual's family income for the year exceeds \$89,153 but does not exceed \$90,339;

(z.10) 45% if the individual's family income for the year exceeds \$90,339 but does not exceed \$91,525;

(z.11) 44% if the individual's family income for the year exceeds \$91,525 but does not exceed \$92,712;

(z.12) 43% if the individual's family income for the year exceeds \$92,712 but does not exceed \$93,898;

(z.13) 42% if the individual's family income for the year exceeds \$93,898 but does not exceed \$95,085;

(z.14) 41% if the individual's family income for the year exceeds \$95,085 but does not exceed \$96,271;

(z.15) 40% if the individual's family income for the year exceeds \$96,271 but does not exceed \$97,458;

(z.16) 39% if the individual's family income for the year exceeds \$97,458 but does not exceed \$98,644;

(z.17) 38% if the individual's family income for the year exceeds \$98,644 but does not exceed \$99,831;

(z.18) 37% if the individual's family income for the year exceeds \$99,831 but does not exceed \$101,017;

(z.19) 36% if the individual's family income for the year exceeds \$101,017 but does not exceed \$102,203;

(z.20) 35% if the individual's family income for the year exceeds \$102,203 but does not exceed \$103,390;

(z.21) 34% if the individual's family income for the year exceeds \$103,390 but does not exceed \$104,576;

(z.22) 33% if the individual's family income for the year exceeds \$104,576 but does not exceed \$105,763;

(z.23) 32% if the individual's family income for the year exceeds \$105,763 but does not exceed \$106,949;

(z.24) 31% if the individual's family income for the year exceeds \$106,949 but does not exceed \$108,136;

(z.25) 30% if the individual's family income for the year exceeds \$108,136 but does not exceed \$109,322;

(z.26) 29% if the individual's family income for the year exceeds \$109,322 but does not exceed \$110,508;

(z.27) 28% if the individual's family income for the year exceeds \$110,508 but does not exceed \$111,695;

(z.28) 27% if the individual's family income for the year exceeds \$111,695 but does not exceed \$112,881;

(z.29) 26% if the individual's family income for the year exceeds \$112,881 but does not exceed \$114,068;

(z.30) 25% if the individual's family income for the year exceeds \$114,068 but does not exceed \$115,254;

(z.31) 24% if the individual's family income for the year exceeds \$115,254 but does not exceed \$116,441;

(z.32) 23% if the individual's family income for the year exceeds \$116,441 but does not exceed \$117,627;

(z.33) 22% if the individual's family income for the year exceeds \$117,627 but does not exceed \$118,814;

(z.34) 21% if the individual's family income for the year exceeds \$118,814 but does not exceed \$120,000; or

(z.35) 20% if the individual's family income for the year exceeds \$120,000.

**“1029.8.66.5.2.** The percentage to which subparagraph *a* of the second paragraph of section 1029.8.66.2 refers for a taxation year in respect of an individual who does not have an eligible spouse for the year is

(*a*) 80% if the individual's family income for the year does not exceed \$25,000;

(*b*) 79% if the individual's family income for the year exceeds \$25,000 but does not exceed \$25,593;

(*c*) 78% if the individual's family income for the year exceeds \$25,593 but does not exceed \$26,186;

(*d*) 77% if the individual's family income for the year exceeds \$26,186 but does not exceed \$26,780;

(*e*) 76% if the individual's family income for the year exceeds \$26,780 but does not exceed \$27,373;

(*f*) 75% if the individual's family income for the year exceeds \$27,373 but does not exceed \$27,966;

(*g*) 74% if the individual's family income for the year exceeds \$27,966 but does not exceed \$28,559;

(*h*) 73% if the individual's family income for the year exceeds \$28,559 but does not exceed \$29,153;

(*i*) 72% if the individual's family income for the year exceeds \$29,153 but does not exceed \$29,746;

(j) 71% if the individual's family income for the year exceeds \$29,746 but does not exceed \$30,339;

(k) 70% if the individual's family income for the year exceeds \$30,339 but does not exceed \$30,932;

(l) 69% if the individual's family income for the year exceeds \$30,932 but does not exceed \$31,525;

(m) 68% if the individual's family income for the year exceeds \$31,525 but does not exceed \$32,119;

(n) 67% if the individual's family income for the year exceeds \$32,119 but does not exceed \$32,712;

(o) 66% if the individual's family income for the year exceeds \$32,712 but does not exceed \$33,305;

(p) 65% if the individual's family income for the year exceeds \$33,305 but does not exceed \$33,898;

(q) 64% if the individual's family income for the year exceeds \$33,898 but does not exceed \$34,492;

(r) 63% if the individual's family income for the year exceeds \$34,492 but does not exceed \$35,085;

(s) 62% if the individual's family income for the year exceeds \$35,085 but does not exceed \$35,678;

(t) 61% if the individual's family income for the year exceeds \$35,678 but does not exceed \$36,271;

(u) 60% if the individual's family income for the year exceeds \$36,271 but does not exceed \$36,864;

(v) 59% if the individual's family income for the year exceeds \$36,864 but does not exceed \$37,458;

(w) 58% if the individual's family income for the year exceeds \$37,458 but does not exceed \$38,051;

(x) 57% if the individual's family income for the year exceeds \$38,051 but does not exceed \$38,644;

(y) 56% if the individual's family income for the year exceeds \$38,644 but does not exceed \$39,237;

(z) 55% if the individual's family income for the year exceeds \$39,237 but does not exceed \$39,831;



(z.1) 54% if the individual's family income for the year exceeds \$39,831 but does not exceed \$40,424;

(z.2) 53% if the individual's family income for the year exceeds \$40,424 but does not exceed \$41,017;

(z.3) 52% if the individual's family income for the year exceeds \$41,017 but does not exceed \$41,610;

(z.4) 51% if the individual's family income for the year exceeds \$41,610 but does not exceed \$42,203;

(z.5) 50% if the individual's family income for the year exceeds \$42,203 but does not exceed \$42,797;

(z.6) 49% if the individual's family income for the year exceeds \$42,797 but does not exceed \$43,390;

(z.7) 48% if the individual's family income for the year exceeds \$43,390 but does not exceed \$43,983;

(z.8) 47% if the individual's family income for the year exceeds \$43,983 but does not exceed \$44,576;

(z.9) 46% if the individual's family income for the year exceeds \$44,576 but does not exceed \$45,169;

(z.10) 45% if the individual's family income for the year exceeds \$45,169 but does not exceed \$45,763;

(z.11) 44% if the individual's family income for the year exceeds \$45,763 but does not exceed \$46,356;

(z.12) 43% if the individual's family income for the year exceeds \$46,356 but does not exceed \$46,949;

(z.13) 42% if the individual's family income for the year exceeds \$46,949 but does not exceed \$47,542;

(z.14) 41% if the individual's family income for the year exceeds \$47,542 but does not exceed \$48,136;

(z.15) 40% if the individual's family income for the year exceeds \$48,136 but does not exceed \$48,729;

(z.16) 39% if the individual's family income for the year exceeds \$48,729 but does not exceed \$49,322;

(z.17) 38% if the individual's family income for the year exceeds \$49,322 but does not exceed \$49,915;

(z.18) 37% if the individual's family income for the year exceeds \$49,915 but does not exceed \$50,508;

(z.19) 36% if the individual's family income for the year exceeds \$50,508 but does not exceed \$51,102;

(z.20) 35% if the individual's family income for the year exceeds \$51,102 but does not exceed \$51,695;

(z.21) 34% if the individual's family income for the year exceeds \$51,695 but does not exceed \$52,288;

(z.22) 33% if the individual's family income for the year exceeds \$52,288 but does not exceed \$52,881;

(z.23) 32% if the individual's family income for the year exceeds \$52,881 but does not exceed \$53,475;

(z.24) 31% if the individual's family income for the year exceeds \$53,475 but does not exceed \$54,068;

(z.25) 30% if the individual's family income for the year exceeds \$54,068 but does not exceed \$54,661;

(z.26) 29% if the individual's family income for the year exceeds \$54,661 but does not exceed \$55,254;

(z.27) 28% if the individual's family income for the year exceeds \$55,254 but does not exceed \$55,847;

(z.28) 27% if the individual's family income for the year exceeds \$55,847 but does not exceed \$56,441;

(z.29) 26% if the individual's family income for the year exceeds \$56,441 but does not exceed \$57,034;

(z.30) 25% if the individual's family income for the year exceeds \$57,034 but does not exceed \$57,627;

(z.31) 24% if the individual's family income for the year exceeds \$57,627 but does not exceed \$58,220;

(z.32) 23% if the individual's family income for the year exceeds \$58,220 but does not exceed \$58,814;

(z.33) 22% if the individual's family income for the year exceeds \$58,814 but does not exceed \$59,407;

(z.34) 21% if the individual's family income for the year exceeds \$59,407 but does not exceed \$60,000; or

(z.35) 20% if the individual's family income for the year exceeds \$60,000.

“§3.—*Advance payments*

“**1029.8.66.5.3.** Where, on or before 1 December of a taxation year, an individual applies to the Minister in the prescribed form containing prescribed information and the conditions set out in the third paragraph are met, the Minister may pay in advance, according to the terms and conditions the Minister determines and in respect of the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual's tax payable for the year under the first paragraph of section 1029.8.66.2, an amount not exceeding the amount determined by the formula

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

In the formula in the first paragraph,

(a) A is the appropriate percentage determined in section 1029.8.66.5.4 or 1029.8.66.5.5, as the case may be, in respect of the individual for the year;

(b) B is the lesser of \$20,000 and the individual's eligible expenses which the individual paid in the year; and

(c) C is the individual's pre-existing expenses which the individual paid in the year.

The conditions to which the first paragraph refers are as follows:

(a) the individual is resident in Québec at the time of the application;

(b) the individual paid eligible expenses (other than pre-existing expenses) in the year and the prescribed form used for the application is accompanied by a receipt confirming their payment;

(c) the individual's estimated family income for the year does not exceed \$97,458 if the individual has a spouse at the time of the application, or \$48,729 if the individual does not;

(d) the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual's tax payable for the year under the first paragraph of section 1029.8.66.2 is greater than \$2,000; and

(e) the individual has consented to have the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I

of Appendix I to Rule D4—Institution Numbers and Clearing Agency/ Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.

Where, at the time of the application, an individual has a spouse, only one of them may make this application for the year.

**“1029.8.66.5.4.** The percentage to which subparagraph *a* of the second paragraph of section 1029.8.66.5.3 refers for a taxation year in respect of an individual who has a spouse at the time of the application referred to in the first paragraph of that section is

(*a*) 80% if the individual’s estimated family income for the year does not exceed \$50,000;

(*b*) 75% if the individual’s estimated family income for the year exceeds \$50,000 but does not exceed \$55,932;

(*c*) 70% if the individual’s estimated family income for the year exceeds \$55,932 but does not exceed \$61,864;

(*d*) 65% if the individual’s estimated family income for the year exceeds \$61,864 but does not exceed \$67,797;

(*e*) 60% if the individual’s estimated family income for the year exceeds \$67,797 but does not exceed \$73,729;

(*f*) 55% if the individual’s estimated family income for the year exceeds \$73,729 but does not exceed \$79,661;

(*g*) 50% if the individual’s estimated family income for the year exceeds \$79,661 but does not exceed \$85,593;

(*h*) 45% if the individual’s estimated family income for the year exceeds \$85,593 but does not exceed \$91,525; or

(*i*) 40% if the individual’s estimated family income for the year exceeds \$91,525 but does not exceed \$97,458.

**“1029.8.66.5.5.** The percentage to which subparagraph *a* of the second paragraph of section 1029.8.66.5.3 refers for a taxation year in respect of an individual who does not have a spouse at the time of the application referred to in the first paragraph of that section is

(*a*) 80% if the individual’s estimated family income for the year does not exceed \$25,000;

(b) 75% if the individual's estimated family income for the year exceeds \$25,000 but does not exceed \$27,966;

(c) 70% if the individual's estimated family income for the year exceeds \$27,966 but does not exceed \$30,932;

(d) 65% if the individual's estimated family income for the year exceeds \$30,932 but does not exceed \$33,898;

(e) 60% if the individual's estimated family income for the year exceeds \$33,898 but does not exceed \$36,864;

(f) 55% if the individual's estimated family income for the year exceeds \$36,864 but does not exceed \$39,831;

(g) 50% if the individual's estimated family income for the year exceeds \$39,831 but does not exceed \$42,797;

(h) 45% if the individual's estimated family income for the year exceeds \$42,797 but does not exceed \$45,763; or

(i) 40% if the individual's estimated family income for the year exceeds \$45,763 but does not exceed \$48,729.

**“1029.8.66.5.6.** The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.66.5.3 a document or information other than those provided for in the first and third paragraphs of that section if the Minister considers the document or information necessary to evaluate the application.

**“1029.8.66.5.7.** Despite the first paragraph of section 1029.8.66.5.3, the Minister is not required to grant an application for advance payments referred to in that paragraph for a particular taxation year if

(a) the individual, or the individual's spouse at the time of the application, received an amount the Minister paid in advance under section 1029.8.66.5.3 for a preceding taxation year and, at the time the application is processed, has not filed a fiscal return for the preceding year; and

(b) the application is processed after the filing-due date of the person referred to in paragraph *a* for the preceding year.

**“1029.8.66.5.8.** The Minister may suspend the advance payment of, reduce or cease to pay an amount provided for in section 1029.8.66.5.3 if documents or information brought to the Minister's attention so warrant.”

(2) Subsection 1 applies from the taxation year 2015.

**311.** (1) Section 1029.8.67 of the Act is amended by replacing paragraph *b* of the definition of “qualified child care expense” by the following paragraph:

“(b) the total of the product obtained when \$11,000 is multiplied by the number of eligible children of the individual for the year each of whom is a person described in section 1029.8.76 and in respect of whom child care expenses referred to in paragraph *a* were incurred, the product obtained when \$9,000 is multiplied by the number of eligible children of the individual for the year each of whom is under seven years of age on 31 December of that year, or would have been had the child then been living, and in respect of whom such expenses were incurred, and the product obtained when \$5,000 is multiplied by the number of all other eligible children of the individual for the year in respect of whom such expenses were incurred;”.

(2) Subsection 1 applies from the taxation year 2015.

**312.** (1) Section 1029.8.68 of the Act is replaced by the following section:

“**1029.8.68.** For the purposes of the definition of “child care expense” in section 1029.8.67, the child care expenses of an individual for a taxation year do not include the amounts paid for an eligible child of the individual who attends, in the year, a boarding school or camp to the extent that the total of those amounts exceeds the product obtained when \$275, if the child is a person described in section 1029.8.76, \$200, if the child is under seven years of age on 31 December of that year, or would have been had the child then been living, or \$125, in any other case, is multiplied by the number of weeks in the year during which the child attended the school or camp, nor the medical expenses described in sections 752.0.11 to 752.0.13.0.1 or any other amounts paid for medical or hospital care, clothing, transportation, general or specific education services, or board or lodging, other than such expenses described in that definition.”

(2) Subsection 1 applies from the taxation year 2015.

**313.** (1) Section 1029.8.116.1 of the Act is amended by replacing “more than six months” in paragraph *b* of the definition of “eligible spouse” by “more than 183 days”.

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

**314.** (1) Section 1029.8.116.5 of the Act is amended

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

“iii. in any other case, 9%;”;

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

“(a) the excess amount that corresponds to the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is an advance payment referred to in the second paragraph of section 1029.8.116.9 or 1029.8.116.9.0.1, that the eligible individual, or the eligible individual’s eligible spouse for the year, has received, or may reasonably expect to receive, for the year, less the aggregate of all amounts each of which is the portion of that excess 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”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2016.

(3) Paragraph 2 of subsection 1 applies from 1 January 2017.

**315.** (1) Section 1029.8.116.5.0.1 of the Act is amended

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

“iii. in any other case, 11%;”;

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

“(a) the excess amount that corresponds to the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is an advance payment referred to in the second paragraph of section 1029.8.116.9 or 1029.8.116.9.0.1, that the eligible individual, or the eligible individual’s eligible spouse for the year, has received, or may reasonably expect to receive, for the year, less the aggregate of all amounts each of which is the portion of that excess 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”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2016.

(3) Paragraph 2 of subsection 1 applies from 1 January 2017.

**316.** (1) Section 1029.8.116.5.2 of the Act is amended by replacing “more than six months” by “more than 183 days”.

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

**317.** (1) Section 1029.8.116.8 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) the eligible individual or the eligible individual’s eligible spouse for the year receives in respect of that person, for the last month of the year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable;

“(b) that person is, at the end of the year, under 18 years of age, ordinarily resides with the eligible individual and is neither the father or the mother of a child with whom the person resides, nor an emancipated minor;”;

(2) by replacing “si ce n’était du revenu” in subparagraph *c* of the first paragraph in the French text by “si ce n’était le revenu”;

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

“For the purposes of subparagraph *b* of the first paragraph, where custody of a person is shared under an order or judgment of a competent tribunal or, if there is no such order or judgment, under a written agreement, that person is considered to ordinarily reside with the eligible individual at the end of a taxation year only if, pursuant to the order, judgment or written agreement, as the case may be, the eligible individual or the eligible individual’s eligible spouse for the year must exercise at least 40% of custody time in respect of that person for the last month of the year.”

(2) Subsection 1 applies from the taxation year 2016.

**318.** (1) Section 1029.8.116.8.1 of the Act is amended by replacing “more than six months” by “more than 183 days”.

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

**319.** (1) Section 1029.8.116.9 of the Act is amended by striking out the fourth and fifth paragraphs.

(2) Subsection 1 applies from 1 January 2017.

**320.** (1) The Act is amended by inserting the following sections after section 1029.8.116.9:

“**1029.8.116.9.0.1.** If, in a taxation year, an individual receives a financial assistance benefit paid under any of Chapters I to III of Title II of the Individual and Family Assistance Act (chapter A-13.1.1), if, on or before 15 October of that year, the individual applies to the Minister of Employment and Social Solidarity, in the prescribed form containing prescribed information, and if that Minister notifies the Minister of Revenue, the latter Minister may



pay in advance, according to the terms and conditions provided for in the second paragraph, the amount determined in accordance with the third paragraph in respect of a relevant month of the year (in this subdivision referred to as the “increased amount of the advance relating to the work premium”) in respect of the amount the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under the first paragraph of section 1029.8.116.5 or 1029.8.116.5.0.1, on account of the individual’s tax payable for the year, if

(a) the individual is resident in Québec at the time of the application;

(b) the individual is not a person in respect of whom another individual is entitled, for the year, to an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual’s tax payable, unless the individual is 18 years of age or over on the first day of the month of the application;

(c) at the time of the application, the individual is described in any of paragraphs *a* to *d* of section 1029.8.116.2;

(d) at the time of the application, the individual performs the duties of an office or employment, or carries on a business, alone or as a partner actively engaged in the business; and

(e) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/ Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.

