

9. Section 36 is amended by substituting the words “The Bureau shall issue an engineer-in-training permit to a candidate provided that he” for the words “The secretary of the Order shall enter a candidate on the roll as a member provided that the candidate”.

10. Section 37 is amended by substituting the words “The holder of an engineer-in-training permit” for the words “Such member”.

11. The following is substituted for sections 38 and 39:

“**38.** Provided that he is entered on the roll, the holder of an engineer-in-training permit may use the title “ingénieur stagiaire” in French or “Engineer-in-Training” in English.

Such permit holder may use the abbreviation “ing. stag.” in French or the initials “E.I.T.” in English.

Such permit holder may not in any way

— claim to be an engineer;

— use the title “Engineer”, or use a title, abbreviation or initials which could imply that he is an engineer; or

— allow himself to be announced or designated by the title “Engineer” or by an abbreviation of that title or by a title, abbreviation or initials which could imply that he is an engineer.

39. The engineer-in-training permit shall be valid until it is replaced by an engineer’s permit issued in accordance with section 40 of the Professional Code.”.

12. This Regulation comes into force on the fifteenth day following its publication in the *Gazette officielle du Québec*.

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Gouvernement du Québec

O.C. 67-96, 16 January 1996

Taxation Act
(R.S.Q., c. I-3)

Regulation
— **Amendments**

Regulation to amend the Regulation respecting the Taxation Act

WHEREAS under subparagraph *f* of the first paragraph of section 1086 of the Taxation Act (R.S.Q., c. I-3), the

Government may make regulations to generally prescribe the measures required for the application of the Act;

WHEREAS the Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r. 1) was made under that Act;

WHEREAS the Taxation Act was amended by Chapter 59 of the Statutes of 1990, Chapter 25 of the Statutes of 1991, Chapter 16 of the Statutes of 1993 and Chapter 22 of the Statutes of 1994, in order to give effect to fiscal measures announced on 18 December 1987, 12 May 1988, 16 May 1989, 19 December 1989, 26 April 1990, 19 December 1990, 2 May 1991, 28 February 1992, 14 May 1992 and 24 November 1992 by the Minister of Finance in Budget Speeches, Minister’s Statements and a press release, and announced on 5 July 1991 by the Ministère des Finances in an information bulletin;

WHEREAS it is expedient to amend the Regulation respecting the Taxation Act in order to give full effect to those fiscal measures of the Gouvernement du Québec;

WHEREAS under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be made notwithstanding the publication requirement of section 8 of that Act, if the authority making it is of the opinion that the fiscal nature of the norms established, amended or repealed therein warrants it;

WHEREAS under section 18 of that Act, a regulation may come into force on the date of its publication in the *Gazette officielle du Québec* where the authority that has made it is of the opinion that the fiscal nature of the norms established, amended or repealed therein warrants it;

WHEREAS the Government is of the opinion that the fiscal nature of the norms established, amended or repealed by the Regulation justifies the absence of prior publication and such coming into force;

WHEREAS under section 27 of the Regulations Act, a regulation may take effect before the date of its publication in the *Gazette officielle du Québec*, where the Act under which it is made expressly provides therefor;

WHEREAS under the second paragraph of section 1086 of the Taxation Act, the regulations made under that Act may, once published and if they so provide, apply to a period prior to their publication, but not prior to the taxation year 1972;

IT IS ORDERED, therefore, on the recommendation of the Minister of Revenue:

THAT the Regulation to amend the Regulation respecting the Taxation Act, attached hereto, be made.

MICHEL CARPENTIER,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting the Taxation Act

Taxation Act
(R.S.Q., c. I-3, s. 1086, 1st par., subpar. f)

1. 1. The Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r. 1), amended by the Regulations made by Orders in Council 3211-81 dated 25 November 1981 (Suppl., p. 767), 3438-81 dated 9 December 1981 (Suppl., p. 789), 144-82 dated 20 January 1982 (Suppl., p. 790), 1544-82 dated 23 June 1982 (Suppl., p. 792), 2823-82 dated 1 December 1982, 2962-82 dated 15 December 1982, 227-83 dated 9 February 1983, 500-83 dated 17 March 1983, 2486-83 dated 30 November 1983, 2727-84 dated 12 December 1984, 2847-84 dated 19 December 1984, 491-85 dated 13 March 1985, 2508-85 dated 27 November 1985, 2509-85 dated 27 November 1985, 2583-85 dated 4 December 1985, 544-86 dated 23 April 1986, 1239-86 dated 13 August 1986, 1811-86 dated 3 December 1986, 1812-86 dated 3 December 1986, 7-87 dated 7 January 1987, 1472-87 dated 23 September 1987, 1875-87 dated 9 December 1987, 421-88 dated 23 March 1988, 615-88 dated 27 April 1988, 838-88 dated 1 June 1988, 1076-88 dated 6 July 1988, 1549-88 dated 12 October 1988, 1745-88 dated 23 November 1988, 1746-88 dated 23 November 1988, 1747-88 dated 23 November 1988, 1819-88 dated 7 December 1988, 1038-89 dated 28 June 1989, 1344-89 dated 16 August 1989, 1764-89 dated 15 November 1989, 140-90 dated 7 February 1990, 223-90 dated 21 February 1990, 291-90 dated 7 March 1990, 1666-90 dated 28 November 1990, 1797-90 dated 19 December 1990, 143-91 dated 6 February 1991, 538-91 dated 17 April 1991, 1025-91 dated 17 July 1991, 1232-91 dated 4 September 1991, 1471-91 dated 23 October 1991, 1589-91 dated 20 November 1991, 1114-92 dated 29 July 1992, 1697-92 dated 25 November 1992, 208-93 dated 17 February 1993, 868-93 dated 16 June 1993, 1114-93 dated 11 August 1993, 1539-93 dated 3 November 1993, 1646-93 dated 24 November 1993, 91-94 dated 10 January 1994, 366-94 dated 16 March 1994, 849-94 dated 8 June 1994, 1660-94 dated 24 November 1994, 1691-94 dated 30 November 1994, 473-95 dated 5 April 1995, 522-95 dated 12 April 1995, 1562-95 dated 29 November 1995 and 35-96 dated 10 January 1996, is further amended by inserting the following before section 1R2:

“**1R1.1.** In the definition of the term “share” provided for in section 1 of the Act, a cooperative means a cooperative described in section 119.2R3.”.