The increased amount of the advance relating to the work premium in respect of a relevant month that is the month of the application or one of the months for which new information concerning the work income earned by the individual and, if applicable, by the individual’s spouse is transmitted by the Minister of Employment and Social Solidarity is payable on or before the 15th day of the month of the year that follows the month in which the Minister of Revenue receives the application or the new information.

The increased amount of the advance relating to the work premium in respect of a relevant month of the taxation year is determined by the formula

$$(90\% \times A) - B.$$

In the formula in the third paragraph,

(a) *A* is the amount that the individual would be deemed to have paid to the Minister, under the first paragraph of section 1029.8.116.5 or 1029.8.116.5.0.1, on account of the individual’s tax payable for the year and, where applicable, that of the individual’s spouse at the time of the application or at the beginning of the

relevant month, as the case may be, were the aggregate of the work income they earned, for the portion of that year that ends at the end of the month that precedes the relevant month, as those work incomes were determined by the Minister of Employment and Social Solidarity for the purposes of the Individual and Family Assistance Act; and

(b) B is the aggregate of the payments that the individual received in the year, under this section and section 1029.8.116.9, before the month in which the increased amount of the advance relating to the work premium determined in respect of the relevant month is paid.

For the purposes of this section, a relevant month of a taxation year is a month the first day of which is subsequent to the period, beginning at the beginning of that year, at the end of which the aggregate of the work incomes earned by the individual and, where applicable, by the individual's spouse at that time, as those work incomes were determined by the Minister of Employment and Social Solidarity for the purposes of the Individual and Family Assistance Act, exceeds

(a) \$2,400, where the individual considers that the individual will be deemed to have paid an amount to the Minister under the first paragraph of section 1029.8.116.5 and the individual does not have a spouse at that time;

(b) \$3,600, where the individual considers that the individual will be deemed to have paid an amount to the Minister under the first paragraph of section 1029.8.116.5 and the individual has a spouse at that time; or

(c) \$1,200, where the individual considers that the individual will be deemed to have paid an amount to the Minister under the first paragraph of section 1029.8.116.5.0.1.

**“1029.8.116.9.0.2.** The individual shall notify the Minister with dispatch of any event which may affect the amount of the advance relating to the work premium or the increased amount of the advance relating to the work premium, as the case may be.

Where, at the time of the application referred to in the first paragraph of section 1029.8.116.9 or 1029.8.116.9.0.1, an individual has a spouse, only one of them may make an application under either of those sections for the year.

**“1029.8.116.9.0.3.** The Minister shall cease to pay the amount of the advance relating to the work premium to an individual from the first month in which an increased amount of the advance relating to the work premium is paid to the individual or would be paid to the individual if that amount were greater than zero.

**“1029.8.116.9.0.4.** Where an individual who has made an application referred to in the first paragraph of section 1029.8.116.9.0.1 for a taxation year either makes another, for the year, under the first paragraph of section 1029.8.116.9

or notifies the Minister that the individual intends to resume receiving payments under that latter section, and where the total of the payments that the individual received in that year under section 1029.8.116.9 or 1029.8.116.9.0.1 is less than the amount of the advance relating to the work premium, determined in respect of the individual for the year, the payments of the amount of that advance may be made or resume being made, according to the terms and conditions provided for in subparagraph *b* of the second paragraph of section 1029.8.116.9, subject to their being computed by subtracting the total of the payments received from the amount of that advance.

The Minister may not pay an increased amount of the advance relating to the work premium to an individual in a particular month in which a payment of the amount of the advance relating to the work premium in respect of which the first paragraph applies is made to the individual.”

(2) Subsection 1 applies from 1 January 2017.

**321.** (1) Section 1029.8.116.9.1.1 of the Act is replaced by the following section:

**“1029.8.116.9.1.1.** The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of any of sections 1029.8.116.9, 1029.8.116.9.0.1 and 1029.8.116.9.1 a document or information other than those provided for in that paragraph if the Minister considers the document or information necessary to evaluate the application.”

(2) Subsection 1 applies from 1 January 2017.

**322.** (1) Section 1029.8.116.9.1.2 of the Act is amended by replacing the portion before paragraph *b* by the following:

**“1029.8.116.9.1.2.** The Minister is not required to grant, for a particular taxation year, an application for advance payments referred to in the first paragraph of any of sections 1029.8.116.9, 1029.8.116.9.0.1 and 1029.8.116.9.1 if

(*a*) the individual, or the individual’s spouse at the time of the application, received for a preceding taxation year a payment of the amount of the advance relating to the work premium, of an increased amount of the advance relating to the work premium or of the amount of the advance relating to the supplement and, at the time the application is processed, has not filed a fiscal return for the preceding year; and”.

(2) Subsection 1 applies from 1 January 2017.

**323.** (1) Section 1029.8.116.9.1.3 of the Act is amended by replacing the portion before paragraph *b* by the following:

**“1029.8.116.9.1.3.** The Minister may, at a particular time, cease to pay, or suspend the payment of, the amount of the advance relating to the work premium, an increased amount of the advance relating to the work premium or the amount of the advance relating to the supplement to an individual for a particular taxation year if

(a) the individual, or the individual’s spouse at the time of the application for advance payments, for the particular year, that is referred to in the first paragraph of section 1029.8.116.9, 1029.8.116.9.0.1 or 1029.8.116.9.1, as the case may be, received for a preceding taxation year a payment of any of those amounts and has not, as of the particular time, filed a fiscal return for the preceding year; and”.

(2) Subsection 1 applies from 1 January 2017.

**324.** (1) Section 1029.8.116.9.1.4 of the Act is replaced by the following section:

**“1029.8.116.9.1.4.** The Minister may suspend the payment of, reduce or cease to pay the amount of the advance relating to the work premium, an increased amount of the advance relating to the work premium or the amount of the advance relating to the supplement if documents or information brought to the Minister’s attention so warrant.”

(2) Subsection 1 applies from 1 January 2017.

**325.** (1) Section 1029.8.116.12 of the Act is amended by adding the following paragraph after the second paragraph:

“However, as regards an individual’s family income for the base year relating to any of the first six months of the year 2016, the following rules apply:

(a) for the purpose of determining that family income, the individual’s income and, if applicable, that of the individual’s cohabiting spouse at the end of the base year correspond to their respective incomes for the taxation year 2014;

(b) documents certifying the incomes that are filed for the taxation year 2014 are deemed to have been filed for the base year; and

(c) the first and second paragraphs of section 1029.8.116.15 and section 1029.8.116.19 are to be read as if any reference to the base year in those paragraphs and that section were a reference to the taxation year 2014.”

(2) Subsection 1 applies from 1 January 2016.

**326.** (1) Section 1029.8.116.16 of the Act is amended

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

**“1029.8.116.16.** The amount that, subject to section 1029.8.116.17.1, is determined by the following formula is deemed, for a particular payment period, to be an overpayment of tax payable under this Part by an eligible individual in respect of that period, if the eligible individual makes an application to that effect in accordance with section 1029.8.116.18 and if the individual and, if applicable, the individual’s cohabiting spouse at the end of the base year relating to that period file again the document specified in section 1029.8.116.19 for that base year.”;

(2) by replacing “is less than 183” in subparagraph *a* of the fourth paragraph by “is less than or equal to 183”;

(3) by striking out the sixth paragraph.

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of a payment period that begins after 30 June 2016. In addition, where the first paragraph of section 1029.8.116.16 of the Act applies in respect of a month of the taxation year 2016 that precedes 1 July, it is to be read as if “described in the fifth paragraph” were replaced by “described in the seventh paragraph”.

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

**327.** (1) Section 1029.8.116.18 of the Act is amended

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

**“1029.8.116.18.** The application referred to in the first paragraph of section 1029.8.116.16 must be filed with the Minister no later than 31 December of the fourth year following the base year relating to the payment period in respect of which the application is made, by means of

(*a*) if the eligible individual is resident in Québec on 31 December of the base year, the fiscal return the individual is required to file under section 1000 for that year, or would be required to file if the individual had tax payable for that year under this Part; or

(*b*) in any other case, the prescribed form containing prescribed information.”;

(2) by adding the following paragraphs after the second paragraph:

“The Minister may, at any time, extend the time for filing the application to which the first paragraph refers.

An application is considered validly made in accordance with this section only if the eligible individual and, if applicable, the individual's cohabiting spouse at the end of the base year concerned have filed the document required by the first paragraph of section 1029.8.116.16 with the Minister.”

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016.

**328.** (1) Section 1029.8.116.19.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) where, at the end of the base year, the eligible individual or the individual's cohabiting spouse owns the individual's eligible dwelling, the roll number or the identification number shown on the account of property taxes relating to the dwelling for that base year or, in the absence of such an account of property taxes, the dwelling's identification number shown on the information return that the body having jurisdiction over the territory where the dwelling is situated is required to send to the eligible individual or the individual's cohabiting spouse under the regulations made under section 1086, and, if applicable, the number of persons who own it; or”.

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016.

**329.** (1) Section 1029.8.116.26 of the Act is amended

(1) by inserting the following paragraph after the second paragraph:

“Despite the first paragraph, the Minister is not required to pay to an individual an amount referred to in that paragraph if the individual has not filed a document in which the individual consents to have the payment be made by direct deposit in a bank account held by the individual at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.”;

(2) by replacing “fifth paragraph” in the portion of the third paragraph before the formula by “sixth paragraph”;

(3) by replacing “third paragraph” in the portion of the fourth paragraph before subparagraph *a* by “fourth paragraph”;

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

“ii. in any other case, the aggregate of all amounts each of which is the amount by which the amount, to which the first paragraph, as it read in its application before 1 July 2016, refers, that is determined in respect of the

eligible individual for a month preceding the particular month exceeds the excess amount determined in respect of the individual for the preceding month in accordance with the fourth paragraph.”;

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

“The amount determined by the formula in the fourth paragraph may not exceed 50% of the amount, to which the first paragraph, as it read in its application before 1 July 2016, refers, that is determined in respect of the eligible individual for the particular month if”;

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

“(b) the eligible individual’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, to which the first paragraph, as it read in its application before 1 July 2016, refers, that is determined in respect of the individual for the particular month.”;

(7) by replacing “fourth paragraph” in the sixth paragraph by “fifth paragraph”.

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016.

**330.** (1) Section 1029.8.116.26.2 of the Act is amended

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

“**1029.8.116.26.2.** The Minister may pay to a person who is the cohabiting spouse of an eligible individual at the end of the base year relating to a particular payment period or relating to a particular month preceding 1 July 2016 an amount that the individual would have been entitled to receive, had it not been for the application of section 1029.8.116.26.1, in respect of an amount that, under section 1029.8.116.16, is deemed for that period or month to be an overpayment of the individual’s tax payable, if the person applies to the Minister to that effect on or before 31 December of the fourth year following that base year and is an eligible individual in respect of that period or month, and if none of the circumstances provided for in section 1029.8.116.26.1 applies to the person.”;

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

“The third paragraph of sections 1029.8.116.18 and 1029.8.116.26 apply to the first paragraph, with the necessary modifications.”

(2) Subsection 1 applies from 1 January 2016. However, where section 1029.8.116.26.2 of the Act applies to any of the first six months of the year 2016, it is to be read as if the third paragraph were replaced by the following paragraphs:

“The third paragraph of section 1029.8.116.18 applies to the first paragraph.

Despite the first paragraph, the Minister is not required to pay to a person an amount referred to in that paragraph if the person has not filed a document in which the person consents to have the payment be made by direct deposit in a bank account held by the person at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/ Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.”

**331.** (1) Section 1029.8.116.28 of the Act is amended by striking out “for a taxation year” after “of the individual’s tax payable” in the first paragraph.

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016.

**332.** (1) The Act is amended by inserting the following section after section 1029.8.116.29:

**“1029.8.116.29.1.** If the Minister has not paid an amount deemed under section 1029.8.116.16 to be an overpayment of the tax payable by an individual because the individual or, if section 1029.8.116.26.2 applies, the person who is the individual’s cohabiting spouse has not consented to have payments be made by direct deposit or has withdrawn such consent and, at a particular time, the individual or the person, as the case may be, files the document to which the third paragraph of section 1029.8.116.26 refers, the Minister shall pay the amount to the individual or the person, as the case may be, within 45 days after that time.

However, such an amount is deemed, despite section 1029.8.116.16, not to be an overpayment of the tax payable by the individual if the individual or, if section 1029.8.116.26.2 applies, the person who is the individual’s cohabiting spouse has not consented or again consented to have payments be made by direct deposit on or before 31 December of the fourth year following the base year relating to the particular payment period to which the amount relates.

The Minister may, at any time, extend the time provided for in the second paragraph for consenting to have payments be made by direct deposit.”



(2) Subsection 1 applies from 1 January 2016. However, where section 1029.8.116.29.1 of the Act applies before 1 July 2016, its first and second paragraphs are to be read as follows:

**“1029.8.116.29.1.** If the Minister has not paid an amount deemed under section 1029.8.116.16 to be an overpayment of the tax payable by an individual because the person who is the individual’s cohabiting spouse has not consented, in accordance with the fourth paragraph of section 1029.8.116.26.2, to have payments be made by direct deposit or has withdrawn such consent and, at a particular time, the person files the document to which that fourth paragraph refers, the Minister shall pay the amount to the person within 45 days after that time.

However, such an amount is deemed, despite section 1029.8.116.16, not to be an overpayment of the tax payable by the individual if the person who is the individual’s cohabiting spouse has not consented or again consented to have payments be made by direct deposit on or before 31 December of the fourth year following the base year relating to the particular month preceding 1 July 2016 to which the amount relates.”

**333.** (1) Section 1029.8.116.30 of the Act is amended

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

“(b) the 46th day following the day on which the application referred to in the first paragraph of section 1029.8.116.16 has been filed with the Minister for the payment period;”;

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

“(b.1) in the case provided for in the first paragraph of section 1029.8.116.29.1, the 46th day following the day the individual consented or again consented to have payments be made by direct deposit;”;

(3) by adding the following subparagraphs after subparagraph *b* of the second paragraph:

“(c) in the case provided for in the first paragraph of section 1029.8.116.29.1, the 46th day following the day the person consented or again consented to have payments be made by direct deposit; and

“(d) in the case of an additional amount that would be referred to in subparagraph *d* or *e* of the first paragraph but for section 1029.8.116.26.1, the 46th day following the day to which that subparagraph refers in relation to that additional amount.”

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of a payment period that begins after 30 June 2016.

(3) Paragraph 3 of subsection 1 applies from 1 January 2016.

**334.** (1) Section 1029.8.116.38 of the Act is amended by replacing “\$2,500” in subparagraphs i and ii of subparagraph *b* of the fourth paragraph by “\$3,000”.

(2) Subsection 1 applies from the taxation year 2016.

**335.** (1) Section 1029.8.116.39 of the Act is amended by replacing “more than six months” in subparagraph ii of each of subparagraphs *a* and *b* of the first paragraph by “more than 183 days”.

(2) Subsection 1 applies from the taxation year 2016.

**336.** (1) The Act is amended by inserting the following after section 1029.8.166:

**“DIVISION II.25**

**“CREDIT FOR ECO-FRIENDLY RENOVATION (RÉNOVERT)**

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

**“1029.8.167.** 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 17 March 2016 and before 1 April 2017 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 after 17 March 2016 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 2016 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;

“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 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 2016 or the taxation year 2017 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 17 March 2016 and before 1 January 2017, where the particular year is the taxation year 2016; or

(b) after 31 December 2016 and before 1 October 2017, where the particular year is the taxation year 2017;

“recognized eco-friendly renovation work” in respect of an eligible dwelling means, subject to the second paragraph, 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 certified “GREENGUARD” or “EcoLogo”, 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-41.0 (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-28.0 (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-17.0 (RSI 3.0) or more, and

(2) for the header area, the insulating value achieved must be R-20.0 (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-17.0 (RSI 3.0) or more, and

(2) for the floor area above the crawl space, the insulating value achieved must be R-24.0 (RSI 4.23) or more, and

vi. in the case of the insulation of exposed floors, the increase in the insulating value 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 installation of a living roof; for that purpose, a living 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;

(e) work relating to the replacement of a flat roof or a roof whose slope is less than 2 units vertical in 12 units horizontal (2:12) or 16.7% by a reflective roof; for that purpose, authorized roof coverings include materials that are white, painted white, covered with a reflective coating, covered with a white ballast or whose solar reflectance index (SRI) is at least 78 according to the manufacturer’s specifications;

(f) 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;

(g) 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;

(h) 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 15.0,
- ii. it has an Energy Efficiency Ratio (EER) of 12.5,
- iii. it has a Heating Seasonal Performance Factor (HSPF) of 7.4 for region V, and
- iv. it has a heating capacity of 12,000 Btu/h;

(i) 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-C448-16 standard and the CGC must certify the system after installation;

(j) 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-C448-16 standard;

(k) work relating to the replacement of an oil heating system with a system using propane or 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 90%;

(l) work relating to the replacement of an oil, propane or natural gas heating system with a system using electricity;

(m) 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;

(n) work relating to the installation of solar thermal panels that comply with the CAN/CSA-F378-11 standard;

(o) work relating to the installation of combined photovoltaic-thermal solar panels that comply with the CAN/CSA-C61215-08 and CAN/CSA-F378-11 standards;

(p) 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 *h*;

(q) 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 *h*;

(r) work relating to the replacement of an oil-fired water heater with a water heater using propane or natural gas, provided the new water heater is one of the following:

i. an “ENERGY STAR” qualified instantaneous water heater that has an energy factor (EF) of at least 0.90, or

ii. a condensing storage-type water heater that has a thermal efficiency of 95% or more;

(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 7 gigajoules per year and is CAN/CSA-F379-09 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-F378-11 standard;

(w) work relating to the installation of combined photovoltaic-thermal solar panels that comply with the CAN/CSA-C61215-08 and CAN/CSA-F378-11 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 or 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 et des Parcs, available on that department's website;

(z.3) work relating to the installation of photovoltaic solar panels that comply with the CAN/CSA-C61215-08 standard; or

(z.4) work relating to the installation of a domestic wind turbine that complies with the CAN/CSA-C61400-2-08 standard.

Where the definition of “recognized eco-friendly renovation work” in the first paragraph applies in respect of a dwelling described in paragraph *b* of the definition of “eligible dwelling” in the first paragraph, it is to be read without reference to its paragraphs *y* to *z.1*.

**“1029.8.168.** For the purposes of paragraph *b* of the definition of “eco-friendly renovation expenditure” in the first paragraph of section 1029.8.167, 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.

**“1029.8.169.** For the purposes of the definition of “eligible dwelling” in the first paragraph of section 1029.8.167, 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 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; and

(c) a dwelling does not include a structure adjoining or accessory to the dwelling, except for a garage

i. that shares, in whole or in part, a wall with the dwelling, or

ii. whose roof is connected to the dwelling.

**“1029.8.170.** 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 may not include

i. an amount that is used to finance the cost of recognized eco-friendly renovation work,

ii. an amount that is attributable to property or services supplied by a person not dealing at arm’s length with the individual or with any of the other owners of the dwelling, unless the person holds a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1),

iii. an amount that is incurred to acquire property used by the individual before the acquisition under a contract of lease,

iv. an amount that is deductible in computing an individual’s income from a business or property for the year or any other taxation year,

v. an amount that is included in the capital cost of depreciable property, and

vi. 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;

(b) the qualified expenditure must be reduced by the amount of any government assistance, non-government assistance, reimbursement or other form of assistance, including an indemnity paid under an insurance contract,

attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the 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;

(c) 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 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 the first paragraph of section 1029.8.167 refers in respect of the property;

(d) 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 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

(e) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the individual's qualified expenditure is deemed to include the individual's share of an expenditure paid by the syndicate of co-owners if

i. it is reasonable to consider that the expenditure would be 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 provided the individual, in the prescribed form, with information relating to the work and the amount of the individual's share of the expenditure.

“§2. — *Credits*

**“1029.8.171.** An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2016 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2016 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 2016 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 2017 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2017 on account of the individual's tax payable under this Part for that year, 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 2017, 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 2016; 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.

**“1029.8.172.** For the purpose of determining the amount that an individual is deemed to have paid to the Minister for a taxation year under section 1029.8.171 in relation to an eligible dwelling of the individual, for any period between 17 March 2016 and 1 April 2017 throughout which the individual owns an intergenerational home that is the individual's principal place of residence, each independent dwelling built in the home is deemed to be a separate eligible dwelling of the individual, if the individual so elects in the prescribed form referred to in the first or second paragraph of section 1029.8.171.

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.

**“1029.8.173.** 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 1029.8.171 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 1029.8.171, 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 applies from the taxation year 2016.

**337.** (1) Section 1033.3 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) the amount of tax that would be payable for the year by a trust to which section 768 applies that is resident in Québec on the last day of the year and whose taxable income for the year is \$50,000; and”.

(2) Subsection 1 applies from the taxation year 2016.

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

“**1034.0.0.4.** If section 663.0.1 deems an amount to have become payable in a taxation year of a trust to an individual, the individual and the trust are solidarily liable for the tax payable by the individual under this Part for the individual’s taxation year in which the individual dies to the extent that that tax payable is greater than it would have been if the amount were not included in computing the individual’s income under this Part for the year.”

(2) Subsection 1 applies from the taxation year 2016.

**339.** (1) Section 1035 of the Act is replaced by the following section:

“**1035.** The Minister may at any time assess a transferee in respect of any amount payable under section 1034, a person in respect of any amount payable under section 1034.0.0.1, an individual in respect of any amount payable under subsections 1 and 2 of section 1034.1 or section 1034.0.0.2, a transferor in respect of any amount payable under section 1034.0.0.3, a trust in respect of

any amount payable under section 1034.0.0.4, an annuitant or policyholder in respect of any amount payable under subsection 2.0.1 of section 1034.1, a person in respect of any amount payable by that person under subsection 2.1 of section 1034.1 or section 1034.2 or 1034.3, an eligible spouse of an individual in respect of any amount payable under section 1034.4 or 1034.6, a beneficiary in respect of any amount payable under section 1034.8 or a holder in respect of any amount payable under section 1034.10, and this Book applies, with the necessary modifications, to an assessment made under this section as though it had been made under Title II.”

(2) Subsection 1 applies from the taxation year 2016.

**340.** (1) Section 1036 of the Act is replaced by the following section:

**“1036.** If a trust and a resident contributor or a resident beneficiary, a joint contributor and another joint contributor, a transferor and a transferee, an individual and a trust, an annuitant and an individual, a taxpayer and another person, a trust and a beneficiary or a taxpayer and a holder are, under paragraph *g* of section 595 or any of sections 597.0.15, 1034 to 1034.0.0.4, 1034.1 to 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be, solidarily liable in respect of all or part of a liability of the trust to which that paragraph *g* applies, the joint contributor to which section 597.0.15 applies, the transferor to whom section 1034 applies (in this section referred to as the “transferor concerned”), the transferee to whom section 1034.0.0.3 applies (in this section referred to as the “transferee concerned”), the individual to whom section 1034.0.0.4 applies (in this section referred to as the “other individual”), the annuitant, the taxpayer or the trust, as the case may be, the following rules apply:

(a) a payment by, and on account of the liability of, the resident contributor or resident beneficiary or the other joint contributor (in this section all referred to as the “particular person”), the transferee to whom section 1034 applies (in this section referred to as the “other transferee”), the transferor to whom section 1034.0.0.3 applies (in this section referred to as the “other transferor”), the trust to which section 1034.0.0.4 applies, the individual, the other person, the beneficiary or the holder, as the case may be, discharges, up to the amount of the payment, their solidary liability; and

(b) a payment by, and on account of the liability of, the trust to which paragraph *g* of section 595 applies, the joint contributor to which section 597.0.15 applies, the transferor concerned, the transferee concerned, the other individual, the annuitant, the taxpayer or the trust, discharges the liability of the particular person, the other transferee, the other transferor, the trust to which section 1034.0.0.4 applies, the individual, the other person, the beneficiary or the holder, as the case may be, only to the extent that the payment operates to reduce the liability of the trust to which that paragraph *g* applies, the joint contributor to which section 597.0.15 applies, the transferor concerned, the transferee concerned, the other individual, the annuitant, the taxpayer or the trust to an amount less than the amount in respect of which the particular person,

the other transferee, the other transferor, the trust to which section 1034.0.0.4 applies, the individual, the other person, the beneficiary or the holder is solidarily liable under that paragraph *g* or any of sections 597.0.15, 1034 to 1034.0.0.4, 1034.1 to 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be.”

(2) Subsection 1 applies from the taxation year 2016.

**341.** (1) Section 1038 of the Act is amended

(1) by inserting “, II.12.1” after “II.11.1” in subparagraph ii of subparagraph *a* of the second paragraph;

(2) by adding the following subparagraph after subparagraph iii of subparagraph *a* of the second paragraph:

“iv. the amount by which the amount the individual is deemed under Division II.12.1 of Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.3;”;

(3) by inserting “, II.12.1” after “II.11.1” in subparagraph ii of subparagraph *b* of the second paragraph;

(4) by adding the following subparagraph after subparagraph iii of subparagraph *b* of the second paragraph:

“iv. the amount by which the amount the individual is deemed under Division II.12.1 of Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.3; and”;

(5) by replacing the portion of subparagraph *a* of the third paragraph before subparagraph i by the following:

“(a) the amount by which the total, on the one hand, of the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, and II.17.1 of that chapter and section 1029.9.2, and any such amounts in respect of which section 1029.6.0.1.9 applies, and, on the other hand, of the aggregate of the amount by which the amount the individual is deemed under Division II.11.1 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3 and the amount by which the amount the individual is deemed under Division II.12.1 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular

year exceeds the individual's tax payable for the particular year under Part I.3.3, is exceeded by any of the following amounts:"

(2) Subsection 1 applies from the taxation year 2015.

**342.** (1) Section 1044 of the Act is amended by replacing "d.1.0.0.2" in the first paragraph by "d.1.0.0.3".

(2) Subsection 1 has effect from 27 March 2015.

**343.** (1) Section 1045 of the Act is amended by inserting "and for the following year under section 210.7 of the Act respecting municipal taxation" at the end of the second paragraph.

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

**344.** Section 1049 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph ii of subparagraph *a* by the following subparagraph:

"ii. the amount that would be deemed under Divisions II to III of Chapter III.1 of Title III, except Division II.11.2 of that Chapter III.1, to have been paid for the year by the person to the Minister had that amount been determined on the basis of the information provided in the person's return for the year; exceeds";

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

"ii. the amount that would be deemed under Divisions II to III of Chapter III.1 of Title III, except Division II.11.2 of that Chapter III.1, to have been paid for the year by the person to the Minister had that amount been determined on the basis of the information provided in the person's return for the year but without reference to the false statement or omission."

**345.** Section 1049.0.11 of the Act is replaced by the following section:

**"1049.0.11.** Where a partnership incurs a penalty under section 1049.0.5 or 1049.0.5.1, 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."

**346.** (1) Section 1049.15 of the Act is amended by inserting the following subparagraph after subparagraph *b* of the second paragraph:

"(b.1) 20%, where the amount paid by the first purchaser relates to such a share purchased by the first purchaser in the period that begins on 1 June 2015 and ends on 31 May 2018; and".

(2) Subsection 1 has effect from 1 June 2015.

**347.** (1) Section 1053 of the Act is amended by replacing “d.1.0.0.2” in the portion before paragraph *a* by “d.1.0.0.3”.

(2) Subsection 1 has effect from 27 March 2015.

**348.** (1) Section 1055 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**1055.** Section 1054 applies if, in the course of the administration of the succession of a deceased taxpayer that is a graduated rate estate, the legal representative of the deceased taxpayer disposes, within the first taxation year of the succession,”.

(2) Subsection 1 applies from the taxation year 2016.

**349.** (1) Section 1055.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**1055.1.** Despite any other provision of this Act, if, within the first taxation year of the succession of a deceased taxpayer that is a graduated rate estate, a right to acquire a security, as defined in section 47.18, under an agreement in respect of which a benefit was deemed by section 52.1 to have been received by the taxpayer is exercised or disposed of by the taxpayer’s legal representative and the taxpayer’s legal representative makes an election in prescribed manner and within the prescribed time, the following rules apply:”.

(2) Subsection 1 applies from the taxation year 2016.

**350.** (1) Section 1055.1.2 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1055.1.2.** Despite any other provision of this Act, if the legal representative of a deceased taxpayer pays, in any taxation year (in this section referred to as the “repayment year”), an amount that would be deductible under section 78.1, but for this section, in computing, for the repayment year, the income of the succession that is a graduated rate estate, the amount is deemed to have been paid by the taxpayer in the taxpayer’s last taxation year and not to have been so paid by the legal representative.”

(2) Subsection 1 applies from the taxation year 2016.

**351.** (1) Section 1055.1.3 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1055.1.3.** Despite any other provision of this Act, if the legal representative of a deceased taxpayer repays, in a particular taxation year of the succession of the taxpayer that is a graduated rate estate, an amount that is a benefit received by the taxpayer under the Act respecting parental insurance (chapter A-29.011), the Act respecting the Québec Pension Plan (chapter R-9)



or a similar plan within the meaning of that Act, the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), and included by the taxpayer in computing the taxpayer's income for one or more taxation years, the amount is deemed to have been repaid by the taxpayer in the taxpayer's last taxation year and not to have been repaid by the legal representative."

(2) Subsection 1 applies from the taxation year 2016.

**352.** Section 1079.7.5 of the Act is replaced by the following section:

**"1079.7.5.** Where a partnership incurs a penalty under section 1079.7.4 or 1079.7.4.1, 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."

**353.** (1) Section 1079.8.1 of the Act is amended

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

““transaction with contractual protection” carried out by a taxpayer or a partnership of which a taxpayer is a member means a transaction in respect of which the taxpayer has protection consisting of an insurance (other than standard professional liability insurance) or another form of protection, including an indemnity, compensation or guarantee, and designed to

(a) protect the taxpayer against a failure of the transaction to achieve any tax benefit from the transaction;

(b) pay for or reimburse any amount incurred by the taxpayer as an expense, fee, tax, interest, penalty or similar amount in the course of a dispute with a tax authority in Canada or elsewhere in respect of a tax benefit from the transaction; or

(c) help or represent the taxpayer, protect the taxpayer's rights or provide any other form of assistance to the taxpayer in the course of a dispute with a tax authority in Canada or elsewhere in respect of a tax benefit from the transaction.”;

(2) by striking out subparagraph *a* of the second paragraph;

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

“(c) any request related to the review of a fiscal return of a taxpayer for a taxation year following its filing under this Act, unless all or part of the request pertains to an amount the taxpayer is deemed to have paid to the Minister on account of the taxpayer's tax payable under this Part for a taxation year; and”.

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**354.** (1) Section 1079.8.4 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**1079.8.4.** For the purposes of sections 1079.8.5 to 1079.8.6.1, the following rules apply:”.

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**355.** (1) Section 1079.8.5 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1079.8.5.** A taxpayer who carries out a transaction involving conditional remuneration or who is a member of a partnership that carries out such a transaction shall, in an information return filed in accordance with section 1079.8.9 and within the time limit provided for in section 1079.8.10, disclose the transaction to the Minister if, but for Title I of Book XI, the transaction would result, directly or indirectly,

(*a*) in a tax benefit of \$25,000 or more for the taxpayer, or in an impact on the income of the taxpayer of \$100,000 or more, for a taxation year; or

(*b*) in an impact on the income of the partnership of \$100,000 or more for a fiscal period.”

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**356.** (1) Section 1079.8.6 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1079.8.6.** A taxpayer who carries out a confidential transaction or who is a member of a partnership that carries out such a transaction shall, in an information return filed in accordance with section 1079.8.9 and within the time limit provided for in section 1079.8.10, disclose the transaction to the Minister if, but for Title I of Book XI, the transaction would result, directly or indirectly,

(*a*) in a tax benefit of \$25,000 or more for the taxpayer, or in an impact on the income of the taxpayer of \$100,000 or more, for a taxation year; or

(b) in an impact on the income of the partnership of \$100,000 or more for a fiscal period.”

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**357.** (1) The Act is amended by inserting the following section after section 1079.8.6:

**“1079.8.6.1.** A taxpayer who carries out a transaction with contractual protection or who is a member of a partnership that carries out such a transaction shall, in an information return filed in accordance with section 1079.8.9 and within the time limit provided for in section 1079.8.10, disclose the transaction to the Minister if, but for Title I of Book XI, the transaction would result, directly or indirectly,

(a) in a tax benefit of \$25,000 or more for the taxpayer, or in an impact on the income of the taxpayer of \$100,000 or more, for a taxation year; or

(b) in an impact on the income of the partnership of \$100,000 or more for a fiscal period.

Despite the first paragraph, the obligation to disclose provided for in that paragraph applies, in the case of a limited partnership, to all of its general partners and to them only.”

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**358.** (1) Section 1079.8.10 of the Act is replaced by the following section:

**“1079.8.10.** Subject to the second paragraph, the information return, in respect of a transaction, whose filing is provided for in any of sections 1079.8.5 to 1079.8.7 must be sent to the Minister on or before the filing-due date of the taxpayer who carried out the transaction for the taxation year referred to in that section or, if the transaction is carried out by a partnership, on or before the day, determined in accordance with section 1086R80 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), on which the partnership return provided for in section 1086R78 of that Regulation is required to be filed for the partnership’s fiscal period referred to in any of sections 1079.8.5 to 1079.8.7, as the case may be, or would be required to be so filed but for section 36.1 of the Tax Administration Act (chapter A-6.002).

For the purposes of sections 1079.8.5 to 1079.8.6.1, the following rules apply:

(a) in the case where the tax benefit resulting from a transaction referred to in any of those sections consists of an amount deemed to have been paid to the Minister on account of the tax payable by a taxpayer under this Part for a taxation year, the information return must be sent to the Minister on or before the expiry of the time limit for filing the prescribed form containing prescribed information in respect of that deemed amount for the year; and

(b) in any other case, where a transaction referred to in any of those sections is carried out after the date or day, as the case may be, referred to in the first paragraph, the information return is deemed to have been filed within the time limit provided for in the first paragraph, in relation to the transaction, if it is filed on or before the date on which the transaction is carried out.”

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

(3) In addition, where subparagraph *b* of the second paragraph of section 1079.8.10 of the Act applies before 8 February 2017, a taxpayer is deemed to have filed the information return within the time limit provided for under that subparagraph *b* if the taxpayer files the return on or before 9 April 2017.

**359.** (1) Section 1079.8.13 of the Act is amended by replacing the first paragraph by the following paragraph:

**“1079.8.13.** If, in relation to a transaction to which any of sections 1079.8.5 to 1079.8.6.1 applies, the taxpayer who carried out the transaction or a member of the partnership that carried out the transaction fails to send, in accordance with that section, an information return within the time limit provided for in section 1079.8.10 in respect of the transaction, the taxpayer or the partnership, as the case may be, incurs a penalty of \$10,000 and an additional penalty of \$1,000 a day, as of the second day, for every day the failure continues, up to \$100,000.”

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**360.** Section 1079.8.14 of the Act is replaced by the following section:

**“1079.8.14.** If a partnership incurs a penalty under section 1079.8.13, sections 1005 to 1014, 1034 to 1034.0.2, 1035 to 1044.0.2 and 1051 to 1055.1 apply, with the necessary modifications, in respect of the penalty as if the partnership were a corporation.”

**361.** (1) Section 1079.8.15 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**1079.8.15.** If, in relation to a taxation year of a particular taxpayer described in the second paragraph for which tax consequences under this Act result from a transaction with contractual protection, a transaction involving conditional remuneration or a confidential transaction, a taxpayer who carried out the transaction or a member of a partnership that carried out the transaction fails to send, in accordance with any of sections 1079.8.5 to 1079.8.6.1, an information return within the time limit provided for in section 1079.8.10 in respect of the transaction, the Minister may, despite the expiry of the time limits provided for in section 1010, redetermine the tax, interest and penalties or any other amount, under this Act, and make a redetermination, reassessment or additional assessment for the taxation year in respect of the particular taxpayer”.