2. Subsection 1 has effect from 1 January 1989.

2. 1. Section 21.11.20R1 is amended

(1) by substituting the word “Bourse” for the word “bourse” in subparagraphs *i* to *v* of paragraph *a* of the French version;

(2) by substituting the following for paragraph *b*:

“(b) the following foreign stock exchanges:

- i. in Germany, the Frankfurt Stock Exchange;
- ii. in Australia, the Australian Stock Exchange;
- iii. in Belgium, the Brussels Stock Exchange;
- iv. in Spain, the Madrid Stock Exchange;
- v. in the United States:

(1) the American Stock Exchange;

(2) the Boston Stock Exchange;

(3) the Chicago Board of Options;

(4) the Chicago Board of Trade;

(5) the Cincinnati Stock Exchange;

(6) the Intermountain Stock Exchange;

(7) the Midwest Stock Exchange;

(8) the National Association of Securities Dealers Automated Quotation System;

(9) the New York Stock Exchange;

(10) the Pacific Stock Exchange;

(11) the Philadelphia Stock Exchange;

(12) the Spokane Stock Exchange;

vi. in France, the Paris Stock Exchange;

vii. in Hong Kong, the Hong Kong Stock Exchange;

viii. in Italy, the Milan Stock Exchange;

- ix. in Japan, the Tokyo Stock Exchange;
- x. in Mexico, the Mexico Stock Exchange;
- xi. in New Zealand, the New Zealand Stock Exchange;
- xii. in the Netherlands, the Amsterdam Stock Exchange;
- xiii. in the United Kingdom, the London Stock Exchange;
- xiv. in Singapore, the Singapore Stock Exchange;
- xv. in Switzerland, the Zurich Stock Exchange.”

2. Subsection 1 has effect from 1 January 1991.

3. 1. Section 21.19R1 is amended

(1) by substituting the following for that part preceding subparagraph *a* of the first paragraph of the French version:

“**21.19R1.** Pour l’application de l’article 21.19 de la Loi, une corporation prescrite est une corporation qui est enregistrée ou inscrite en vertu:”;

(2) by substituting a semicolon for the period at the end of subparagraph *h* of the first paragraph;

(3) by adding the following subparagraph after subparagraph *h* of the first paragraph:

“(i) Part III of the Labour Sponsored Venture Capital Corporations Act, 1992 (S.O., 1992, c. 18).”;

(4) by substituting the following for that part of the second paragraph preceding subparagraph *a*:

“The following are also prescribed corporations for the purposes of that section 21.19:”;

(5) by substituting a semicolon for the period at the end of subparagraph *c* of the second paragraph; and

(6) by adding the following subparagraph after subparagraph *c* of the second paragraph:

“(d) the corporation governed by The Manitoba Employee Ownership Fund Corporation Act (Continuing Consolidation of the Statutes of Manitoba, c. E95).”.

2. Paragraphs 2 and 3 of subsection 1 apply from the 1991 taxation year.

3. Paragraphs 5 and 6 of subsection 1 apply from the 1992 taxation year.

4. 1. The following is inserted after section 21.19R1:

“**21.20.1R1.** For the purposes of paragraph *d* of section 21.20.1 of the Act, the prescribed rate of interest during a particular period is that which is equal:

(a) where the shares contemplated in that paragraph *d* were issued before 1 January 1984, to the rate determined during that same period for the purposes of subsection 1 of section 161 of the Income Tax Act (R.S.C., 1985, c. 1, 5th Suppl.);

(b) where the shares contemplated in that paragraph *d* were issued after 31 December 1983, to the rate determined during that same period in accordance with paragraph *a* of section 4301 of the Regulations made under the Income Tax Act.

21.28R1. For the purposes of paragraph *a* of the definition of the expression “qualified security” provided for in section 21.28 of the Act, a prescribed stock exchange is a stock exchange referred to in section 21.11.20R1.”.

2. Subsection 1, where it makes section 21.20.1R1 of the Regulation respecting the Taxation Act, has effect from 1 January 1989. Notwithstanding the foregoing, where paragraph *b* of that section 21.20.1R1 applies in respect of interest to be computed during a particular period ending before 1 October 1989, it shall be read with the words “paragraph *a* of” being disregarded.

3. Subsection 1, where it makes section 21.28R1 of the Regulation respecting the Taxation Act, has effect from 27 April 1989.

5. 1. Section 47.16R1 is amended by substituting the following for clause 1 of subparagraph *iii* of paragraph *a*:

“(1) either the amount of the salary or wages of the employee which was deferred or the amount by which that salary or those wages must be reduced, under the arrangement, or amounts based on a percentage of the salary and wage scale of the employees of the employer, that percentage being established in respect of the employee for the deferral period and the duration of the leave of absence contemplated in subparagraph *i*;”.

2. Subsection 1 applies from the 1986 taxation year.

6. 1. The following is substituted for section 92.7R1:

“**92.7R1.** For the purposes of subparagraph *ix* of paragraph *a* of section 92.7 of the Act, a prescribed contract means, at any time in a calendar year, a registered retirement savings plan, a registered home ownership savings plan or a registered retirement income fund other than such a plan or fund to which a trust is a party, provided that the annuitant or beneficiary under such plan or fund is alive at that time.”

2. Subsection 1 applies from the 1985 taxation year.

7. 1. Divisions I and II of Chapter I.2 of Title V are revoked.

2. Subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989.

8. 1. The following is inserted before section 92.11R1:

“**DIVISION III.1**
INTERPRETATION

92.11R0.1. For the purposes of this Chapter:

“policy anniversary” includes, in the case of a life insurance policy that exists for a full calendar year and in respect of which there would not otherwise be a policy anniversary during the year, the end of the calendar year (*anniversaire de la police*);

“prescribed annuity contract” has the meaning assigned to it by sections 92.11R1.1 to 92.11R5 (*contrat de rente prescrit*);

“life annuity contract” has the meaning assigned to it by sections 966R2 to 966R4 (*contrat de rente viagère*);

“accumulating fund”, at a particular time, in respect of an interest in an annuity contract or a life insurance policy means the amount determined at that time in respect of the interest in accordance with sections 92.11R1 to 92.11R1.0.11 (*fonds accumulé*);

“amount payable” has the meaning assigned to it by paragraph *j* of section 835 of the Act (*montant à payer*);

“exempt policy” has the meaning assigned to it by sections 92.19R1 to 92.19R9 (*police exonérée*);

“death benefit” does not include a dividend on a policy or interest thereon, left on deposit with an insurer, or an additional amount payable following an accidental death (*prestation de décès*);

“policy loan” has the meaning assigned to it by paragraph *b.2* of section 966 of the Act (*prêt sur police*);

“cash surrendered value” has the meaning assigned to it by paragraph *d* of section 966 of the Act (*valeur de rachat*).

DIVISION III.2
ACCUMULATING FUNDS”.

2. Subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989. Notwithstanding the foregoing, where section 92.11R0.1 of the Regulation respecting the Taxation Act, made by it, applies before 1 January 1993, it shall be read with the following definition being inserted after the definition of “amount payable”:

““life insurance policy in Canada” has the meaning assigned to it by paragraph *o* of section 818R1;”.

9. 1. The following is substituted for section 92.11R1:

“**92.11R1.** For the purposes of section 92.11 of the Act, an accumulating fund at a particular time is:

(*a*) in respect of a taxpayer’s interest in an annuity contract that is not a contract issued by a life insurer, the amount determined under sections 92.11R1.0.2 and 92.11R1.0.3;

(*b*) in respect of a taxpayer’s interest in a life insurance policy that is not a standard policy for the purposes of exemption or an annuity contract contemplated in paragraph *a*, the amount determined under sections 92.11R1.0.4 and 92.11R1.0.5;

(*c*) in respect of a standard policy for the purposes of exemption, the amount determined under sections 92.11R1.0.6 to 92.11R1.0.10.”.

2. Subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989.

10. 1. The following is inserted after section 92.11R1:

“**92.11R1.0.1.** For the purposes of this Division, where an amount must be determined under any of sections 840R7 to 840R23, the following rules apply to the determination of that amount:

(*a*) the expression “policy loan” has the meaning assigned to it by paragraph *b.2* of section 966 of the Act;

(*b*) section 840R8 shall not be taken into account;

(*c*) paragraphs *a* and *b* of section 840R13 shall be read without taking into account the words “or in respect of the interest accrued on such loan for the benefit of the insurer at the end of the year.”.

92.11R1.0.2. An accumulating fund at a particular time in respect of a taxpayer's interest in an annuity contract contemplated in paragraph *a* of section 92.11R1 is an amount equal to the higher of:

(*a*) the amount by which the cash surrender value of his interest at that time exceeds the amount payable in respect of a loan unpaid at that time and made under the contract in respect of the interest; or

(*b*) the amount by which the actualized value at that time of the future payments to be made under the contract in respect of his interest exceeds the aggregate of the actualized value at that time of future premiums to be paid under the contract in respect of his interest and the amount payable in respect of a loan unpaid at that time and made under the contract in respect of his interest.

92.11R1.0.3. For the purposes of paragraph *b* of section 92.11R1.0.2, the actualized value of future payments and that of future premiums shall be computed using:

(*a*) in the case where the interest rate used by the issuer for a period in order to fix the terms of the contract at the time of issue is lower than the rate used for that purpose for a subsequent period, the simple rate that, if it applied to each period, would yield the same terms;

(*b*) in all other cases, the rates that the issuer used in order to fix the terms of the contract at the time of issue.

92.11R1.0.4 An accumulating fund at a particular time in respect of a taxpayer's interest in a life insurance policy contemplated in paragraph *b* of section 92.11R1 is an amount equal to the amount obtained by multiplying the proportional interest of the taxpayer in the policy by:

(*a*) in the case where the policy is not a deposit administration fund, where the particular time immediately follows a person's death and where the policy was issued or subscribed on that person's life, the aggregate of the maximum amounts that, immediately before the death and in respect of the policy, could be determined by the life insurer under section 840R13 and, in respect of a benefit in the case of accidental death, under sections 840R21 to 840R23, if the mortality rates used were adjusted to take into account the hypothesis that the death would occur at the time at which and in the manner in which it did occur;

(*b*) in all other cases, the maximum amount that, at the particular time and in respect of the policy, would be

fixed by the life insurer under section 840R10, computed as if there were only one deposit administration fund, or under section 840R13, whichever applies.

For the purposes of the first paragraph, it shall be assumed that the life insurer operates its life insurance business in Canada, its taxation year ends at the particular time and the policy is a life insurance policy in Canada.

92.11R1.0.5. For the purposes of section 92.11R1.0.4, where the interest rate that a life insurer used for a period when computing an amended net premium or the amount that it may deduct for a taxation year under section 840R13 is determined in accordance with paragraph *a*, *b* or *c* of section 840R14 and that rate is lower than the rate of interest so fixed for a subsequent period, the rate that is required to be used is the simple rate that, if it applied to each period, could be used to fix premiums for the policy.

92.11R1.0.6. An accumulating fund at a particular time in respect of a policy contemplated in paragraph *c* of section 92.11R1 is:

(*a*) in the case where the policy was issued not less than 20 years before the particular time, the amount that, at the particular time and in respect of the policy, would be fixed under paragraph *b* of section 840R13 by the life insurer in respect of future benefits provided for in the policy, if its taxation year ended at the particular time;

(*b*) in all other cases, the amount representing the proportion of the amount that, in respect of the policy, would be fixed under paragraph *a* at the time of the twentieth anniversary of the policy, represented by the ratio between the number of years since the issue of the policy and 20.

92.11R1.0.7. For the purposes of section 92.11R1.0.6, where on the date of issue of a standard policy for purposes of exemption, the person whose life is insured is:

(*a*) not less than 75 years old, the references in that section to the figure "20" and to the word "twentieth" shall be replaced by references to the figure "10" and the word "tenth, respectively";

(*b*) not less than 66 years old, but less than 75 years old, the references in that section to the figure "20" and to the word "twentieth" shall be replaced by references to the number obtained by subtracting from 20 the number of years by which the person's age exceeds 65 and to the ordinal number corresponding to the number so obtained, respectively.

92.11R1.0.8. For the purposes of section 92.11R1.0.6, the interest rates and mortality rates used and the age of the person whose life is insured shall be the same as those used in sections 840R13 to 840R20 in computing an amended net premium or the amount that an insurer may deduct for a taxation year under section 840R13 in respect of the life insurance policy in respect of which the standard policy for purposes of exemption is issued, except that:

(a) if the life insurance policy is one to which paragraph *c* of section 840R14 applies and if the amount fixed under paragraph *a* of section 840R13 in respect of that policy exceeds that fixed in respect of it under paragraph *b* of that section 840R13, the interest rates and mortality rates used may be those used in computing the cash surrender values of that policy; and

(b) if the interest rate for a period, otherwise fixed under this section in respect of that interest, is lower than the interest rate so fixed for a subsequent period, the rate that is required to be used is the simple rate that, if it applied to each period, could be used in fixing premiums in respect of the life insurance policy.

92.11R1.0.9. For the purposes of section 92.11R1.0.6 and notwithstanding section 92.11R1.0.8, the following rules apply:

(a) where the rates contemplated in section 92.11R1.0.8 do not exist, the rates that are required to be used are the minimum guaranteed interest rates that were used under the life insurance policy in order to determine the cash surrender values, and the mortality rates set forth in the table entitled “Commissioners 1958 Standard Ordinary Mortality Table”, published in Volume X of the “Transactions of the Society of Actuaries”, that apply to the person whose life is insured under the life insurance policy;

(b) where, in respect of the life insurance policy in respect of which the standard policy for purposes of exemption is issued, the period for which an amount is fixed under paragraph *b* of section 840R13 does not extend to the date contemplated in paragraph *b* of section 92.19R6, the rate that is required to be used for the period following that period, but preceding that date, is the weighted arithmetic mean of the interest rates used to fix that amount.

92.11R1.0.10. Notwithstanding sections 92.11R1.0.8 and 92.11R1.0.9, none of the annual interest rates used in computing the accumulating fund in respect of a standard policy for purposes of exemption issued in respect of a life insurance policy may be less than:

(a) 4 %, where the life insurance policy was issued after 30 April 1985;

(b) 3 %, where the life insurance policy was issued before 1 May 1985.

92.11R1.0.11. Sections 92.19R4 to 92.19R6 also apply to sections 92.11R1 to 92.11R1.0.10.”.

2. Subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989.

11. 1. Section 92.19R1 is amended by substituting the following for the first paragraph:

“**92.19R1.** For the purposes of paragraph *a* of section 92.19 of the Act, an exempt policy at a particular time means a life insurance policy in respect of which the following conditions are met:

(a) if the particular time corresponds to a policy anniversary of the policy, the accumulating fund of the policy at that time, determined without considering any policy loan, does not exceed the aggregate of the accumulating funds, at that time, of the accumulating funds of the standard policies for purposes of exemption issued in respect of the policy not later than that time;

(b) it is reasonable to expect, at the particular time, that the condition provided for in paragraph *a* will be met on each policy anniversary of the policy on which the policy could remain in force after the particular time but before the date determined under paragraph *b* of section 92.19R6 with respect to the standard policies for purposes of exemption issued in respect of the policy and, to that end:

i. it shall be assumed that the terms of the policy do not differ from those that were in force on the last policy anniversary of the policy occurring not later than the particular time; and

ii. any other reasonable assumption shall be made, where necessary, about all the other factors, including, in the case of a participating life insurance policy within the meaning of paragraph *f* of section 835 of the Act, the assumption that the amounts of dividends paid will be as shown in the dividend scale;

(c) the condition provided for in paragraph *a* was met on all policy anniversaries of the policy prior to the particular time;

(d) the condition provided for in paragraph *b* was met at all times from the first policy anniversary of the policy and before the particular time.”.

2. Subsection 1 applies in respect of a life insurance policy

(a) issued after 26 March 1992, other than a policy for which written application was made not later than that date; or

(b) amended after 26 March 1992 in order to increase the amount of the death benefit.

12. 1. Section 92.19R2 is revoked.

2. Subsection 1 applies in respect of a life insurance policy

(a) issued after 26 March 1992, other than a policy for which written application was made not later than that date; or

(b) amended after 26 March 1992 in order to increase the amount of the death benefit.

13. 1. The following is substituted for section 92.19R3:

“**92.19R3.** For the purposes of section 92.19R1, a life insurance policy that is an exempt policy at the time of its first policy anniversary is deemed to have been an exempt policy from the time of its issue up to that anniversary.”

2. Subsection 1 applies in respect of a life insurance policy

(a) issued after 26 March 1992, other than a policy for which written application was made not later than that date; or

(b) amended after 26 March 1992 in order to increase the amount of the death benefit.

14. 1. Section 92.19R4 is amended by substituting the following for that part of the second paragraph preceding subparagraph *b*:

“In addition, in order to determine whether the accumulating fund of the life insurance policy, on a particular policy anniversary of the policy, meets the condition provided for in subparagraph *a* of the first paragraph of section 92.19R1, each standard policy for purposes of exemption contemplated in the first paragraph is deemed:

(a) to prescribe a death benefit that is uniform throughout the term of the standard policy for purposes of exemption and is equal to the amount determined in section 92.19R5;”

2. Subsection 1 applies in respect of a life insurance policy

(a) issued after 26 March 1992, other than a policy for which written application was made not later than that date; or

(b) amended after 26 March 1992 in order to increase the amount of the death benefit.

15. 1. Section 92.19R5 is amended by substituting the following for that part preceding paragraph *b*:

“**92.19R5.** The amount contemplated in subparagraph *a* of the second paragraph of section 92.19R4 is:

(a) in the case of the first standard policy for the purposes of exemption issued in respect of the life insurance policy, the amount, on the particular policy anniversary of the policy contemplated in the second paragraph of section 92.19R4, of the death benefit of the life insurance policy, less the aggregate of the amounts each of which is the amount, on that policy anniversary, of the death benefit of another standard policy for the purposes of exemption issued not later than that policy anniversary in respect of the life insurance policy;”

2. Subsection 1 applies in respect of a life insurance policy

(a) issued after 26 March 1992, other than a policy for which written application was made not later than that date; or

(b) amended after 26 March 1992 in order to increase the amount of the death benefit.

16. 1. The following is inserted after section 93R2:

“**93.6R1.** Property contemplated in subparagraph *t* of the first paragraph of class 12 of Schedule B or in the second paragraph of that class is prescribed property for the purposes of section 93.6 of the Act.

93.7R1. For the purposes of subparagraph *f* of the first paragraph of section 93.7 of the Act, a stock exchange is a stock exchange mentioned in section 21.11.20R1.

93.7R2. An offshore region contemplated in section 4609 of the Regulations made under the Income Tax Act (Revised Statutes of Canada, (1985), c. 1, 5th Suppl.) is a prescribed offshore region for the purposes of subparagraph *j* of the first paragraph of section 93.7 of the Act.”

2. Subsection 1, where it makes sections 93.6R1 and 93.7R2 of the Regulation respecting the Taxation Act, applies in respect of property acquired after 31 December 1989.

3. Subsection 1, where it makes section 93.7R1 of the Regulation respecting the Taxation Act, has effect from 1 January 1990. Notwithstanding the foregoing, where that section 93.7R1 applies before 1 January 1991, it shall be read with the words “in section 934R1 or 934R2” being substituted for the words “in section 21.11.20R1”.

17. 1. Section 119.2R3 is amended by substituting the following for paragraph *c*:

“(c) at least 90 % of the members are individuals, other cooperatives, or corporations or partnerships operating a farming business, holding at least 90 % of its shares.”.

2. Subsection 1 has effect from 1 January 1989.

18. 1. The following is inserted after section 152R1:

“**152R1.1.** For the purposes of this Chapter, the Canada Mortgage and Housing Corporation is deemed to be subject to the supervision of the Superintendent of Financial Institutions.”.

2. Subsection 1 applies from the 1991 taxation year.

19. 1. Sections 152R4 and 152R8 of the French version are amended, in that part preceding paragraph *a*, by substituting the words “d’un prêt assorti d’une sûreté portant sur un bien immeuble” for the words “d’un prêt sur nantissement d’un bien immeuble”.

2. Subsection 1 applies from the 1991 taxation year.

20. 1. Section 152R9.1 is amended by substituting the following for subparagraph *b* of the first paragraph:

“(b) an amount equal to 25 % of the amount of the premium payable under the terms of the policy for the 12-month period ending on the date the policy expires, if the policy expires in the year, or at the end of the year, in any other case;”.

2. Subsection 1 applies to a taxation year ending after 15 June 1994.

21. 1. The following is substituted for the heading of Chapter V.1 of Title X:

“DISABILITY-RELATED MODIFICATIONS AND EQUIPMENT, INTEREST REPAYMENT AND ANNUITY CONTRACTS”.

2. Subsection 1 has effect from 1 January 1991. Notwithstanding the foregoing, where the heading of Chapter V.1 of Title X of the Regulation respecting the Taxation Act, made by subsection 1, applies before 26 February 1992, it shall be read without the words “AND EQUIPMENT”.

22. 1. The following is inserted before section 157R1:

“**157R0.1.** For the purposes of paragraph *h.1* of section 157 of the Act, the following are prescribed renovations and alterations:

(a) the installation of an interior or exterior ramp or of a hand-activated electric door opener;

(b) a modification to a bathroom, elevator or doorway to facilitate its use by a person in a wheelchair.

157R0.2. For the purposes of paragraph *h.2* of section 157 of the Act, the following are prescribed devices and equipment:

(a) an elevator car position indicator, such as a braille panel or an audio signal, for individuals having a sight impairment;

(b) a visual fire alarm indicator, a listening device for group meetings or a telephone device, for individuals having a hearing impairment.”.