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**362.** Section 1079.13.4 of the Act is replaced by the following section:

“**1079.13.4.** If a partnership incurs a penalty under section 1079.13.2, 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.”

**363.** (1) Section 1079.15.1 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) on or before the day that is six years after the day referred to, for the taxation year concerned, in paragraph *a* of subsection 2 of section 1010 or, if the transaction or series of transactions must be disclosed as required by any of sections 1079.8.5 to 1079.8.6.1, the day, if it is later, on which the information return containing the information required by section 1079.8.9 is sent to the Minister in respect of the transaction or series of transactions; or”.

(2) Subsection 1 applies in respect of a transaction carried out after 25 March 2015. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 26 March 2015 and was completed before 1 July 2015.

**364.** (1) Section 1086.12 of the Act is replaced by the following section:

“**1086.12.** Unless otherwise provided in this Part, sections 1000 to 1014, 1035 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

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

**365.** (1) Section 1086.12.1 of the Act is amended by replacing “more than six months” in the definition of “eligible spouse” by “more than 183 days”.

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

**366.** (1) Section 1086.12.2 of the Act is amended by replacing the first paragraph by the following paragraph:

**“1086.12.2.** An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is an amount paid in advance by the Minister to the individual for that year under any of sections 1029.8.116.9, 1029.8.116.9.0.1 and 1029.8.116.9.1.”

(2) Subsection 1 applies from 1 January 2017.

**367.** (1) The Act is amended by inserting the following after section 1086.12.8:

**“PART I.3.3**

**“TAX IN RESPECT OF ADVANCE PAYMENTS OF THE CREDIT FOR THE TREATMENT OF INFERTILITY**

**“1086.12.9.** In this Part,

“balance-due day” has the meaning assigned by section 1;

“eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;

“individual” has the meaning assigned by section 1;

“taxation year” has the meaning that would be assigned by Part I if it were read without reference to section 779.

**“1086.12.10.** An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is an amount paid in advance by the Minister to the individual for that year under section 1029.8.66.5.3.

Where applicable, the individual and the individual’s eligible spouse for the year are solidarily liable for the payment of the tax payable under the first paragraph and, in that respect, a payment by the individual affects the liability of the eligible spouse only to the extent that the payment operates to reduce the individual’s liability to an amount less than the amount in respect of which the eligible spouse is solidarily liable under this paragraph.

**“1086.12.11.** An individual shall pay to the Minister, for a taxation year, on or before the individual’s balance-due day for the year, the individual’s tax under this Part as estimated for the year in accordance with section 1004.

**“1086.12.12.** Unless otherwise provided in this Part, sections 1000 to 1014, 1035 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies from the taxation year 2015.

**368.** (1) Section 1086.17.1 of the Act is amended

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

**“1086.17.1.** For the purposes of sections 1086.14 to 1086.17, the amount of tax payable by an individual for a taxation year under any of sections 1086.15 to 1086.17, in respect of replacement shares that were not acquired by that individual, is to be determined, if any of the replacement shares that were not acquired relates to an original share described in paragraph *b* of section 776.1.1 and acquired by the individual in a period specified in the second paragraph of section 776.1.1.1 or 776.1.1.2, as if;”

(2) by replacing “comme étant” in subparagraphs 2 and 3 of subparagraph *i* of paragraph *a* in the French text by “comme”;

(3) by replacing subparagraphs 1 to 2.1 of subparagraph *ii* of paragraph *a* by the following subparagraphs:

“(1) *A*, described in the second paragraph of section 1086.15, represented, in the cases where subparagraph *i* of subparagraph *a* of that second paragraph does not apply, only the portion of the aggregate of the eligible amounts described in subparagraph *ii* of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.1,

“(2) the only replacement shares whose acquisition is considered for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph of section 1086.15 and subparagraph *d* of that second paragraph were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.1,

“(2.1) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph of section 1086.15 were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.1;”

(4) by adding the following subparagraph after subparagraph ii of paragraph *a*:

“iii. the amount that would be determined by the formula in the first paragraph of section 1086.15 if

(1) A, described in the second paragraph of section 1086.15, represented, in the cases where subparagraph i of subparagraph *a* of that second paragraph does not apply, only the portion of the aggregate of the eligible amounts described in subparagraph ii of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.2,

(2) the only replacement shares whose acquisition is considered for the purposes of subparagraph i of subparagraph *b* of the second paragraph of section 1086.15 and subparagraph *d* of that second paragraph were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.2,

(3) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph ii of subparagraph *b* of the second paragraph of section 1086.15 were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.2,

(4) the fraction “100/15” provided for in subparagraph ii of subparagraph *b* of the second paragraph of section 1086.15 were replaced by a percentage of 500%, and

(5) the percentage of 15% were replaced by a percentage of 20%; and”;

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

“(b) in the case of tax computed under section 1086.16 or 1086.17, the percentage of 15% provided for in that section were replaced

i. by a percentage of 25% in respect of the portion of the excess amount referred to in section 1086.16 or 1086.17, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.1, or

ii. by a percentage of 20% in respect of the portion of the excess amount referred to in section 1086.16 or 1086.17, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.



**369.** (1) Section 1086.23.1 of the Act is amended

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

**“1086.23.1.** For the purposes of sections 1086.20 to 1086.23, the amount of tax payable by an individual for a taxation year under any of sections 1086.21 to 1086.23, in respect of replacement shares that were not acquired by that individual, is to be determined, if any of the replacement shares that were not acquired relates to an original share described in paragraph *b* of section 776.1.1 and acquired by the individual in a period specified in the second paragraph of section 776.1.1.1 or 776.1.1.2, as if;”;

(2) by replacing “comme étant” in subparagraphs 2 and 3 of subparagraph *i* of paragraph *a* in the French text by “comme”;

(3) by replacing subparagraphs 1 to 2.1 of subparagraph *ii* of paragraph *a* by the following subparagraphs:

“(1) A, described in the second paragraph of section 1086.21, represented, in the cases where subparagraph *i* of subparagraph *a* of that second paragraph does not apply, only the portion of the aggregate of the eligible amounts described in subparagraph *ii* of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.1,

“(2) the only replacement shares whose acquisition is considered for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph of section 1086.21 and subparagraph *d* of that second paragraph were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.1,

“(2.1) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph of section 1086.21 were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.1;”;

(4) by adding the following subparagraph after subparagraph *ii* of paragraph *a*:

“iii. the amount that would be determined by the formula in the first paragraph of section 1086.21 if

(1) A, described in the second paragraph of section 1086.21, represented, in the cases where subparagraph *i* of subparagraph *a* of that second paragraph does not apply, only the portion of the aggregate of the eligible amounts described in subparagraph *ii* of subparagraph *a* of that second paragraph,

determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.2,

(2) the only replacement shares whose acquisition is considered for the purposes of subparagraph i of subparagraph *b* of the second paragraph of section 1086.21 and subparagraph *d* of that second paragraph were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.2,

(3) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph ii of subparagraph *b* of the second paragraph of section 1086.21 were the replacement shares that may reasonably be considered to relate to such original shares acquired by the individual in the period specified in the second paragraph of section 776.1.1.2,

(4) the fraction “100/15” provided for in subparagraph ii of subparagraph *b* of the second paragraph of section 1086.21 were replaced by a percentage of 500%, and

(5) the percentage of 15% were replaced by a percentage of 20%; and”;

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

“(b) in the case of tax computed under section 1086.22 or 1086.23, the percentage of 15% provided for in that section were replaced

i. by a percentage of 25% in respect of the portion of the excess amount referred to in section 1086.22 or 1086.23, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.1, or

ii. by a percentage of 20% in respect of the portion of the excess amount referred to in section 1086.22 or 1086.23, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share acquired by the individual in the period specified in the second paragraph of section 776.1.1.2.”

(2) Subsection 1 has effect from 1 June 2015.

**370.** (1) Section 1094 of the Act is amended by replacing subparagraph i of paragraph *d* by the following subparagraph:

“i. 25% or more of the issued shares of any class of shares of the capital stock of the corporation, or 25% or more of the issued units of the trust, as the case may be, were owned by or belonged to one or any combination of the taxpayer, persons with whom the taxpayer did not deal at arm’s length and

partnerships in which the taxpayer or a person with whom the taxpayer did not deal at arm's length holds an interest directly or indirectly through one or more other partnerships, and”.

(2) Subsection 1 applies in determining after 11 July 2013 whether a property is taxable Québec property of a taxpayer.

**371.** (1) Section 1096.1 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) in the case where the person is a corporation or a succession that is a graduated rate estate, a new taxation year is deemed to begin immediately after the particular time; and

“(b) in the case where the person is an individual, other than a succession that is a graduated rate estate, the person's taxation year is deemed to end at the particular time and a new taxation year is deemed to begin immediately after that time.”

(2) Subsection 1 applies from the taxation year 2016.

**372.** Section 1104 of the Act is amended, in paragraph *g*,

(1) by replacing subparagraphs *i* and *ii* by the following subparagraphs:

“i. section 21.17 were read as if “not less than 10%” were replaced by “more than 25%” and without reference to “of any other corporation that is related to the corporation”,

“ii. paragraph *a* of section 21.18 were read as if “with whom the taxpayer does not deal at arm's length” were replaced by “related to the taxpayer”,”;

(2) by adding “and” at the end.

**373.** (1) Section 1129.0.0.1 of the Act is amended by replacing “, III.6.4” in the portion of the third paragraph before the definition of “filing-due date” by “to III.6.6”.

(2) Subsection 1 has effect from 27 March 2015.

**374.** (1) The Act is amended by inserting the following section after section 1129.27.0.2.1:

“**1129.27.0.2.2.** The Fund shall pay, for a particular taxation year referred to in the second paragraph, a tax equal to 20% of the amount by which the aggregate of all amounts each of which is an amount paid in that particular year for the purchase of a share as first purchaser exceeds the amount determined for that particular year under the second paragraph.

The amount referred to in the first paragraph is,

- (a) where the particular taxation year ends on 31 May 2017, \$250,000,000; or
- (b) where the particular taxation year ends on 31 May 2018, the aggregate of
  - i. \$250,000,000, and
  - ii. the amount by which \$250,000,000 exceeds the aggregate of all amounts each of which is an amount paid in the taxation year that ends on 31 May 2017 for the purchase of a share as first purchaser.

For the purposes of this section, an amount paid for the purchase of a share includes only the issue price paid in respect of the share.”

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

**375.** (1) Section 1129.27.0.3 of the Act is amended by replacing “section 1129.27.0.2 or 1129.27.0.2.1” by “any of sections 1129.27.0.2 to 1129.27.0.2.2”.

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

**376.** (1) Section 1129.27.4.1 of the Act is amended, in the definition of “annual limit amount”,

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

“(b) subject to paragraphs *c* and *d*, 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 *c*:

“(d) \$135,000,000, in respect of the capitalization period that begins on 1 March 2016 and ends on 28 February 2017 and the capitalization period that begins on 1 March 2017 and ends on 28 February 2018;”.

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

**377.** (1) Section 1129.27.4.2 of the Act is amended, in the first paragraph,

(1) by replacing the portion of subparagraph *c* before the formula by the following:

“(c) if the particular capitalization period begins after 28 February 2014 and before 1 March 2016, the amount determined by the formula”;

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

“(d) if the particular capitalization period begins after 29 February 2016, the amount determined by the formula

$$40\% \times (A - B).”$$

(2) Subsection 1 applies in respect of a capitalization period that begins after 29 February 2016.

**378.** (1) Section 1129.27.6 of the Act is amended, in the third paragraph,

(1) by striking out subparagraph *a*;

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

“(b) 50%, if the share referred to in the first paragraph was issued before 1 March 2014;

“(c) 45%, if the share referred to in the first paragraph was issued after 28 February 2014 and before 1 March 2016; or”;

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

“(d) 40%, if the share referred to in the first paragraph was issued after 29 February 2016.”

(2) Subsection 1 applies in respect of a redemption or purchase made after 31 December 2015.

**379.** (1) Part III.6.3 of the Act, comprising sections 1129.27.11 to 1129.27.14, is repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2015.

**380.** (1) The Act is amended by inserting the following after section 1129.27.22:

#### “PART III.6.6

#### “SPECIAL TAX RELATING TO THE NON-REFUNDABLE TAX CREDIT FOR INTERNATIONAL FINANCIAL CENTRES

“**1129.27.23.** In this Part, “qualified wages”, “unused portion of the tax credit” and “wages” have the meaning assigned by section 776.1.27.

“**1129.27.24.** Every corporation that has deducted an amount under section 776.1.28 or 776.1.29 for a taxation year shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section

referred to as the “repayment year”) in which an amount relating to wages included in computing the qualified wages paid by the corporation to an individual for a taxation year preceding the repayment year, other than an amount described in subparagraph i or ii of paragraph *b* of the definition of “qualified wages” in section 776.1.27, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, or obtained by a person or a partnership.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount deducted by the corporation for a taxation year preceding the repayment year under section 776.1.28 or under section 776.1.29 in respect of the unused portion of the tax credit of the corporation for a taxation year preceding the repayment year exceeds the total of

(a) the aggregate of all amounts each of which is the maximum amount that the corporation could have deducted under section 776.1.28 for a particular taxation year preceding the repayment year if it had had sufficient tax payable under Part I for the particular taxation year and if, for the purposes of paragraph *b* of the definition of “qualified wages” in section 776.1.27,

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

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

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.

**“1129.27.25.** For the purposes of Part I, except Title III.5 of Book V, the tax paid at any time by a corporation to the Minister under section 1129.27.24 in relation to qualified wages is deemed to be an amount of assistance repaid at that time by the corporation in respect of the qualified wages, pursuant to a legal obligation.

**“1129.27.26.** 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 27 March 2015.

**381.** (1) The heading of Part III.7 of the Act is replaced by the following heading:

“SPECIAL DUTIES RELATING TO THE TRANSFER OF AN IMMOVABLE MADE BEFORE 18 MARCH 2016”.

(2) Subsection 1 has effect from 18 March 2016.

**382.** (1) Section 1129.29 of the Act is replaced by the following section:

“**1129.29.** Where, at any time, control of a corporation is acquired by a person or group of persons, where an immovable has been transferred to the corporation before 18 March 2016 and in the 24 months preceding that time, where the transfer is exempt from the payment of transfer duties under section 19 of the Act respecting duties on transfers of immovables (chapter D-15.1) and where it may reasonably be considered that the immovable was transferred in contemplation of the acquisition of control of the corporation by the person or group of persons, the corporation shall pay to the Minister, within 30 days from the date of sending of a notice of assessment, special duties equal to 125% of the amount of the transfer duties that would have been payable following the transfer if that section 19 had not been applicable in respect of the transfer and, where the transfer is not registered, if it had been registered.”

(2) Subsection 1 has effect from 18 March 2016.

**383.** (1) The Act is amended by inserting the following after section 1129.33:

**“PART III.7.0.1**

“SPECIAL DUTIES RELATING TO THE TRANSFER OF AN IMMOVABLE MADE AFTER 17 MARCH 2016

“**1129.33.0.1.** In this Part,

“transfer” has the meaning assigned by section 1 of the Act respecting duties on transfers of immovables (chapter D-15.1);

“transfer duties” means the duties provided for in section 2 of the Act respecting duties on transfers of immovables and in the first and second paragraphs of section 4.1 of that Act.

“**1129.33.0.2.** In this Part, where there is a transfer of a corporeal immovable and of movables which are permanently physically attached or joined to the immovable without losing their individuality and without being incorporated with the immovable, and which, in the immovable, are used for the operation of a business or the pursuit of activities, “immovable” refers to the whole formed by the immovable and the movables.

**“1129.33.0.3.** A transferee to whom the second paragraph of section 6 of the Act respecting duties on transfers of immovables (chapter D-15.1) applies who fails to file the notice of disclosure of the transfer of an immovable referred to in that second paragraph within the time limit provided for in that paragraph, although the transferee was required to do so, shall pay to the Minister, within 30 days from the date of sending of a notice of assessment, special duties equal to 150% of the amount of the transfer duties that would be payable in respect of the transfer if that Act were read without reference to its Chapter III, increased by the amount of interest, computed at the rate provided for in section 28 of the Tax Administration Act (chapter A-6.002), on the amount of those special duties from the date by which the transferee was required to file the notice of disclosure until the day of payment.

However, where the transferee fails to file the notice of disclosure of the transfer of the immovable within the time limit provided for in the second paragraph of section 6 of the Act respecting duties on transfers of immovables, although the transferee was required to do so, and where, after the expiry of that time, the transferee pays to the municipality in whose territory the immovable is situated the transfer duties owed in respect of the transfer before the sending of the notice of assessment referred to in the first paragraph, the amount that the transferee shall pay to the Minister as special duties under the first paragraph is deemed to be equal to the third of the special duties otherwise determined, increased by the amount of interest computed at the rate provided for in section 28 of the Tax Administration Act on that deemed amount from the date by which the transferee was required to file the notice of disclosure until the day of payment.

**“1129.33.0.4.** A transferee to whom the second paragraph of section 6.1 of the Act respecting duties on transfers of immovables (chapter D-15.1) applies who fails to file the notice of disclosure referred to in that second paragraph in respect of an immovable within the time limit provided for in that paragraph shall pay to the Minister, within 30 days from the date of sending of a notice of assessment, special duties equal to 150% of the amount of the transfer duties payable in respect of the immovable under the first or second paragraph of section 4.1 of that Act, increased by the amount of interest, computed at the rate provided for in section 28 of the Tax Administration Act (chapter A-6.002), on the amount of those special duties from the date by which the transferee was required to file the notice of disclosure until the day of payment.

However, where the transferee fails to file the notice of disclosure within the time limit provided for in the second paragraph of section 6.1 of the Act respecting duties on transfers of immovables and where, after the expiry of that time, the transferee pays to the municipality in whose territory the immovable is situated the transfer duties owed in respect of the immovable before the sending of the notice of assessment referred to in the first paragraph, the amount that the transferee shall pay to the Minister as special duties under the first paragraph in respect of the immovable is deemed to be equal to a third of the special duties otherwise determined, increased by the amount of interest computed at the rate provided for in section 28 of the Tax Administration Act



on that deemed amount from the date by which the transferee was required to file the notice of disclosure until the day of payment.