2. Subsection 1, where it makes section 157R0.1 of the Regulation respecting the Taxation Act, applies in respect of renovations or alterations made after 31 December 1990 and, where it makes section 157R0.2 of the Regulation, it applies in respect of devices and equipment for which a taxpayer pays an amount after 25 February 1992.

23. 1. Section 159R4 is amended

(1) by substituting the following for paragraph *b*:

“(b) a partnership in which corporations described in paragraph *e* or Canadian citizens or a combination of such persons have beneficial ownership of the interests representing in value at least three-quarters of the total value of the partnership properties and of which, on the other hand, at least three-quarters of each income or loss from any source is included in computing the income of such corporations or citizens or combination thereof;”.

(2) by substituting the following for paragraph *e*:

“(e) a corporation incorporated under the laws of Canada or a province, whose chairman or other chief officer and at least three-quarters of the directors or other similar officers are Canadian citizens and which, if it has capital stock, is:

i. a public corporation of which at least one class of shares of the capital stock is listed on a stock exchange mentioned in paragraph *a* of section 21.11.20R1, other than a corporation controlled by citizens or subjects of a country other than Canada; or

ii. a corporation of which Canadian citizens or public corporations at least one class of whose shares of the capital stock is listed on a stock exchange mentioned in paragraph *a* of section 21.11.20R1, other than public corporations controlled by citizens or subjects of a country other than Canada, have beneficial ownership of at least three-quarters of the shares having full voting rights under all circumstances and of the shares whose fair market value represents at least three-quarters of the fair market value of all the shares issued by the corporation.”.

2. Subsection 1 applies in respect of a right acquired after 13 July 1990. It also applies in respect of a right acquired after 31 December 1988 where the acquirer of the right so elects by notifying the Minister of Revenue in writing not later than the one hundred and eightieth day following the day on which this Regulation is published in the *Gazette officielle du Québec*. Notwithstanding the foregoing, where paragraph *e* of section 159R4 of the Regulation respecting the Taxation Act, made by paragraph 2 of subsection 1, applies before 1 January 1991, it shall be read with the words “in section 934R1” being substituted for the words “in paragraph *a* of section 21.11.20R1” in subparagraphs *i* and *ii*.

3. For the purposes of subsection 2, where an individual who is a citizen or subject of a country other than Canada or a corporation controlled by one or more such individuals acquires, at any time after 13 July 1990 and in the course of a transaction between persons dealing at arm’s length, either more than one-quarter of the shares having full voting rights under all circumstances of a particular corporation or shares of a particular corporation whose fair market value represents more than one-quarter of the fair market value of all the shares of that particular corporation that were issued, the particular corporation and any corporation it controls are deemed to have acquired at that time any right contemplated in section 159R4 of the Regulation respecting the Taxation Act owned at that time by the particular corporation or the corporation it controls.

24. 1. The Regulation is amended by inserting the following after section 159R4:

“**159R4.1.** The following rules apply for the purposes of subparagraph *ii* of paragraph *e* of section 159R4:

(a) where the shares of a class of the capital stock of a corporation are at any time the property or are deemed under this section to be the property of another corporation which is not a public corporation of which at least one class of shares of the capital stock is listed on a stock exchange mentioned in paragraph *a* of section 21.11.20R1, each shareholder of that other corporation is deemed at that time to be the owner of the proportion of the number of such shares of that class represented by the ratio between:

i. the fair market value of the shares of the capital stock of the other corporation owned by the shareholder at that time; and

ii. the fair market value of all the shares of the capital stock of the other corporation issued and outstanding at that time;

(b) where the shares of a class of the capital stock of a corporation are at any time the property or are deemed under this section to be the property of a partnership, each member of that partnership is deemed at that time to be the owner of the lowest proportion of the number of such shares of that class represented by the ratio between:

i. the member’s share in the partnership’s income or loss from any source for its fiscal period including that time, assuming, where the partnership’s income and loss from that source for that fiscal period are nil, that the partnership’s income from that source for that fiscal period equals \$1 000 000; and

ii. the partnership’s income or loss from that source for its fiscal period including that time, assuming, where the partnership’s income and loss from that source for that fiscal period are nil, that the partnership’s income from that source for that fiscal period equals \$1 000 000.”.

2. Subsection 1 applies in respect of a right acquired after 13 July 1990. It also applies in respect of a right acquired after 31 December 1988 for which the acquirer made the election provided for in subsection 2 of section 23. Notwithstanding the foregoing, where section 159R4.1 of the Regulation respecting the Taxation Act, made by subsection 1, applies before 1 January 1991, it shall be read with the words “in section 934R1” being substituted for the words “in paragraph *a* of section

21.11.20R1” in that part of paragraph *a* preceding subparagraph *i*.

3. For the purposes of subsection 2, where an individual who is a citizen or subject of a country other than Canada or a corporation controlled by one or more such individuals acquires, at any time after 13 July 1990 and in the course of a transaction between persons dealing at arm’s length, either more than one-quarter of the shares having full voting rights under all circumstances of a particular corporation or shares of a particular corporation whose fair market value represents more than one-quarter of the fair market value of all the shares of that particular corporation that were issued, the particular corporation and any corporation it controls are deemed to have acquired at that time any right contemplated in section 159R4 of the Regulation respecting the Taxation Act owned at that time by the particular corporation or the corporation it controls.

25. 1. The following is inserted after section 163.1R1:

“**165.2R1.** For the purposes of section 165.2 of the Act, the rate of interest prescribed during a particular period is that which is equal to the rate of interest determined during the same period in accordance with paragraph *a* of section 4301 of the Regulations made under the Income Tax Act (Revised Statutes of Canada (1985), c. 1, 5th Suppl.).”

2. Subsection 1 has effect from 1 January 1988. Notwithstanding the foregoing, where section 165.2R1 of the Regulation respecting the Taxation Act, made by it, applies in respect of interest to be computed during a particular period ending before 1 October 1989, it shall be read with the words “paragraph *a* of” being disregarded.

26. 1. The following is inserted after section 170R1:

“**176.6R1.** For the purposes of paragraph *b* of section 176.6 of the Act, the net cost of pure insurance for a taxation year in respect of a taxpayer’s interest in a life insurance policy is the amount determined in respect of that interest for that year in accordance with section 976.1R1.”

2. Subsection 1 applies to a taxation year ending after 31 December 1989.

27. 1. Section 213R1 is revoked.

2. Subsection 1 applies to a taxation year or to a fiscal period commencing after 17 June 1987 and ending after 31 December 1987.

28. 1. Section 241.0.1R1 is amended

(1) by substituting a semicolon for the period at the end of paragraph *c*; and

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

“(d) a corporation registered under Part II of the Labour Sponsored Venture Capital Corporations Act, 1992 (S.O., 1992, c. 18).”

2. Subsection 1 applies from the 1991 taxation year.

29. 1. Section 241.0.1R2 is amended in the first paragraph

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

“(a.2) the amount of any assistance granted under the provisions of the Labour Sponsored Venture Capital Corporations Act, 1992 (S.O., 1992, c. 18) in respect of, or for the acquisition of, a share of the capital stock of a corporation contemplated in paragraph *d* of section 241.0.1R1;” and

(2) by substituting the following for subparagraph *b*:

“(b) the amount of any tax credit provided in respect of, or for the acquisition of, a share of a corporation contemplated in any of subparagraphs *g* to *i* of the first paragraph of section 21.19R1 or in subparagraph *a*, *c* or *d* of the second paragraph of that section;”

2. Subsection 1 applies from the 1991 taxation year. Notwithstanding the foregoing, where subparagraph *b* of the first paragraph of section 241.0.1R2 of the Regulation respecting the Taxation Act, made by paragraph 2 of subsection 1, applies to the 1991 taxation year, it shall be read as follows:

“(b) the amount of any tax credit provided in respect of, or for the acquisition of, a share of a corporation contemplated in any of subparagraphs *g* to *i* of the first paragraph of section 21.19R1 or in subparagraph *a* or *c* of the second paragraph of that section;”

30. 1. The following is inserted after section 247.1R1:

“**247.2R1.** For the purposes of section 247.2 of the Act, a stock exchange in Canada is a stock exchange mentioned in paragraph *a* of section 21.11.20R1.”

2. Subsection 1 applies from the 1991 taxation year. Notwithstanding the foregoing, where section 247.2R1 of the Regulation respecting the Taxation Act, made by subsection 1, applies before 1 January 1991, it shall be read

with the words “in section 934R1” being substituted for the words “in paragraph *a* of section 21.11.20R1”.

31. The following is substituted for section 307.24R1:

“**307.24R1.** For the purposes of paragraph *b* of section 307.24 of the Act on 1 January 1986, a stock exchange in Canada is a stock exchange mentioned in section 934R1 as it read on that date.”.

32. 1. Sections 312R1 and 313R1 to 313.0.3R1 are revoked.

2. Subsection 1, where it revokes sections 312R1 and 313R1 to 313.0.2R1 of the Regulation respecting the Taxation Act, applies from the 1986 taxation year and, where it revokes section 313.0.3R1 of that Regulation, it has effect from 13 September 1988.

33. 1. Chapter 0.1 of Title XIV is revoked.

2. Subsection 1 applies from the 1986 taxation year.

34. 1. Chapter I.1 of Title XIV is revoked.

2. Subsection 1 has effect from 13 September 1988, except where it revokes sections 336.1R1 and 336.2R1 of the Regulation respecting the Taxation Act, in which case it applies from the 1986 taxation year.

35. 1. Section 487.0.2R1 is amended

(1) by substituting a semicolon for the period at the end of paragraph *d*; and

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

“(e) for the 1992 calendar year:

i. in the Province of British Columbia, the regional districts of Bulkley-Nechako, Cariboo, Fraser-Fort George and Peace River;

ii. in the Province of Saskatchewan, the rural municipalities of Arborfield, Arlington, Auvergne, Baildon, Barrier Valley, Battle River, Bayne, Beaver River, Bengough, Biggar, Big Quill, Big Stick, Birch Hills, Bjorkdale, Bone Creek, Bratt’s Lake, Britannia, Buckland, Buffalo, Canaan, Carmichael, Caron, Chaplin, Chesterfield, Clayton, Clinworth, Connaught, Coulee, Cupar, Cut Knife, Deer Forks, Douglas, Eldon, Elmsthorpe, Enfield, Enterprise, Excel, Excelsior, Eyebrow, Eye Hill, Fish Creek, Flett’s Springs, Fox Valley, Frenchman Butte, Frontier, Garden River, Glen Bain, Glen McPherson, Glenside, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Great Bend, Gull

Lake, Happyland, Happy Valley, Hart Butte, Hillsborough, Hillsdale, Hoodoo, Hudson Bay, Humboldt, Invergordon, Ituna Bon Accord, Kellross, Kelvington, Key West, Kinistino, Kutawa, Lacadena, Lac Pelletier, Lake Johnston, Lake Lenore, Lake of The Rivers, Lakeside, Lawtonia, Leroy, Lipton, Livingston, Lone Tree, Loon Lake, Manitou Lake, Mankota, Maple Creek, Mariposa, Marquis, Marriott, Mayfield, Medstead, Meeting Lake, Meota, Mervin, Miry Creek, Monet, Moose Jaw, Moose Range, Morse, Mountain View, Newcombe, Nipawin, North Battleford, Oakdale, Old Post, Parkdale, Paynton, Pense, Piapot, Pinto Creek, Pittville, Pleasantdale, Pleasant Valley, Ponass Lake, Poplar Valley, Porcupine, Prairie, Prairie Rose, Prince Albert, Progress, Redberry, Redburn, Reford, Reno, Riverside, Rodgers, Rosemount, Round Hill, Round Valley, St. Andrews, St. Louis, St. Peter, Saskatchewan Landing, Senlac, Shamrock, Sherwood, Snipe Lake, Spalding, Star City, Stonehenge, Surprise Valley, Sutton, Swift Current, Terrell, The Gap, Three Lakes, Tisdale, Torch River, Touchwood, Tramping Lake, Tullymet, Turtle River, Val Marie, Victory, Waverley, Webb, Wheatlands, Whiska Creek, White Valley, Willow Bunch, Willow Creek, Wilton, Winslow, Wise Creek, Wolverine and Wood River;

iii. in the Province of Alberta, the counties of Athabasca, Barrhead, Beaver, Camrose, Flagstaff, Forty Mile, Grande Prairie, Lac Ste. Anne, Lamont, Leduc, Lethbridge, Minburn, Parkland, St. Paul, Smoky Lake, Strathcona, Thorhild, Two Hills, Vermilion River and Warner, the municipal districts of Bonnyville, Brazeau, Cardston, Cypress, Fairview, Peace, Provost, Smoky River, Spirit River, Sturgeon, Taber, Wainwright and Westlock, improvement districts 14, 15, 16, 17 East, 17 West, 18 South, 19, 20, 21, 22 and 23, and the City of Edmonton.”.

2. Subsection 1 has effect from 1 January 1992.

36. 1. The following is inserted after section 567R1:

“**567R1.1.** The capital gains dividend account of an investment corporation at a particular time means an amount equal to that determined as such at the same time under the definition of the expression “capital gains dividend account” provided for in subsection 6 of section 131 of the Income Tax Act (Revised Statutes of Canada (1985), c. 1, 5th Suppl.).”.

2. Subsection 1 applies in respect of a winding-up commencing after 31 December 1988.

37. 1. The following is inserted before section 726.14R1:

“726.6.1R1. For the purposes of clause ii of subparagraph *c* of the definition of the expression “qualified small business corporation share” provided for in the first paragraph of section 726.6.1 of the Act and of clause i of subparagraph *a* of the second paragraph of that section, a corporation is connected with another corporation at a particular time where, at that time, the conditions mentioned in paragraph *a* or *b* of section 1R2 are met.

726.6.2R1. For the purposes of section 726.6.2 of the Act, a corporation is connected with another corporation at a particular time where, at that time, the conditions mentioned in paragraph *a* or *b* of section 1R2 are met.”.