**“1129.33.0.5.** The Minister shall pay to the Minister of Municipal Affairs, Regions and Land Occupancy an amount representing two-thirds of the special duties collected under section 1129.33.0.3 or 1129.33.0.4 and shall transmit to that Minister any information that Minister may need in order to forward such amount to the municipality in whose territory the immovable that is the subject of special duties is situated.

**“1129.33.0.6.** Unless otherwise provided in this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, and sections 1010 and 1014 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 18 March 2016.

**384.** (1) Section 1129.52 of the Act is amended by replacing “680 to 682” in the second paragraph by “680, 681”.

(2) Subsection 1 applies from the taxation year 2016.

**385.** (1) Section 1129.70 of the Act is amended, in the first paragraph,

(1) by replacing the portion of the definition of “qualified property” before paragraph *c* by the following:

““qualified property”, of a trust at a particular time, means a property that, at that time, is held by the trust and is

(*a*) a real or immovable property that is capital property, an eligible resale property, an indebtedness of a Canadian corporation represented by a bankers’ acceptance, a property described in paragraph *a* or *b* of the definition of “qualified investment” in section 204 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or a deposit with a savings and credit union;

(*b*) a security of a subject entity all or substantially all of the determined gross revenue of which, for its taxation year that ends in the trust’s taxation year that includes that time, is from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of another entity of which the trust holds a share or an interest, including real or immovable properties that the trust, or an entity of which the trust holds a share or an interest, holds together with one or more other persons or partnerships;”;

(2) by replacing paragraph *d* of the definition of “qualified property” by the following paragraph:

“(d) ancillary to the earning by the trust of amounts described in subparagraph i or iii of paragraph *b* of the definition of “real estate investment trust”, other than a property that is

- i. part of an equity of an entity, or
- ii. a mortgage, hypothecary claim, mezzanine loan or similar obligation;”;

(3) by replacing paragraph *d* of the definition of “Canadian real, immovable or resource property” by the following paragraph:

“(d) a share of the capital stock of a corporation, a capital or income interest in a trust or an interest in a partnership, if more than 50% of the fair market value of the share or interest is derived directly or indirectly from one or any combination of properties described in any of paragraphs *a* to *c*, other than

- i. a share of a taxable Canadian corporation,
- ii. a capital or income interest in a SIFT trust or in a trust that would be a SIFT trust if the definition of “SIFT trust” had effect from 31 October 2006,
- iii. an interest in a SIFT partnership or in a partnership that would be a SIFT partnership if the definition of “SIFT partnership” had effect from 31 October 2006, or
- iv. a capital or income interest in a real estate investment trust; or”;

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

““eligible resale property”, of an entity, means real or immovable property (other than capital property) of the entity

(a) that is contiguous to a real or immovable property that is capital property or eligible resale property held by the entity or another entity affiliated with the entity; and

(b) the holding of which is ancillary to the holding of the real or immovable property described in paragraph *a*.”;

(5) by replacing the portion of the definition of “non-portfolio property” before subparagraph i of paragraph *a* by the following:

““non-portfolio property”, of a particular entity for a taxation year, means a property, held by the particular entity at any time in the year, that is

(a) a security of a subject entity (other than a portfolio investment entity), if at that time the particular entity holds”;

(6) by replacing subparagraph ii of paragraph *a* of the definition of “non-portfolio property” by the following subparagraph:

“ii. securities of the subject entity and securities of entities affiliated with the subject entity that together have a total fair market value that is greater than the amount that is 50% of the equity value of the particular entity;”;

(7) by replacing paragraphs *b* and *c* of the definition of “non-portfolio property” by the following paragraphs:

“(b) a Canadian real, immovable or resource property, if at any time in the year the total fair market value of all properties held by the particular entity that are Canadian real, immovable or resource properties is greater than the amount that is 50% of the equity value of the particular entity; or

“(c) a property that the particular entity, or a person or partnership with whom the particular entity does not deal at arm’s length, uses at that time in the course of carrying on a business in Canada;”;

(8) by replacing paragraph *b* of the definition of “equity” by the following paragraph:

“(b) if the entity is a trust, a capital or income interest in the entity;”;

(9) by replacing paragraph *a* of the definition of “real estate investment trust” by the following paragraph:

“(a) at each time in the taxation year the fair market value at that time of all non-portfolio properties that are qualified properties held by the trust is at least equal to 90% of the fair market value at that time of all non-portfolio properties held by the trust;”;

(10) by replacing the portion of paragraph *b* of the definition of “real estate investment trust” before subparagraph i by the following:

“(b) not less than 90% of the trust’s determined gross revenue for the year is from one or any combination of the following sources;”;

(11) by replacing subparagraph iii of paragraph *b* of the definition of “real estate investment trust” by the following subparagraph:

“iii. dispositions of real or immovable properties that are capital properties;”;

(12) by inserting the following subparagraph after subparagraph v of paragraph *b* of the definition of “real estate investment trust”:

“vi. dispositions of eligible resale properties;”;

(13) by replacing the portion of paragraph *c* of the definition of “real estate investment trust” before subparagraph *i* by the following:

“(c) not less than 75% of the trust’s determined gross revenue for the year is from one or any combination of the following sources:”;

(14) by replacing subparagraph *iii* of paragraph *c* of the definition of “real estate investment trust” by the following subparagraph:

“iii. dispositions of real or immovable properties that are capital properties;”;

(15) by replacing paragraph *d* of the definition of “real estate investment trust” by the following paragraph:

“(d) at each time in the year an amount, which is equal to 75% or more of the equity value of the trust at that time, is the amount that is the fair market value of all properties held by the trust each of which is a real or immovable property that is capital property, an eligible resale property, an indebtedness of a Canadian corporation represented by a bankers’ acceptance, a property described in paragraph *a* or *b* of the definition of “qualified investment” in section 204 of the Income Tax Act or a deposit with a savings and credit union; and”;

(16) by inserting the following paragraph after paragraph *d* of the definition of “real estate investment trust”:

“(e) investments in the trust are listed, at any time in the year, on a stock exchange or other public market or traded on such an exchange or other market;”;

(17) by inserting the following subparagraph after subparagraph *iv* of paragraph *b* of the definition of “excluded subsidiary entity”:

“iv.1. a person or partnership that does not have, in connection with the holding of a security of the entity, property the value of which is determined, all or in part, by reference to a security that is listed on a stock exchange or other public market or traded on such an exchange or other market, or”;

(18) by replacing the portion of the definition of “rent from real or immovable properties” before paragraph *a* by the following:

““rent from real or immovable properties” includes rent or similar payments for the use of, or right to use, real or immovable properties and the amounts paid for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection with the rental of real or immovable properties, but does not include”;

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

““capital or income interest” in a trust has, in the case of a capital interest in a trust or an income interest in a trust, the meaning assigned to those expressions by section 683;”;

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

““determined gross revenue”, of an entity for a taxation year, means the amount by which the aggregate of all amounts each of which is an amount received or receivable in the year (depending on the method regularly followed by the entity in computing the entity’s income) by the entity exceeds the aggregate of all amounts each of which is the cost to the entity of a property disposed of in the year;”;

(21) by replacing “an income or a capital interest in the particular entity” in paragraph *c* of the definition of “security” by “a capital or income interest in the particular entity” and by replacing “income or capital interests in the trust” in paragraph *b* of the definition of “equity value” by “capital or income interests in the trust”.

(2) Paragraphs 1 to 4, 8 to 14, 16 and 18 to 21 of subsection 1 apply to a taxation year that ends after 31 December 2010. In addition, they apply to a taxation year of a trust that ends after 31 December 2006 and before 1 January 2011, if

(1) the investments in the trust are listed, in one or more of those years, on a stock exchange or other public market or traded on such an exchange or other market; and

(2) the trust has made a valid election under subparagraph ii of paragraph *a* of subsection 13 of section 258 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34).

(3) Paragraphs 5 to 7 of subsection 1 apply to a taxation year that ends after 20 July 2011.

(4) Paragraph 15 of subsection 1 applies to a taxation year that ends after 31 December 2012.

(5) Paragraph 17 of subsection 1 has effect from 31 October 2006, except for the purpose of determining whether an entity is an excluded subsidiary entity for a taxation year of the entity that began before 21 July 2011 if it has made a valid election to that effect under subsection 4 of section 51 of the Economic Action Plan 2013 Act, No. 2 (Statutes of Canada, 2013, chapter 40).

(6) 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 referred to in paragraph 2 of subsection 2 or in subsection 5. 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 7 August 2017.

**386.** (1) The Act is amended by inserting the following sections after section 1129.70:

**“1129.70.1.** The second paragraph applies to an entity for a taxation year in respect of an amount and another entity (in this section referred to as the “parent entity”, “specified amount” and “source entity”, respectively), if

(a) at any time in the taxation year the parent entity is affiliated with the source entity or holds securities of the source entity that are described in any of paragraphs *a* to *c* of the definition of “equity” in the first paragraph of section 1129.70 and have a fair market value that is greater than the amount that is 10% of the equity value of the source entity;

(b) the specified amount is included in computing the parent entity’s determined gross revenue for the taxation year in respect of a security of the source entity held by the parent entity; and

(c) in the case of a source entity that is described in paragraph *b* of the definition of “qualified property” in the first paragraph of section 1129.70 in respect of the parent entity at each time during the taxation year at which the parent entity holds securities of the source entity, the specified amount cannot reasonably be considered to be derived from the source entity’s determined gross revenue from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the parent entity or of an entity of which the parent entity holds a share or an interest, including real or immovable properties that the parent entity, or an entity of which the parent entity holds a share or an interest, holds together with one or more other persons or partnerships.

For the purposes of the definition of “real estate investment trust” in the first paragraph of section 1129.70, the specified amount, to the extent that it can reasonably be considered to be derived from the source entity’s determined gross revenue, is deemed to be included in the parent entity’s determined gross revenue and to have the same character as that of the source entity and not any other character.

**“1129.70.2.** For the purposes of the definition of “real estate investment trust” in the first paragraph of section 1129.70, the following rules apply:

(a) if an amount is included in the determined gross revenue of a trust for a taxation year and it results from an agreement that can reasonably be considered to have been made by the trust to reduce its risk from fluctuations in interest rates in respect of debt incurred by the trust to acquire or refinance real or immovable property, the amount is deemed to have the same character as the determined gross revenue in respect of the real or immovable property and not any other character; and

(b) where a real or immovable property is situated in a country other than Canada and either of the following amounts is included in the determined gross revenue of a trust for a taxation year, the amount is deemed to have the same character as the determined gross revenue in respect of the real or immovable property and not any other character:

i. the amount that is a gain from fluctuations in the value of the currency of that country relative to Canadian currency recognized on revenue in respect of the real or immovable property or debt incurred by the trust for the purpose of earning revenue in respect of the real or immovable property, or

ii. the amount that results from an agreement that provides for the purchase, sale or exchange of currency, and can reasonably be considered to have been made by the trust to reduce its risk from currency fluctuations described in subparagraph i.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2010. In addition, it applies to a taxation year of a trust that ends after 31 December 2006 and before 1 January 2011, if

(1) the investments in the trust are listed, in one or more of those years, on a stock exchange or other public market or traded on such an exchange or other market; and

(2) the trust has made a valid election under subparagraph ii of paragraph *a* of subsection 13 of section 258 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, with the necessary modifications, in relation to an election referred to in paragraph 2 of subsection 2. 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 7 August 2017.

**387.** (1) Section 1129.71 of the Act is amended, in the third paragraph,

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

“(b) if the taxation year begins after 31 December 2008 and ends before 1 January 2017, 11.9%; and”;

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

“(c) if the taxation year ends after 31 December 2016, the total of

i. the proportion of 11.9% that the number of days in the taxation year that precede 1 January 2017 is of the number of days in the taxation year,

ii. the proportion of 11.8% that the number of days in the taxation year that follow 31 December 2016 but precede 1 January 2018 is of the number of days in the taxation year,

iii. the proportion of 11.7% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year,

iv. the proportion of 11.6% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year, and

v. the proportion of 11.5% that the number of days in the taxation year that follow 31 December 2019 is of the number of days in the taxation year.”

(2) Paragraph 1 of subsection 1 applies from 1 January 2017.

**388.** (1) Section 1129.75 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**1129.75.** Unless otherwise provided in this Part, Book I of Part I and sections 647, 1000 to 1024, 1027 and 1037 to 1079.16 apply, with the necessary modifications, to this Part and, for the purpose of applying this Part to a SIFT entity that is a SIFT partnership,”.

(2) Subsection 1 applies to a taxation year that begins after 20 July 2011.

**389.** (1) Section 1175.28.13 of the Act is amended by replacing “, III.6.5” by “to III.6.6”.

(2) Subsection 1 has effect from 27 March 2015.

**390.** (1) Section 1175.28.14 of the Act is amended by replacing paragraph *a.1* by the following paragraph:

“(a.1) the portion of that tax that is determined under subparagraph *a* of the third paragraph of that section and that may reasonably be considered as relating to a deduction under any of Titles III.3, III.4 and III.5 of Book V of Part I in relation to an expense, is deemed to be, for the purposes of Part I, except for that Title III.3, that Title III.4 and Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I or that Title III.5, as the case may be, and the definition referred to in paragraph *a*, an amount of assistance repaid at that time by the person in respect of the expense pursuant to a legal obligation;”.

(2) Subsection 1 has effect from 27 March 2015.



**391.** (1) Section 1180 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) the income of a taxpayer, computed in the manner prescribed in paragraph *a* of section 1178, if that income does not exceed \$65,000 for that taxation year; or

“(b) the share of a taxpayer in the income of a partnership carrying on logging operations of which the taxpayer is a member, if the income of the partnership, computed in the manner prescribed in paragraph *b* of section 1178, for a fiscal period of the partnership ending in that taxation year, does not exceed \$65,000.”;

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

“Where the taxation year referred to in subparagraph *a* of the first paragraph or, where the fiscal period of the taxpayer referred to in that subparagraph does not coincide with the taxpayer’s taxation year, the period determined in the third paragraph in respect of the taxpayer for that taxation year, or the fiscal period referred to in subparagraph *b* of that paragraph is less than 12 months, those subparagraphs are to be read as if the amount of \$65,000 were replaced by the proportion of that amount that the number of days in the taxation year, period or fiscal period, as the case may be, is of 365.”

(2) Subsection 1 applies to a taxation year that begins after 17 March 2016.

**ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES**

**392.** (1) Section 5 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) a reference to a region and a reference to an urban agglomeration mean the corresponding administrative region described in the Décret concernant la révision des limites des régions administratives du Québec (chapter D-11, r. 1) and the corresponding urban agglomeration described in Title II of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (chapter E-20.001), respectively.”

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

**393.** (1) Section 9.1 of the Act is amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

“**9.1.** Subject to a special provision of the applicable schedule, where a fiscal measure consists in allowing a person to benefit from a deduction in

computing tax payable under section 776.1.28 of the Taxation Act (chapter I-3) or from an amount deemed to have been paid on account of tax payable for a particular taxation year, the application must be filed with the responsible minister or body at or before the end of the nine-month period that begins.”.

(2) Subsection 1 has effect from 27 March 2015.

**394.** (1) Section 1.1 of Schedule A to the Act is amended by replacing paragraph 11 by the following paragraph:

“(11) the tax credit to promote employment in the Gaspésie and certain maritime regions of Québec provided for in sections 1029.8.36.72.82.13 to 1029.8.36.72.82.26 of the Taxation Act;”.

(2) Subsection 1 applies from the calendar year 2016. In addition, where section 1.1 of Schedule A to the Act applies to the calendar year 2015, paragraph 11 of that section is to be read as if “recreational tourism,” were inserted after “fields of”.

**395.** (1) The heading of Chapter XII of Schedule A to the Act is replaced by the following heading:

“SECTORAL PARAMETERS OF TAX CREDIT TO PROMOTE EMPLOYMENT IN GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC”.

(2) Subsection 1 applies from the calendar year 2016. In addition, for the calendar year 2015, the heading of Chapter XII of Schedule A to the Act is to be read as follows:

“SECTORAL PARAMETERS OF TAX CREDIT FOR JOB CREATION IN GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC IN FIELDS OF RECREATIONAL TOURISM, MARINE BIOTECHNOLOGY, MARICULTURE AND MARINE PRODUCTS PROCESSING”.

**396.** (1) Section 12.1 of Schedule A to the Act is amended

(1) by replacing the definition of “tax credit for job creation in the fields of marine biotechnology, mariculture and marine products processing” in the first paragraph by the following definition:

““tax credit to promote employment in the Gaspésie and certain maritime regions of Québec” means the fiscal measure provided for in Division II.6.6.6.2 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.”;

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

“For the purposes of this chapter, a qualification certificate referred to in subparagraph 2 of the first paragraph of section 11.2 or issued for the purposes of Division II.6.6.4 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act and according to which one or more activities referred to in any of subparagraphs 3 and 5 to 7 of the first paragraph of section 12.7 are recognized by Investissement Québec is deemed to be a qualification certificate referred to in the first paragraph of section 12.2 in which those activities are the only ones that have been specified.”

(2) Subsection 1 applies from the calendar year 2016. In addition, where section 12.1 of Schedule A to the Act applies to the calendar year 2015, the definition of “tax credit for job creation in the fields of marine biotechnology, mariculture and marine products processing” in the first paragraph of section 12.1 of Schedule A to the Act is to be read as follows:

““tax credit for job creation in the fields of recreational tourism, marine biotechnology, mariculture and marine products processing” means the fiscal measure provided for in Division II.6.6.6.2 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.”

**397.** (1) Section 12.2 of Schedule A to the Act is amended

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

**“12.2.** To benefit from the tax credit to promote employment in the Gaspésie and certain maritime regions of Québec, a corporation that is carrying on activities in one or more eligible regions must obtain a qualification certificate (in this chapter referred to as an “initial qualification certificate”) from Investissement Québec in relation to the set of activities that are carried on by the corporation in such a region in the first calendar year for which the application for the qualification certificate is filed and that may be recognized by Investissement Québec.”;

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

“The documents referred to in the second paragraph must be obtained for each calendar year that ends in a taxation year for which the corporation intends to claim the tax credit to promote employment in the Gaspésie and certain maritime regions of Québec.”;

(3) by replacing “2016” in the fourth paragraph by “2021”;

(4) by replacing “2015” in the seventh paragraph by “2020”.