2. Subsection 1 has effect from 18 June 1987.

38. 1. Section 726.21R1 is revoked.

2. Subsection 1 applies from the 1993 taxation year.

39. 1. The following is inserted after section 726.21R1:

“726.21R2. For the purposes of section 726.21 of the Act:

(*a*) an area is a prescribed northern zone for a taxation year where it is an area contemplated for that year in subsection 1 of section 7303.1 of the Regulations made under the Income Tax Act (Revised Statutes of Canada (1985), c. 1, 5th Suppl.);

(*b*) an area is a prescribed intermediate zone for a taxation year where it is an area contemplated for that year in subsection 2 of section 7303.1 of the Regulations made under the Income Tax Act.”.

2. Subsection 1 applies from the 1988 taxation year.

40. 1. Section 726.22R1 is amended by deleting the definition of the word “area”.

2. Subsection 1 applies from the 1993 taxation year.

41. 1. Section 726.22R2 is amended by substituting the following for paragraph *c*:

“(c) the lowest return airfare ordinarily available to the person at the time the trip was made for a flight between the place in which the person lived immediately before the trip, or the airport closest to that place, and the designated city closest to that place.”.

2. Subsection 1 applies from the 1988 taxation year.

42. 1. The following is substituted for section 726.22R3:

“726.22R3. For the purposes of section 726.22R4, the travel costs of an individual, for a period in a taxation year, in respect of a person who was a member of the individual’s household at any time during the period, are the total of the costs, to the individual, of all the trips each of which is a trip that may reasonably be considered to relate to that period and was made by the person at a time when he was a member of the individual’s household.”.

2. Subsection 1 applies from the 1988 taxation year.

43. 1. Section 726.22R4 is amended

(1) by substituting the following for that part preceding paragraph *a*:

“726.22R4. For the purposes of clause i of subparagraph *a* of the first paragraph of section 726.22 of the Act, the amount that an individual receives or the value of a benefit that he receives or enjoys for a period in a taxation year may not exceed the lesser of the following amounts:”;

(2) by substituting the following for subparagraphs *i* and *ii* of paragraph *a*:

“i. the value of the assistance provided during the period by the employer of the individual in respect of the travelling expenses for the trips each of which is a trip that may reasonably be considered to relate to that period and was made by a person who was a member of the individual’s household at the time the trip was made;

ii. the amount received during the period by the individual from his employer in respect of the travelling expenses for the trips each of which is a trip that may reasonably be considered to relate to that period and was made by a person who was a member of the individual’s household at the time the trip was made;”;

(3) by substituting the following for paragraph *b*:

“(b) the aggregate of the individual’s travel costs for that period, in respect of a person who was a member of the individual’s household at any time in the period.”.

2. Subsection 1 applies from the 1988 taxation year.

44. 1. Section 726.23R1 is revoked.

2. Subsection 1 applies from the 1988 taxation year.

45. 1. The following is substituted for sections 741R1 and 743R1:

“741R1. For the purposes of subparagraph *a* of the first paragraph of section 741 of the Act, the prescribed tax is that provided for in Part VII of the Income Tax Act (Statutes of Canada), as it read on 31 March 1977.

743R1. For the purposes of the second paragraph of section 743 of the Act, the prescribed tax is that provided for in Part VII of the Income Tax Act (Statutes of Canada), as it read on 31 March 1977.”.

2. Subsection 1, where it replaces section 743R1 of the Regulation respecting the Taxation Act, applies

(*a*) in respect of the computation of losses arising in a taxation year of a taxpayer ending after 31 December 1984 and before 1 January 1990, where the taxpayer has filed with the Minister of Revenue, in accordance with subsection 2 of section 279 of the Act to amend the Taxation Act and other fiscal legislation (1993, c. 16), the notification in writing provided for in that subsection; and

(*b*) in respect of the computation of losses arising in a taxation year ending after 31 December 1989, in any other case.

46. 1. The following is inserted before section 744.1R1:

“744R2. For the purposes of the second paragraph of section 744 of the Act, the prescribed tax is that provided for in Part VII of the Income Tax Act (Statutes of Canada), as it read on 31 March 1977.”.

2. Subsection 1 applies

(*a*) to a taxation year of a taxpayer ending after 31 December 1984 and before 1 January 1990, where the taxpayer has filed with the Minister of Revenue, in accordance with subsection 3 of section 279 of the Act to amend the Taxation Act and other fiscal legislation (1993, c. 16), the notification in writing provided for in that subsection; and

(*b*) to a taxation year ending after 31 December 1989, in any other case.

47. 1. The following are substituted for sections 744.1R1 and 745R1:

“744.1R1. For the purposes of the second paragraph of section 744.1 of the Act, the prescribed tax is that provided for in Part VII of the Income Tax Act (Statutes of Canada), as it read on 31 March 1977.

745R1. For the purposes of that part of the second paragraph of section 745 of the Act preceding subpara-

graph *a*, the prescribed tax is that provided for in Part VII of the Income Tax Act (Statutes of Canada), as it read on 31 March 1977.”.

2. Subsection 1, where it replaces section 744.1R1 of the Regulation respecting the Taxation Act, applies

(*a*) in respect of the computation of losses arising in a taxation year of a taxpayer ending after 31 December 1984 and before 1 January 1990, where the taxpayer has filed with the Minister of Revenue, in accordance with subsection 2 of section 279 of the Act to amend the Taxation Act and other fiscal legislation (1993, c. 16), the notification in writing provided for in that subsection; and

(*b*) in respect of the computation of losses arising in a taxation year ending after 31 December 1989, in any other case.

48. 1. Section 752.0.11.1R1 is amended

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

“(c.1) an air or water filter or purifier for use by a person suffering from a severe chronic respiratory ailment or a severe chronic immune system dysregulation, to help that person cope with or overcome the ailment or dysregulation;

(c.2) an electric or sealed combustion furnace acquired to replace a furnace that is neither an electric furnace nor a sealed combustion furnace, where the replacement is necessary solely because of a person’s severe chronic respiratory ailment or severe chronic immune system dysregulation;”;

(2) by inserting the following after paragraph *q*:

“(q.1) a visual or vibratory signalling device, including a visual fire alarm indicator, for an individual with a hearing impairment;”.

2. Paragraph 1 of subsection 1 has effect from 17 December 1991.

3. Paragraph 2 of subsection 1 applies from the 1992 taxation year.

49. 1. Section 818R1 is amended

(1) by deleting the words ““life insurance policy,”” from paragraph *h*; and

(2) by deleting paragraph *o*.

2. Paragraph 2 of subsection 1 has effect from 1 January 1993.

50. 1. Section 840R1 is amended

(1) by substituting the following for subparagraph *ii* of paragraph *b*:

“*ii.* in the case of any of the following policies, an amount equal to 5 % of the premium paid by the policyholder in respect of the policy:

(1) a group insurance policy;

(2) a policy that insures a risk related to a financial loss of a lender in respect of a loan secured by real property;

(3) a policy issued to a policyholder that is a corporation with which the insurer does not deal at arm’s length;

(4) a policy issued under an arrangement between the insurer and a person, other than an insurer or an insurance agent or broker, with whom the insurer does not deal at arm’s length, whereby a customer of that person is referred to the insurer;

(5) a policy issued to a member of a savings and credit union under an arrangement between the insurer and a savings and credit union, where the insurer was established primarily to provide insurance to the members of a savings and credit union, the policyholder was referred to the insurer and the principal business of the insurer is the provision of insurance to members of a savings and credit union;”;

(2) by striking out paragraph *e*; and

(3) by inserting the following after paragraph *e*:

“(*e.1*) “lapse-supported policy” means a life insurance policy that would require materially higher premiums if premiums were determined using policy lapse rates that are nil from the sixth policy year;”.