(2) Subsection 1 applies from the calendar year 2016. In addition, where section 12.2 of Schedule A to the Act applies to the calendar year 2015, the first and third paragraphs of that section are to be read as if “recreational tourism,” were inserted after “fields of”.

**398.** (1) Section 12.6 of Schedule A to the Act is replaced by the following section:

**“12.6.** A business qualification certificate issued to a corporation, for a calendar year, specifies the activities carried on by the corporation in one or more eligible regions in the year that are recognized by Investissement Québec under this chapter. It confirms that the activities constitute a business that is recognized by Investissement Québec for the year for the purposes of the tax credit to promote employment in the Gaspésie and certain maritime regions of Québec.”

(2) Subsection 1 applies from the calendar year 2016. In addition, where section 12.6 of Schedule A to the Act applies to the calendar year 2015, it is to be read as if “recreational tourism,” were inserted after “fields of”.

**399.** (1) Section 12.7 of Schedule A to the Act is amended

(1) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

“(3) an activity that consists in processing marine products, such as fish and seafood, except where it is carried on either in the part of the Bas-Saint-Laurent region that is not included in the territory of Municipalité régionale de comté de La Matanie, or in the Gaspésie–Îles-de-la-Madeleine region;”;

(2) by adding the following subparagraphs after subparagraph 3 of the first paragraph:

“(4) a recreational activity intended particularly for tourists, an activity that consists in operating a tourist accommodation establishment described in subparagraph 2 of the third paragraph (including a food manufacturing or processing activity included in the tourist accommodation offer), an activity that consists in renting transportation equipment for recreational purposes or outdoor equipment, an activity relating to guided tours and boat excursions, or an activity relating to the operation of recreational facilities that foster tourism, that is carried on in the part of the Gaspésie–Îles-de-la-Madeleine region represented by the territory of the urban agglomeration of Îles-de-la-Madeleine;

“(5) a processing or manufacturing activity that is not otherwise referred to in this paragraph, is included in the group described under code 31, 32 or 33 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada, and is carried on in the Gaspésie–Îles-de-la-Madeleine region;

“(6) an activity that consists in manufacturing or processing finished or semi-finished products from peat or slate, other than an activity related to the primary processing of those minerals, and that is carried on by a corporation that did not make the election under the first paragraph of section 1029.8.36.72.82.3.1.1 of the Taxation Act; or

“(7) an activity that consists in producing wind power or manufacturing wind turbines or their key components, in particular, towers, rotors or nacelles, unless the activity is carried on in the Côte-Nord region or the part of the Bas-Saint-Laurent region that is not included in the territory of the Municipalité régionale de comté de La Matanie.”;

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

“For the purposes of subparagraph 4 of the first paragraph,

(1) a recreational activity intended particularly for tourists includes equestrian activities, diving or nature interpretation activities;

(2) a tourist accommodation establishment means such an establishment in respect of which the operator holds a valid classification certificate issued under the Act respecting tourist accommodation establishments (chapter E-14.2), certifying that the establishment is part of a class of tourist accommodation establishments to which that Act applies;

(3) a food manufacturing or processing activity is included in a tourist accommodation offer only if it is incidental to the tourist accommodation offer and is intended exclusively for the clientele of the tourist accommodation establishment;

(4) an activity that consists in renting transportation equipment for recreational purposes includes renting boats, watercrafts and bicycles for such purposes;

(5) an activity relating to guided tours and boat excursions may be recognized only if it lasts less than 24 hours; and

(6) a recreational facility that fosters tourism includes a museum, a theatre, a performance hall, an interpretation centre or a health centre.

The following activities are not activities referred to in subparagraph 4 of the first paragraph:

(1) an activity that consists in renting automobiles;

(2) an activity relating to transportation services by plane, ferry or bus; and

(3) an activity relating to the operation of facilities such as cinemas, drive-ins, mini-golfs, arcades, bowling alleys, pool halls, bars or private clubs.

A health centre referred to in subparagraph 6 of the third paragraph means a relaxation centre, spa, Nordic bath, massage therapy centre or any other place offering similar services, but does not include a centre where health care is provided by health professionals such as physicians, chiropractors, dentists or nurses.

A design or engineering activity that is carried on by a corporation for the purpose of manufacturing or processing a property may be recognized by Investissement Québec even if the manufacturing or processing of the property is entrusted to a third party, provided that the manufacturing or processing activities are activities referred to in the first paragraph and that the corporation retains broad control over the manufacturing or processing process.”

(2) Paragraph 1 of subsection 1, paragraph 2 of subsection 1, where it enacts subparagraphs 5 to 7 of the first paragraph of section 12.7 of Schedule A to the Act, and paragraph 3 of subsection 1, where it enacts the sixth paragraph of that section 12.7, apply from the calendar year 2016.

(3) Paragraph 2 of subsection 1, where it enacts subparagraph 4 of the first paragraph of section 12.7 of Schedule A to the Act, and paragraph 3 of subsection 1, where it enacts the third, fourth and fifth paragraphs of that section 12.7, apply from the calendar year 2015.

**400.** (1) Section 12.9 of Schedule A to the Act is amended

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

“(1) a food manufacturing or processing activity that is carried on in restaurants, hotels, shopping centre fast-food outlets, supermarkets, grocery stores or other similar commercial establishments, unless it is referred to in subparagraph 4 of the first paragraph of section 12.7;”;

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

“(3) an activity that consists in manufacturing or processing alcoholic beverages;

“(4) a maintenance and repair activity; and

“(5) an installation activity, such as an activity involved in the installation of factory-built houses, steel joists, ventilation ducts, electrical systems or kitchen cabinets.”

(2) Paragraph 1 of subsection 1 applies from the calendar year 2015.

(3) Paragraph 2 of subsection 1 applies from the calendar year 2016.

**401.** (1) Section 16.4 of Schedule A to the Act is amended by replacing the portion before paragraph 1 by the following:

“**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 26 March 2015 and before 1 January 2020, that”.

(2) Subsection 1 applies in respect of an application for a certificate that is filed after 26 March 2015.

**402.** (1) Section 1.1 of Schedule C to the Act is amended by adding the following paragraph after paragraph 10:

“(11) the tax credit for university research and for research carried on by a public research centre or a research consortium provided for in sections 1029.8.1 to 1029.8.7 of the Taxation Act.”

(2) Subsection 1 applies from 1 July 2016.

**403.** (1) Schedule C to the Act is amended by adding the following after section 11.3:

## “CHAPTER XII

### “SECTORAL PARAMETERS OF TAX CREDIT FOR RESEARCH CARRIED ON BY PUBLIC RESEARCH CENTRE

#### “DIVISION I

##### “INTERPRETATION AND GENERAL

“**12.1.** In this chapter, unless the context indicates otherwise,

“public research centre” means a government research centre or any other body undertaking scientific research and experimental development;

“tax credit for research carried on by a public research centre” means the fiscal measure provided for in Division II.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a person is deemed to have paid an amount to the Minister of Revenue on account of the person’s tax payable under that Part for a taxation year.

“**12.2.** In order for a person to benefit from the tax credit for research carried on by a public research centre, a public research centre must be recognized by the Minister as an eligible public research centre.

**“DIVISION II****“RECOGNITION AS ELIGIBLE PUBLIC RESEARCH CENTRE**

**“12.3.** To be recognized as an eligible public research centre, a public research centre must file with the Minister a written application containing all the information showing that the centre meets the conditions of subparagraphs 1 to 5 of the first paragraph of section 12.4. For the purposes of this Act, the application is considered to be an application for a certificate.

**“12.4.** The Minister recognizes a public research centre as an eligible public research centre if the Minister considers that

- (1) the centre has expertise in a specific field;
- (2) the centre has employees with the qualifications necessary to carry out scientific research and experimental development work that may be subcontracted to it;
- (3) the centre has the premises and equipment needed to carry out the work;
- (4) the centre receives public funds in relation to carrying out the work; and
- (5) the results of the work are generally available to the public.

A public research centre that, on 30 June 2016, was an eligible public research centre described in paragraph *a.1* of section 1029.8.1 of the Taxation Act (chapter I-3), as that paragraph read on that date, is deemed to be, on 1 July 2016, a public research centre that is recognized in accordance with the first paragraph.

**“12.5.** The name of a public research centre recognized as an eligible public research centre and the date of coming into force of the recognition are entered on the list of eligible public research centres published by the Minister, in the manner determined by the Minister. For the purposes of this Act, the entry is deemed to be a certificate issued to the public research centre by the Minister whose date of coming into force is the date of coming into force of the recognition.

**“12.6.** An eligible public research centre must, on or before the last day of February of a particular calendar year, file a written statement with the Minister confirming that, throughout the preceding year, the conditions of subparagraphs 1 to 5 of the first paragraph of section 12.4 continued to be met in its respect. The centre must also notify the Minister as soon as any change in its human, physical or financial resources that could compromise its capacity to carry out scientific research and experimental development work occurs.

The failure of an eligible public research centre to file the annual statement or notice of change may entail the cancellation of its recognition by the Minister.



**“12.7.** If a public research centre’s recognition as an eligible public research centre is cancelled, the cancellation and the effective date of the cancellation are entered on the list of eligible public research centres referred to in section 12.5. For the purposes of this Act, the cancellation is considered to be a revocation by the Minister of the certificate that the Minister is deemed to have issued to the centre under that section. The effective date of the revocation is the effective date of the cancellation.”

(2) Subsection 1 applies from 1 July 2016.

**404.** (1) Section 1.1 of Schedule E to the Act is amended

(1) by inserting “in respect of back-office activities” after “centres” in paragraph 1;

(2) by adding the following paragraph after paragraph 7:

“(8) the tax credit for international financial centres in respect of activities other than back-office activities provided for in sections 776.1.27 to 776.1.35 of the Taxation Act.”

(2) Subsection 1 has effect from 27 March 2015.

**405.** (1) The heading of Chapter II of Schedule E to the Act is replaced by the following heading:

“SECTORAL PARAMETERS OF TAX CREDIT FOR INTERNATIONAL FINANCIAL CENTRES IN RESPECT OF BACK-OFFICE ACTIVITIES”.

(2) Subsection 1 has effect from 27 March 2015.

**406.** (1) Section 2.1 of Schedule E to the Act is amended

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

““back-office activities” has the meaning assigned by section 4 of the Act respecting international financial centres;”;

(2) by striking out the definition of “international financial transaction”;

(3) by replacing the definition of “qualified international financial transaction” by the following definition:

““qualified international financial transaction” means, subject to sections 7.2 and 8.1 of the Act respecting international financial centres, a back-office activity referred to in paragraph 22 of section 7 of that Act;”.

(2) Subsection 1 applies to a taxation year of a corporation that begins after 26 March 2015.

**407.** (1) Section 2.3 of Schedule E to the Act is amended by replacing the second sentence by the following sentence: “It also specifies that the activities engaged in or to be engaged in in the course of carrying on the business pertain to qualified international financial transactions.”

(2) Subsection 1 applies in respect of a business qualification certificate issued to a corporation after 26 March 2015.

**408.** (1) Section 2.5 of Schedule E to the Act is amended by adding the following sentence at the end: “It also specifies that the activities engaged in in the course of carrying on the business pertain to qualified international financial transactions.”

(2) Subsection 1 applies in respect of a certificate issued to a corporation in relation to a taxation year that begins after 26 March 2015.

**409.** (1) Section 2.6 of Schedule E to the Act is amended by replacing subparagraph *b* of subparagraph 2 of the first paragraph by the following subparagraph:

“(b) the activities of the business that are referred to in subparagraph *a* and, if applicable, the activities of another business of the corporation that are referred to in subparagraph *a* of subparagraph 2 of the first paragraph of section 9.7 required, at all times, the work of at least six individuals each of whom is recognized by the Minister as an eligible employee of the corporation, for all or part of the year or part of year, under an employee certificate or a certificate referred to in subparagraph 2 of the second paragraph of section 9.3 that the corporation obtained in respect of the employee for the year.”

(2) Subsection 1 applies in respect of a certificate issued to a corporation in relation to a taxation year that begins after 26 March 2015.

**410.** (1) Section 2.8 of Schedule E to the Act is replaced by the following section:

“**2.8.** An employee qualification certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister as an eligible employee of the corporation for the purposes of this chapter.”

(2) Subsection 1 applies in respect of an employee qualification certificate issued to a corporation after 26 March 2015.

**411.** (1) Section 2.10 of Schedule E to the Act is replaced by the following section:

“**2.10.** An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister, for the purposes of this chapter, as an eligible employee of the corporation for the

taxation year for which the application for the certificate was made or for the part of that taxation year that is specified in the application.”

(2) Subsection 1 applies in respect of a certificate issued to a corporation in relation to a taxation year that begins after 26 March 2015.

**412.** (1) Section 3.1 of Schedule E to the Act is amended by replacing “section 2.2 or” in the definitions of “business certificate” and “business qualification certificate” in the first paragraph by “section 2.2 or 9.3 or in”.

(2) Subsection 1 has effect from 27 March 2015.

**413.** (1) Section 8.1 of Schedule E to the Act is amended

(1) by replacing the definitions of “start-up period” and “tax-free period” by the following definitions:

““start-up period” of an investment project means the 60-month period that begins on the date on which the qualification certificate referred to in the first paragraph of section 8.3 is issued to a corporation or a partnership in relation to the project;

““tax-free period” of a corporation or a partnership, in relation to an investment project, means the 15-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;”;

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

““designated region” means

(1) any of the following regions or parts of a region:

(a) the Abitibi-Témiscamingue region,

(b) the Bas-Saint-Laurent region,

(c) the Côte-Nord region,

(d) the Gaspésie-Îles-de-la-Madeleine region,

(e) the Nord-du-Québec region,

(f) the Saguenay-Lac-Saint-Jean region,

(g) the part of the Estrie region that includes the territories of the regional county municipalities of Granit and Haut-Saint-François,

(h) the part of the Mauricie region that includes the territories of the urban agglomeration of La Tuque and Municipalité régionale de comté de Mékinac, or

(i) the part of the Outaouais region that includes the territories of the regional county municipalities of Pontiac and La Vallée-de-la-Gatineau; or

(2) any of the following regional county municipalities:

(a) Municipalité régionale de comté d'Antoine-Labelle, or

(b) Municipalité régionale de comté de Charlevoix-Est;”.

(2) Paragraph 1 of subsection 1, where it replaces the definition of “tax-free period” in section 8.1 of Schedule E to the Act has effect from 21 November 2012.

(3) Paragraph 1 of subsection 1, where it replaces the definition of “start-up period” in section 8.1 of Schedule E to the Act, and paragraph 2 of that subsection have effect from 11 February 2015.

**414.** (1) Schedule E to the Act is amended by inserting the following section after section 8.2:

**“8.2.1.** The Minister may suspend the start-up period of an investment project if the Minister is of the opinion that the corporation or partnership, as the case may be, may not begin or continue the carrying out of the project without having obtained an authorization from the Gouvernement du Québec or the Government of Canada, one of their ministers or bodies, or a municipality in Québec, and that the circumstances so warrant. The Minister must notify the corporation or partnership of the date on which the suspension begins and of the date from which the start-up period begins to run again.”

(2) Subsection 1 has effect from 21 November 2012.

**415.** (1) Section 8.3 of Schedule E to the Act is amended by replacing the fourth paragraph by the following paragraph:

“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 2017.”

(2) Subsection 1 has effect from 10 February 2015.

**416.** (1) Section 8.4 of Schedule E to the Act is amended by replacing the second paragraph by the following paragraph:

“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 and, in the case of a project to which subparagraph *c* of subparagraph 3 of the first paragraph of section 8.6 applies, in a designated region, 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.”

(2) Subsection 1 has effect from 11 February 2015.

**417.** (1) Section 8.6 of Schedule E to the Act is amended

(1) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

“(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 will reach at least

(*a*) \$300,000,000, if the corporation or partnership files its application for the initial qualification certificate before 8 October 2013 and, where the carrying out of the project has not yet begun before that date, does not elect to have any of the thresholds provided for in subparagraphs *b* to *d* apply,

(*b*) \$200,000,000, if the corporation or partnership either files its application for the initial qualification certificate after 7 October 2013 and before 11 February 2015 or, where it files the application before 8 October 2013 and the carrying out of the project has not yet begun before that date, elects, in accordance with the fifth paragraph, to have the threshold provided for in this subparagraph apply, and if, where the carrying out of the project has not yet begun before 11 February 2015, it does not elect to have any of the thresholds provided for in subparagraphs *c* and *d* apply,

(*c*) \$75,000,000, if it is determined that the project must be carried out in a designated region and the corporation or partnership either files its application for the initial qualification certificate after 10 February 2015 or, where it files its application before 11 February 2015 and the carrying out of the project has not yet begun before that date, elects, in accordance with the fifth paragraph, to have the threshold provided for in this subparagraph apply, or

(*d*) \$100,000,000, if subparagraph *c* does not apply and the corporation or partnership either files its application for the initial qualification certificate after 10 February 2015 or, where it files its application before 11 February 2015 and the carrying out of the project has not yet begun before that date, elects, in accordance with the fifth paragraph, to have the threshold provided for in this subparagraph apply.”;

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

“The corporation or partnership makes any of the elections provided for in subparagraphs *b* to *d* of subparagraph 3 of the first paragraph by notifying the Minister in writing before the day on which it files its application for the first annual certificate in respect of the investment project, but on or before 20 November 2015 in the case of an election provided for in that subparagraph *b*, or 20 November 2017 in any other case.”

(2) Subsection 1 has effect from 11 February 2015.

**418.** (1) Schedule E to the Act is amended by inserting the following sections after section 8.6:

“**8.6.1.** An investment project is considered to be required to be carried out in a designated region if the corporation or partnership applying for the initial qualification certificate in respect of the project shows to the Minister’s satisfaction that all or substantially all of the project will be carried out in a designated region at or before the end of its start-up period and that the activities arising from the project will be carried out in such a region in the same proportion.

“**8.6.2.** All or substantially all of an investment project is carried out in a designated region at a particular time if, at that time, all or substantially all of the amount corresponding to the total capital investments attributable to its carrying out consists of expenditures that were incurred for the acquisition of goods or services intended for an establishment situated in the designated region and belonging to the corporation or partnership carrying out the project.”

(2) Subsection 1 has effect from 11 February 2015.

**419.** (1) Section 8.8 of Schedule E to the Act is amended

(1) by replacing subparagraphs 1 and 2 of the second paragraph by the following subparagraphs:

“(1) the date on which the corporation or partnership begins to carry on the activities arising from the carrying out of the project or, where the corporation or partnership gradually begins to carry on such activities, the date on which at least 90% of the goods intended to be used in the course of such activities are ready to be used; and

“(2) the date on which the total capital investments attributable to the carrying out of the project is, for the first time, equal to or greater than

(a) \$300,000,000, if subparagraph *a* of subparagraph 3 of the first paragraph of section 8.6 applies to the project,

(b) \$200,000,000, if subparagraph *b* of that subparagraph 3 applies to the project,

(c) \$75,000,000, if subparagraph *c* of that subparagraph 3 applies to the project, or

(d) \$100,000,000, if subparagraph *d* of that subparagraph 3 applies to the project.”;

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

“The proportion of the goods ready to be used in the course of the activities arising from the carrying out of the project corresponds to the proportion that the part of the total capital investments attributable to the carrying out of the project that consists of the expenditures incurred by the corporation or partnership to acquire such goods is of the part of the total of such capital investments that consists of expenditures that the corporation or partnership planned to incur for the acquisition of such goods according to the information sent to the Minister for the purposes of subparagraph 3 of the first paragraph of section 8.6.”

(2) Subsection 1 applies in respect of an investment project for which an application for a first annual certificate is filed after 10 February 2015.

**420.** (1) Section 8.9 of Schedule E to the Act is amended, in the first paragraph,

(1) by replacing subparagraphs 1 and 2 by the following subparagraphs:

“(1) the activities arising from the project are carried on in Québec and, if subparagraph *c* of subparagraph 3 of the first paragraph of section 8.6 applies to the project, all or substantially all of the activities are carried on in a designated region;

“(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, reaches at least

(a) \$300,000,000, if subparagraph *a* of subparagraph 3 of the first paragraph of section 8.6 applies to the project,

(b) \$200,000,000, if subparagraph *b* of that subparagraph 3 applies to the project,

(c) \$75,000,000, if subparagraph *c* of that subparagraph 3 applies to the project, or

(d) \$100,000,000, if subparagraph *d* of that subparagraph 3 applies to the project; and”;

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

“(3) where subparagraph *c* of subparagraph 3 of the first paragraph of section 8.6 applies to the project, all or substantially all of the project is carried out in a designated region at any time in the particular year or fiscal period.”

(2) Subsection 1 has effect from 11 February 2015.

**421.** (1) Schedule E to the Act is amended by adding the following after section 8.10:

**“CHAPTER IX**

**“SECTORAL PARAMETERS OF TAX CREDIT FOR INTERNATIONAL FINANCIAL CENTRES IN RESPECT OF ACTIVITIES OTHER THAN BACK-OFFICE ACTIVITIES**

**“DIVISION I**

**“INTERPRETATION AND GENERAL**

**“9.1.** In this chapter, unless the context indicates otherwise,

“back-office activities” has the meaning assigned by section 4 of the Act respecting international financial centres;

“international financial centre” means a business described in section 6 of the Act respecting international financial centres;

“qualified international financial transaction” has the meaning assigned by sections 7 to 8 of the Act respecting international financial centres, except for back-office activities referred to in paragraph 22 of that section 7;

“specialized worker” of a corporation for a particular period means an individual who, in any of the individual’s taxation years during which the individual works for a corporation, is recognized as a specialist for a particular period of that taxation year, according to a certificate referred to in subparagraph 2 of the first paragraph of section 3.2 that was issued to the corporation;

“tax credit for international financial centres” means the fiscal measure provided for in Title III.5 of Book V of Part I of the Taxation Act, under which a corporation may deduct an amount in computing its tax payable under that Part for a taxation year;

“urban agglomeration of Montréal” has the meaning assigned by section 4 of the Act respecting international financial centres.



**“9.2.** For the purposes of Divisions I to III, the following presumptions must be taken into consideration:

(1) if a corporation holds a valid qualification certificate referred to in subparagraph 1 of the first paragraph of section 2.2, in relation to an international financial centre, that was issued to the corporation for the purposes of Chapter II in respect of a taxation year of the corporation that begins before 27 March 2015, the qualification certificate is deemed to be a business qualification certificate referred to in subparagraph 1 of the first paragraph of section 9.3, in relation to the international financial centre; and

(2) if a corporation holds a valid qualification certificate referred to in subparagraph 2 of the first paragraph of section 2.2 that was issued to the corporation, in respect of an individual, for the purposes of Chapter II in respect of a taxation year of the corporation that begins before 27 March 2015, the qualification certificate is deemed to be an employee qualification certificate referred to in subparagraph 2 of the first paragraph of section 9.3 in respect of the individual.

**“9.3.** A corporation that intends to operate an international financial centre within the urban agglomeration of Montréal and that wishes to benefit from the tax credit for international financial centres must obtain from the Minister

(1) a qualification certificate in respect of that business (in this chapter referred to as a “business qualification certificate”); and

(2) a qualification certificate in respect of each of the individuals for which it wishes to benefit from the tax credit (in this chapter referred to as an “employee qualification certificate”).

Moreover, to benefit from the tax credit, such a corporation must also obtain from the Minister

(1) a certificate in respect of that business (in this chapter referred to as a “business certificate”); and

(2) a certificate in respect of each of the individuals for which it claims the tax credit (in this chapter referred to as an “employee certificate”).

The certificates referred to in the second paragraph must be obtained for each taxation year for which the corporation intends to claim the tax credit for international financial centres.

## **“DIVISION II**

### **“BUSINESS-RELATED DOCUMENTS**

**“9.4.** A business qualification certificate issued to a corporation certifies, subject to the Act respecting international financial centres, that the business

referred to in the certificate is recognized as an international financial centre. It also specifies that the activities engaged in or to be engaged in in the course of carrying on the business pertain to qualified international financial transactions.

**“9.5.** The Minister issues a business qualification certificate to a corporation if the Minister is of the opinion that the activities engaged in or to be engaged in by the corporation in the course of carrying on its business are in compliance with the provisions and objectives of the Act respecting international financial centres.

**“9.6.** A business certificate issued to a corporation certifies that the business that is referred to in the certificate and that is carried on by the corporation in the taxation year for which the application for the certificate is filed is recognized for that year, or for the part of that year that is specified in the certificate, as an international financial centre. It also specifies that the activities engaged in in the course of carrying on the business pertain to qualified international financial transactions.

**“9.7.** The Minister may issue a business certificate to a corporation if, for all or part of the taxation year for which the application for the certificate is filed,

(1) the business qualification certificate issued in respect of the business was valid; and

(2) the Minister is of the opinion that

(a) the activities of the business were related to qualified international financial transactions, and

(b) the activities of the business that are referred to in subparagraph *a* and, if applicable, the activities of another business of the corporation that are referred to in subparagraph *a* of subparagraph 2 of the first paragraph of section 2.6 required, at all times, the work of at least six individuals each of whom is recognized by the Minister as an eligible employee of the corporation, for all or part of the year or part of year, under an employee certificate or a certificate referred to in subparagraph 2 of the second paragraph of section 2.2 that the corporation obtained in respect of the employee for the year.

Where an individual is a specialized worker of the corporation for a particular period that begins or ends in a taxation year of the corporation, the following presumptions must be taken into account for the purposes of subparagraph *b* of subparagraph 2 of the first paragraph:

(1) the individual is deemed to have been recognized by the Minister as an eligible employee of the corporation for the part of the taxation year that is included in the particular period; and

(2) the corporation is deemed to have obtained an employee certificate in respect of the individual for the taxation year, under which the individual is so recognized.

**“9.8.** If the condition of subparagraph *b* of subparagraph 2 of the first paragraph of section 9.7 is not met for a particular period of a taxation year for which a business qualification certificate issued to a corporation is valid, the Minister may nevertheless recognize the business for the particular period provided the corporation shows, to the Minister’s satisfaction, that the situation is temporary and due to exceptional circumstances that are beyond its control.

### “DIVISION III

#### “DOCUMENTS RELATING TO EMPLOYEES

**“9.9.** An employee qualification certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister as an eligible employee of the corporation for the purposes of this chapter.

**“9.10.** In order for the Minister to recognize an individual as an eligible employee of a corporation, the Minister must be of the opinion that it may reasonably be expected that, from the date specified in the qualification certificate, the individual will be working full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks, and that his or her duties with the corporation will be devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation that constitutes or is to constitute an international financial centre.

**“9.11.** An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister, for the purposes of this chapter, as an eligible employee of the corporation for the taxation year for which the application for the certificate was made or for the part of that taxation year that is specified in the application.

**“9.12.** The Minister recognizes an individual as an eligible employee of a corporation if

(1) the employee qualification certificate that was issued to the corporation in respect of the individual is valid;

(2) the individual is working full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks; and

(3) the individual’s duties with the corporation were devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation in respect of which a business qualification certificate was valid.

**“9.13.** The duties of an individual with a corporation that are devoted to carrying out a qualified international financial transaction mean the duties that are directly attributable to the transactional process that is specific to the transaction.

However, unless they constitute in themselves a qualified international financial transaction, the individual’s duties that relate to legal affairs, communications, accounting, finance, taxation, corporate management, human and physical resources management, electronic data processing, marketing, messenger services, reception work or secretarial work do not constitute duties that are directly attributable to the transactional process that is specific to a qualified international financial transaction.

**“9.14.** If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee of a corporation, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them before the beginning of that period.

#### **“DIVISION IV**

#### **“SPECIAL RULES**

**“9.15.** The Minister is justified in revoking a business qualification certificate issued under this chapter if the Minister is of the opinion that the activities engaged in, in the course of carrying on the business referred to in the certificate, by the corporation that obtained it are no longer in compliance with the provisions or the objectives of the Act respecting international financial centres, whether or not the corporation contravened the provisions of the Act respecting international financial centres or of this Act.

**“9.16.** The effective date of the revocation of a qualification certificate or certificate issued under this chapter may not precede the date of the notice of revocation by more than four years.

**“9.17.** The Minister may, before issuing a qualification certificate or a certificate under this chapter or before amending or revoking such a document, obtain the advice of CFI Montréal — Centre Financier International or of any other body pursuing similar objectives.”

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

**422.** (1) Section 3.8 of Schedule H to the Act is amended

(1) by replacing subparagraphs 2 and 3 of the first paragraph by the following subparagraphs:

“(2) documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for minors, which may comprise less;

“(3) television magazine and variety programs, including variety programs featuring educational games, quizzes and contests for minors;”;

(2) by striking out the second and fourth paragraphs.

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**423.** (1) Section 3.9 of Schedule H to the Act is amended by replacing “for children under 13 years of age” in subparagraph 9 of the first paragraph by “for minors”.

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**424.** (1) Section 3.17 of Schedule H to the Act is amended

(1) by replacing “for a young audience” in subparagraph 3 of the first paragraph by “for minors”;

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

“For the purposes of subparagraph 3 of the first paragraph, a production intended for minors means a French-language one-off or serial production intended for minors which

(1) is designed and produced according to their expectations rather than those of adults, features young protagonists and reflects reality from a young person’s point of view; and”;

(3) by striking out subparagraph 2 of the second paragraph.

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**425.** (1) Section 3.23 of Schedule H to the Act is amended by replacing “for children under 13 years of age” in paragraph 3 by “for minors”.

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**426.** (1) Section 4.5 of Schedule H to the Act is amended by replacing “for children under 13 years of age” in subparagraphs 2 and 3 of the first paragraph by “for minors”.

(2) Subsection 1 applies in respect of a production for which an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**427.** (1) Section 4.6 of Schedule H to the Act is amended by replacing “for children under 13 years of age” in subparagraph 9 of the first paragraph by “for minors”.

(2) Subsection 1 applies in respect of a production for which an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**428.** (1) Section 5.5 of Schedule H to the Act is amended

(1) by replacing subparagraphs 2 and 3 of the first paragraph by the following subparagraphs:

“(2) documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for minors, which may comprise less;

“(3) television magazine and variety programs, including variety programs featuring educational games, quizzes and contests for minors;”;

(2) by striking out the second and fourth paragraphs.

(2) Subsection 1 applies in respect of a production for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**429.** (1) Section 5.6 of Schedule H to the Act is amended by replacing “for children under 13 years of age” in paragraph 9 by “for minors”.

(2) Subsection 1 applies in respect of a production for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles after 17 March 2016.

**430.** (1) Section 7.4 of Schedule H to the Act is amended by replacing the third paragraph by the following paragraph:

“If applicable, the favourable advance ruling or the qualification certificate also specifies that the performance is

(1) a musical comedy in respect of which any of the periods referred to in section 7.2 had not ended on 20 March 2012; or

(2) a comedy show for which the application for an advance ruling or, in the absence of such an application, an application for a qualification certificate for the period referred to in paragraph 1 of section 7.2 is filed with the Société de développement des entreprises culturelles after 30 June 2015 or, in the event that the Société considers that the work on the show was not sufficiently advanced on 26 March 2015, after that date.”

(2) Subsection 1 has effect from 27 March 2015.

#### ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

**431.** (1) Section 33 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) is amended by replacing paragraph *b* of the definition of “specified employer” in the first paragraph by the following paragraph:

“(b) a municipal or public body performing a function of government in Canada, a mandatory body of such a municipal or public body, or a corporation, commission or association exempt from tax under Part I of the Taxation Act under section 985;”.

(2) Subsection 1 has effect from 4 June 2014.

**432.** (1) Section 34 of the Act is amended

(1) by replacing subparagraphs *i* and *i.1* of subparagraph *a* of the second paragraph by the following subparagraphs:

“i. where the employer is a specified employer for the year in which the employer pays or is deemed to pay the wages (other than an eligible specified employer for that year) and the employer's total payroll for that year is equal to or less than \$1,000,000,

(1) 2.5% for the year 2017,

(2) 2.3% for the year 2018,

(3) 2.15% for the year 2019,

(4) 2.05% for the year 2020, or

(5) 2% for a year subsequent to the year 2020,

“i.1. where the employer is an eligible specified employer for the year in which the employer pays or is deemed to pay the wages and the employer’s total payroll for that year is equal to or less than \$1,000,000,

(1) 1.55% for the year 2017,

(2) 1.5% for the years 2018 to 2020, or

(3) 1.45% for a year subsequent to the year 2020,”;

(2) by replacing the formula in subparagraph ii of subparagraph *a* of the second paragraph by the following formula:

“ $A + (B \times C)$ ”;

(3) by replacing the formula in subparagraph ii.1 of subparagraph *a* of the second paragraph by the following formula:

“ $D + (E \times C)$ ”;

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

“In the formulas in subparagraphs ii and ii.1 of subparagraph *a* of the second paragraph,

(*a*) A is

i. 2.06% for the year 2017,

ii. 1.81% for the year 2018,

iii. 1.6225% for the year 2019,

iv. 1.4975% for the year 2020, or

v. 1.435% for a year subsequent to the year 2020;

(*b*) B is

i. 0.44% for the year 2017,

ii. 0.49% for the year 2018,

iii. 0.5275% for the year 2019,

iv. 0.5525% for the year 2020, or

v. 0.565% for a year subsequent to the year 2020;



(c) C is the quotient obtained by dividing the employer's total payroll for the year by \$1,000,000;

(d) D is

- i. 0.8725% for the year 2017,
- ii. 0.81% for the years 2018 to 2020, or
- iii. 0.7475% for a year subsequent to the year 2020; and

(e) E is

- i. 0.6775% for the year 2017,
- ii. 0.69% for the years 2018 to 2020, or
- iii. 0.7025% for a year subsequent to the year 2020.”

(2) Subsection 1 applies from 1 January 2017.

**433.** (1) Section 34.1.0.3 of the Act is amended

(1) by replacing the portion of subparagraph *b* of the fourth paragraph before subparagraph i by the following:

“(b) B is, subject to the sixth and seventh paragraphs, the aggregate of”;

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

“ii. the product obtained by multiplying the basic rate determined for the year in respect of the employer under section 771.0.2.3.1 of the Taxation Act by 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 that Act exceeds the excess amount determined under subparagraph i; and”;

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

“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, subparagraph i of subparagraph *b* of the fourth paragraph is to be read as if “8% of” were replaced by “the product obtained by multiplying the difference between the basic rate determined for the year in respect of the employer under section 771.0.2.3.1 of the Taxation Act and the percentage determined for the year in its respect under section 771.0.2.5 of that Act by”.

Where the employer is a primary and manufacturing sectors corporation, within the meaning assigned by the first paragraph of section 771.1 of the Taxation Act, to which paragraph *d.4* of subsection 1 of section 771 of that Act applies for the taxation year, subparagraph *i* of subparagraph *b* of the fourth paragraph is to be read as if “8% of” were replaced by “the product obtained by multiplying the difference between the basic rate determined for the year in respect of the employer under section 771.0.2.3.1 of the Taxation Act and the percentage determined for the year in its respect under section 771.0.2.6 of that Act by”.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2016. However, where section 34.1.0.3 of the Act applies to the taxation year that includes that date, it is to be read

(1) as if “to the sixth and seventh paragraphs” in the portion of subparagraph *b* of the fourth paragraph before subparagraph *i* were replaced by “to the sixth paragraph”; and

(2) without reference to the seventh paragraph.

**434.** (1) Section 34.1.6 of the Act is amended by inserting the following paragraphs after the third paragraph:

“The Minister may waive, in whole or in part, an amount determined under subparagraph *b* of the second paragraph for the particular year—to the extent that the amount is attributable to a particular amount described in the second paragraph of section 725.1.2 of the Taxation Act (chapter I-3)—where the number of years to which the particular amount relates results from exceptional circumstances beyond the individual’s control.

A decision of the Minister under the fourth paragraph is not subject to opposition or appeal.”

(2) Subsection 1 applies from the year 2008.

**435.** (1) The Act is amended by inserting the following after section 34.1.16:

“§3.3. — *Credit to avoid double taxation*

**“34.1.17.** An employer that is the State or any of its mandataries is deemed to have made an overpayment for a particular year to the Minister of Revenue, for the purposes of this division, in respect of the wages that the employer pays in the particular year to an employee (in this section referred to as the “seconded employee”) who is deemed to report for work in the particular year at an establishment of the employer in Québec under section 4 of the Regulation respecting contributions to the Québec Health Insurance Plan (chapter R-5, r. 1), is deemed to pay to the employee or pays in respect of the employee.

The overpayment referred to in the first paragraph is equal to the lesser of

(a) the aggregate of all amounts each of which is the amount of a contribution similar to the contribution provided for in section 34 that the employer is required to pay in accordance with the legislation of a government, other than that of Québec, in respect of the wages that the employer pays in the particular year to the seconded employee, is deemed to pay to the employee or pays in respect of the employee; and

(b) the aggregate of all amounts each of which is the amount of the contribution that the employer is required to pay for the particular year under section 34 in respect of the wages that the employer pays in the particular year to the seconded employee, is deemed to pay to the employee or pays in respect of the employee.

**“34.1.18.** An employer that is deemed to have made an overpayment for a particular year for the purposes of this division under the first paragraph of section 34.1.17 may obtain a reimbursement by filing a written application with the Minister of Revenue within four years after the end of the particular year. The application must be accompanied by documents and information allowing the Minister to determine the amount of the overpayment.”

(2) Subsection 1 applies from the year 2015.

**436.** (1) Section 37.1 of the Act is amended by replacing the definition of “dependent child” by the following definition:

““dependent child” of an individual for a year means

(a) a child in respect of whom the individual or the individual’s eligible spouse for the year has received, for the last month of the year or, if the individual died in the year and had no eligible spouse, for the month of the individual’s death, an amount deemed under section 1029.8.61.18 of the Taxation Act (chapter I-3) to be an overpayment of tax payable or would have received such an amount for that month had the child not died in the year;

(b) a child born or adopted in the last month of the year, if it may reasonably be considered that the individual or the individual’s eligible spouse for the year will receive in respect of that child, for the first month following that year, an amount deemed under that section 1029.8.61.18 to be an overpayment of tax payable; or

(c) a child in respect of whom the individual or the individual’s eligible spouse for the year has deducted an amount in computing tax payable for the year under section 776.41.14 of that Act, or could have deducted such an amount if the individual or the individual’s eligible spouse had been resident in Québec, for the purposes of that Act, throughout the year or, if the individual or the individual’s eligible spouse died in the year, throughout the period of the year preceding the time of death;”.

(2) Subsection 1 applies from the year 2016.

**437.** (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. \$15,360 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$24,890 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$28,210 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$24,890 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) \$28,210 where the individual has one dependent child for the year, or

“(2) \$31,275 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2015.

**438.** (1) Section 37.7 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) is a person benefitting from the coverage provided for by the basic prescription drug insurance plan established by the Act respecting prescription drug insurance (chapter A-29.01) under a group insurance contract, an employee benefit plan or an individual insurance contract referred to in section 42.2 of that Act applicable to a group of persons determined in accordance with section 15.1 of that Act;”.

(2) Subsection 1 has effect from 30 August 2006.

**439.** (1) Section 37.16.1 of the Act is amended, in the second paragraph,

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

“(a.1) an amount received in respect of the loss of all or part of an income from an office or employment, pursuant to an insurance plan, referred to in section 43 of the Taxation Act;”;

(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); or”.

(2) Subsection 1 applies from the year 2013.

**440.** (1) Section 37.17 of the Act is amended

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

“(a) where the particular year is the year 2016,

i. if the individual’s income for the year is greater than \$18,570 but does not exceed \$41,265, an amount equal to the lesser of \$50 and 5% of the amount by which that income exceeds \$18,570,

ii. if the individual’s income for the year is greater than \$41,265 but does not exceed \$134,095, an amount equal to the lesser of \$175 and the aggregate of \$50 and 5% of the amount by which that income exceeds \$41,265, or

iii. if the individual’s income for the year is greater than \$134,095, an amount equal to the lesser of \$1,000 and the aggregate of \$175 and 4% of the amount by which that income exceeds \$134,095;”;

(2) by striking out subparagraphs *b* and *c* of the first paragraph;

(3) by replacing subparagraph *a* of the fifth paragraph by the following subparagraph:

“(a) \$1,000, where the particular year is the year 2016;”;

(4) by striking out subparagraphs *b* and *c* of the fifth paragraph.

(2) Subsection 1 applies from the year 2016.

(3) In addition, where, 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 both the amount of a payment that an individual is required to make for the year 2016 and after 31 March 2016 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, subparagraph *a* of the first paragraph of that section 37.17, enacted by paragraph 1 of subsection 1, is deemed to have also been in force for the

year 2015 and subparagraph *a* of the first paragraph of that section 37.17, as that section read in its application to the year 2015, is deemed not to have been in force; and

(2) sections 1026 and 1038 of the Taxation Act apply for the purpose of computing both the amount of a payment that an individual is required to make for the year 2016 and after 31 March 2016 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, subparagraph *a* of the first paragraph of that section 37.17, enacted by paragraph 1 of subsection 1, is deemed to have also been in force for the years 2014 and 2015 and

(a) subparagraphs *a* to *c* of the first paragraph of that section 37.17, as that section read in its application to the year 2014, are deemed not to have been in force, and

(b) subparagraph *a* of the first paragraph of that section 37.17, as that section read in its application to the year 2015, is deemed not to have been in force.

**441.** (1) Sections 37.17.1 and 37.17.2 of the Act are repealed.

(2) Subsection 1 applies from the year 2016.

#### ACT RESPECTING THE REPRESENTATION OF FAMILY-TYPE RESOURCES AND CERTAIN INTERMEDIATE RESOURCES AND THE NEGOTIATION PROCESS FOR THEIR GROUP AGREEMENTS

**442.** (1) Section 34 of the Act respecting the representation of family-type resources and certain intermediate resources and the negotiation process for their group agreements (chapter R-24.0.2) is amended

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

“**34.** The remuneration of a resource is determined as follows:”;

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

“(c) financial compensation so that a resource may enjoy coverage under the Act respecting industrial accidents and occupational diseases (chapter A-3.001), and financial compensation intended to provide access to services with regard to employment benefits.”

(2) Subsection 1 has effect from 1 January 2012.

## EDUCATIONAL CHILDCARE ACT

**443.** (1) The Educational Childcare Act (chapter S-4.1.1) is amended by inserting the following section after section 88.1:

**“88.1.0.1.** For the purposes of the definition of “individual’s income” in section 88.1, where an individual was not, for the purposes of the Taxation Act (chapter I-3), resident in Canada throughout the year preceding the particular year to which that definition refers, the individual’s income for the preceding year is deemed to be equal to the income that would be determined in respect of the individual for the preceding year under Part I of that Act if the individual had, for the purposes of that Act, been resident in Québec and in Canada throughout the preceding year.”

(2) Subsection 1 has effect from 21 April 2015.

## ACT RESPECTING THE QUÉBEC SALES TAX

**444.** Section 17.0.1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended by replacing “prescribed” in paragraph 4 by “determined”.

**445.** (1) Section 26.2 of the Act is amended by replacing the definition of “specified year” in the first paragraph by the following definition:

““specified year” has the meaning assigned by section 217 of the Excise Tax Act.”

(2) Subsection 1 applies to a specified year of a person that ends after 31 December 2012.

**446.** Section 55.0.2 of the Act is amended by replacing “prescribed” in paragraph 4 by “determined”.

**447.** (1) The Act is amended by inserting the following section after section 198.5:

**“198.6.** A supply of a product that is a sanitary napkin, tampon, sanitary belt, menstrual cup or other similar product and that is marketed exclusively for feminine hygiene is a zero-rated supply.”

(2) Subsection 1 applies in respect of a supply made after 30 June 2015.

**448.** (1) Section 330.1 of the Act is amended by replacing “valeur symbolique” by “valeur nominale” wherever it appears in the following provisions of paragraph 2 in the French text:

— subparagraphs *a* and *b*;

— the portion of subparagraph *c* before subparagraph *i*;

— subparagraph iii of subparagraph c.

(2) Subsection 1 has effect from 1 January 2015.

**449.** (1) Section 402.21 of the Act is amended by replacing subparagraphs 3 and 4 of the first paragraph by the following subparagraphs:

“(3) in the case of an election under section 402.18, state the percentage specified for each qualifying employer, which percentage must be equal to the percentage specified for that employer in the valid election under subsection 5 of section 261.01 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) for the claim period; and

“(4) in the case of an election under section 402.19, state the percentage specified for each qualifying employer, which percentage must be equal to the percentage specified for that employer in the valid election under subsection 6 of section 261.01 of the Excise Tax Act for the claim period.”

(2) Subsection 1 applies in respect of a claim period that begins after 31 December 2012, except in respect of such a claim period for which a pension entity has filed a valid election with the Minister under section 402.18 or 402.19 of the Act before 15 November 2016. However, where section 402.21 of the Act applies in respect of a claim period that is deemed, because of the seventh paragraph of section 402.13 of the Act, to begin on 1 January 2013, subparagraphs 3 and 4 of the first paragraph of section 402.21 of the Act are to be read as follows:

“(3) in the case of an election under section 402.18, state the percentage specified for each qualifying employer, which percentage must be equal to the percentage specified for that employer in the valid election under subsection 5 of section 261.01 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) for the claim period that includes 1 January 2013; and

“(4) in the case of an election under section 402.19, state the percentage specified for each qualifying employer, which percentage must be equal to the percentage specified for that employer in the valid election under subsection 6 of section 261.01 of the Excise Tax Act for the claim period that includes 1 January 2013.”

**450.** (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, who is neither a prescribed person or a person of a prescribed class nor a selected listed financial institution for the purposes of that Part IX, 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.

**451.** (1) Section 433.22 of the Act is amended by replacing the portion of subparagraph 1 of the third paragraph before subparagraph *a* by 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 values of A and B 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, 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”.

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

**452.** Section 450 of the Act is amended by replacing “any of sections 57, 213 or 215 to 219 applies” by “section 57 or 213 applies”.

**453.** (1) Section 450.0.1 of the Act is amended

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

““qualifying pension entity” has the meaning assigned by section 402.13;”;

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

““claim period” has the meaning assigned by section 402.13;”.

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

**454.** Section 457.1.3 of the Act is amended by striking out the definition of “gross revenue”.

**455.** (1) Section 458.8 of the Act is amended by replacing the third paragraph by the following paragraph:

“Despite any other provision of this division, a person’s reporting period that follows the particular reporting period that is deemed to end on 31 December 2012 under this section, or that begins on 1 January 2013 following the person’s registration under section 407.6, ends on the day on which the person’s reporting period under Part IX of the Excise Tax Act that includes 1 January 2013 ends, unless the person is both a financial institution

referred to in paragraph 6 or 9 of the definition of “listed financial institution” in section 1 and a selected listed financial institution throughout the reporting period without being a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the reporting period for the purposes of that Part IX that includes 1 January 2013.”

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

**456.** (1) Section 489.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“**489.1.** In the case of beer produced in Québec by a particular person, the specific tax that a person is required to pay under this Title in respect of beer is reduced by the prescribed percentage, on the prescribed terms and conditions.”

(2) Subsection 1 applies in respect of beer sold after 31 May 2016.

**457.** (1) The Act is amended by inserting the following section after section 515:

“**515.1.** For the purposes of this Title, a premium payable under an individual insurance contract referred to in section 42.2 of the Act respecting prescription drug insurance (chapter A-29.01) is deemed to be a group insurance premium.”

(2) Subsection 1 applies in respect of a premium paid after 31 December 2015.

**458.** (1) Section 541.23 of the Act is amended

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

““ready-to-camp unit” has the meaning assigned by section 6.1 of the Regulation respecting tourist accommodation establishments (chapter E-14.2, r. 1);”;

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

““accommodation unit” includes a room, a bed, a suite, an apartment, a house, a cottage or a ready-to-camp unit;”.

(2) Subsection 1 applies from 1 November 2016.

**459.** (1) Section 541.24 of the Act is amended

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

“(1) where the supply is made by the operator of a sleeping-accommodation establishment, a tax computed at the rate of 3.5% of the value of the consideration for the overnight stay; or

“(2) where the supply is made by an intermediary, a specific tax equal to \$3.50 per overnight stay for each unit.”;

(2) by striking out subparagraphs 3 and 4 of the first paragraph;

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

“For the purposes of subparagraph 1 of the first paragraph, where a property or service is supplied together with the accommodation unit for a single consideration, the value of the consideration for the overnight stay is solely the amount attributable to the supply of the accommodation unit.”

(2) Subsection 1 applies in respect of the supply of an accommodation unit that is invoiced after 31 October 2016 for occupancy after that date, unless

(1) the accommodation unit is supplied by an intermediary to whom the accommodation unit was supplied before 1 November 2016; or

(2) the operator of a sleeping-accommodation establishment has invoiced the supply of the accommodation unit to a travel intermediary that is a travel agent within the meaning of section 2 of the Travel Agents Act (chapter A-10), a foreign tour operator or a convention organizer that supplies the accommodation unit to a convention attendee, consideration has been set under an agreement entered into before 1 November 2016 between the operator of the sleeping-accommodation establishment and the travel intermediary, and occupation of the accommodation unit takes place after 31 October 2016 and before 1 August 2017.

**460.** (1) Section 541.25 of the Act is amended by replacing subparagraphs 1 and 2 of the third paragraph by the following subparagraphs:

“(1) where the supply is made to a client, the tax provided for in subparagraph 2 of the first paragraph of section 541.24; or

“(2) where the supply is made to a person other than a client, an amount equal to the tax referred to in subparagraph 1.”

(2) Subsection 1 applies in respect of the supply of an accommodation unit that is invoiced after 31 October 2016 for occupancy after that date, unless

(1) the accommodation unit is supplied by an intermediary to whom the accommodation unit was supplied before 1 November 2016; or

(2) the operator of a sleeping-accommodation establishment has invoiced the supply of the accommodation unit to a travel intermediary that is a travel agent within the meaning of section 2 of the Travel Agents Act (chapter A-10), a foreign tour operator or a convention organizer that supplies the accommodation unit to a convention attendee, consideration has been set under an agreement entered into before 1 November 2016 between the operator of the sleeping-accommodation establishment and the travel intermediary, and occupation of the accommodation unit takes place after 31 October 2016 and before 1 August 2017.

**461.** (1) Section 541.32 of the Act is amended by replacing the portion of the second paragraph before subparagraph 1 by the following:

“However, where subparagraph 1 of the first paragraph of section 541.24 applies, the person shall state the amount of the tax separately and specify that the amount is the 3.5% tax on lodging if”.

(2) Subsection 1 applies in respect of the supply of an accommodation unit that is invoiced after 31 October 2016 for occupancy after that date, unless

(1) the accommodation unit is supplied by an intermediary to whom the accommodation unit was supplied before 1 November 2016; or

(2) the operator of a sleeping-accommodation establishment has invoiced the supply of the accommodation unit to a travel intermediary that is a travel agent within the meaning of section 2 of the Travel Agents Act (chapter A-10), a foreign tour operator or a convention organizer that supplies the accommodation unit to a convention attendee, consideration has been set under an agreement entered into before 1 November 2016 between the operator of the sleeping-accommodation establishment and the travel intermediary, and occupation of the accommodation unit takes place after 31 October 2016 and before 1 August 2017.

**462.** (1) Section 677 of the Act is amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph 15:

“(15.1) determine, for the purposes of section 119.2, which supplies are prescribed supplies and, for the purposes of subparagraph *b* of subparagraph 2 of the first paragraph of that section, which persons or classes of persons and circumstances or conditions are prescribed persons or prescribed classes of persons and prescribed circumstances or conditions;”;

(2) by inserting the following subparagraph after subparagraph 41.2:

“(41.3) determine, for the purposes of paragraph 3 of section 402.24, the prescribed circumstances;”;

(3) by replacing subparagraph 55.1 by the following subparagraph:

“(55.1) determine, for the purposes of section 541.24, the prescribed sleeping-accommodation establishments and the prescribed tourist regions;”.

(2) Paragraph 1 of subsection 1 applies in respect of a supply made after 26 February 2008.

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

(4) Paragraph 3 of subsection 1 applies from 1 November 2016.

#### FUEL TAX ACT

**463.** Section 45.6 of the Fuel Tax Act (chapter T-1) is replaced by the following section:

“**45.6.** Where, in proceedings under this Act, proof that a person is the registered owner of a motor vehicle is required, a copy of the registration certificate of the vehicle or another document consisting of information contained in the register kept by the Société de l’assurance automobile du Québec under section 10 of the Highway Safety Code (chapter C-24.2) and certified by the Société is admissible as evidence.”

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

**464.** (1) Section 182 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2003, chapter 2) is amended

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

“(2) Subsection 1 applies in respect of distributions made after 15 March 2001. However, where section 691.1 of the said Act applies in respect of a distribution of property (in this subsection referred to as the “distributed property”) made after 31 December 2001 and before 1 January 2009 by a particular trust, it is to be read without reference to subparagraph ii of paragraph *b*, if

(1) section 467 of the said Act was not applicable in respect of the distributed property, or property for which it was substituted, at any time during which the distributed property or the substituted property was held by

(a) the particular trust,

(b) a trust that made a disposition, to which section 692.8 of the said Act applied, to the particular trust, or

(c) a trust that made a disposition, to which section 692.8 of the said Act applied, to a trust described in subparagraph *b* or in this subparagraph; and

(2) the only property in respect of which section 467 of the said Act was applicable at a time at which it was held by a trust described in paragraph 1 is a property that was held by the trust before 1 January 1989 at a time at which section 467 of the said Act was applicable in respect of the property.”;

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

“(3) In addition, where section 691.1 of the said Act applies in respect of distributions made after 31 December 1999 and before 16 March 2001, the portion of that section before paragraph *a* shall be read as follows:

“**691.1.** Notwithstanding section 688, the rules set out in section 688.1 apply where any particular property of a personal trust or a prescribed trust is distributed by the trust to a taxpayer who is a beneficiary under the trust as consideration for all or any part of the taxpayer’s capital interest in the trust and where”.”

(2) Subsection 1 has effect from 3 July 2003.

**465.** This Act comes into force on 8 February 2017.

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Abbreviations: **A**: Abrogated, **N**: New, **M**: Modified

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