2. Paragraph 1 of subsection 1 applies from the 1991 taxation year.

3. Paragraph 2 of subsection 1 has effect from 1 January 1993.

4. Paragraph 3 of subsection 1 applies to a taxation year commencing after 31 December 1990 and, where an insurer makes the election provided for in paragraph *b* of subsection 2 of section 53, to a taxation year of the insurer to which that election relates.

51. 1. The following is inserted after section 840R4:

“**840R4.1.** For the purposes of this Chapter, the Canada Mortgage and Housing Corporation is deemed to be subject to the supervision of the Superintendent of Financial Institutions.”.

2. Subsection 1 applies from the 1991 taxation year.

52. 1. Section 840R11.2 is amended in the first paragraph

(1) by substituting the words “police collective d’assurance sur la vie” for the words “police d’assurance collective sur la vie” in that part preceding subparagraph *a* of the French version; and

(2) by substituting the following for subparagraph *b*:

“(b) an amount equal to 25 % of the amount of the premium payable under the terms of the policy for the 12-month period ending on the date the policy expires, if the policy expires in the year, or at the end of the year, in any other case;”.

2. Paragraph 2 of subsection 1 applies to a taxation year ending after 15 June 1994.

53. 1. Section 840R14 is amended by substituting the following for that part preceding paragraph *a*:

“**840R14.** For the purposes of section 840R13, the amount that an insurer may deduct for a taxation year and a modified net premium shall be computed based solely on rates of interest, mortality and policy lapse, in the case of a lapse-supported policy effected after 31 December 1990, and based solely on rates of interest and mortality, in any other case, using;”.

2. Subsection 1 applies:

(*a*) to a taxation year commencing after 31 December 1990; and

(*b*) where an insurer makes the election by sending notification in writing to the Minister of Revenue before 1 July 1991, to a taxation year of the insurer commencing after 31 December 1987, 31 December 1988 or 31 December 1989, according to the date indicated in the notice, and before 1 January 1991, in which case that part of section 840R14 of the Regulation respecting the Taxation Act preceding paragraph *a*, made by subsection 1, shall be read,

i. where the insurer has so specified in the notice, with the words “effected after 31 December 1990” being disregarded; and

ii. in any other case, with a reference to the calendar year preceding the first taxation year referred to in that election being substituted for the reference to "1990".

54. 1. The following is inserted after section 894R1:

"**895R1.** For the purposes of this section and paragraph *f* of section 895 of the Act:

(a) a post-secondary educational institution means:

i. an educational institution in Canada which is:

(1) described in section 894R1; or

(2) recognized by the Minister as being an institution offering instruction other than that offered for the purposes of awarding university credits and making it possible to acquire or upgrade the knowledge required for an occupation; or

ii. an educational institution outside Canada that is a university, college or other institution offering postsecondary education, at which a beneficiary contemplated in the first paragraph of section 893 of the Act was enrolled in a course lasting not less than 13 consecutive weeks;

(b) a tax-exempt person means a student who was enrolled in one or more educational programs and who, for each such program:

i. received, from a person with whom he was dealing at arm's length, an allowance, advantage, subsidy or refund of fees in relation to such program, excluding:

(1) an amount received as a scholarship, fellowship or bursary, or as a prize for achievement in a field of endeavour ordinarily carried on by the student;

(2) an advantage received as a loan granted under the Canada Student Loans Act (Revised Statutes of Canada (1985), c. S-23) or the Act respecting financial assistance for students (R.S.Q., c. A-13.3); or

ii. participated in the program within the framework of an office or employment during a period in respect of which he received an income from that office or employment;

(c) an educational program means a program lasting not less than 3 consecutive weeks, under which a participating student must devote not less than 10 hours per week to courses or to the program workload and which is at the post-secondary level, except in the case of a program of a post-secondary educational institution contemplated in clause 2 of subparagraph *i* of paragraph *a*."

2. Subsection 1 has effect from 21 February 1990. Notwithstanding the foregoing,

(a) the reference, in clause 2 of subparagraph *i* of paragraph *b* of section 895R1 of the Regulation respecting the Taxation Act, made by subsection 1, to the Act respecting financial assistance for students (R.S.Q., c. A-13.3), shall be read, for the period from 21 February 1990 to 30 April 1990, as a reference to the Student Loans and Scholarships Act (R.S.Q., c. P-21) and, for the period from 1 May 1990 to 30 July 1991, as a reference to the Act respecting financial assistance for students (1990, c. 11); and

(b) where paragraph *c* of section 895R1 of the Regulation respecting the Taxation Act, made by subsection 1, applies to a taxation year prior to the 1991 taxation year, it shall be read with the word "except" being deleted and with the words "clause 1" being substituted for the words "clause 2".

55. 1. Section 966R1 is amended

(1) by striking out paragraph *d*; and

(2) by substituting the following for paragraph *e*:

"(e) "death benefit" has the meaning given to it in section 92.11R0.1;"

2. Paragraph 2 of subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989.

56. 1. The following is substituted for sections 966R5 and 967R1:

"**966R5.** For the purposes of this Chapter and section 966 of the Act, the accumulating fund at a particular time in respect of an interest in an annuity contract or in a life insurance policy is the amount determined at that time in respect of the interest in accordance with sections 92.11R1 to 92.11R1.0.11.

967R1. For the purposes of section 967 of the Act, the accumulating fund at a particular time in respect of an interest in an annuity contract or in a life insurance policy is the amount determined at that time in respect of the interest in accordance with sections 92.11R1 to 92.11R1.0.11."

2. Subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989.

57. 1. Division II.1 of Chapter V of Title XXIV is revoked.

2. Subsection 1 applies in respect of a transfer made after 31 December 1989.

58. 1. The following is substituted for sections 976.1R2 and 977.1R1:

“**976.1R2.** For the purposes of paragraph *g* of section 976.1 of the Act, a mortality loss, immediately before a particular time later than 31 December 1982, in respect of an interest in a life annuity contract that is disposed of immediately after the particular time following the death of an annuitant under the policy means the reasonable amount that the life insurer determines as being the reduction, following the death, in the accumulating fund in respect of the interest, by assuming, for the purposes of computing that reduction, that the accumulating fund immediately after the death is determined in the manner described in subparagraph *a* of the first paragraph of section 92.11R1.0.4.

977.1R1. For the purposes of section 977.1 of the Act, the accumulating fund at a particular time in respect of an interest in an annuity contract or in a life insurance policy is the amount determined at that time in respect of the interest in accordance with sections 92.11R1 to 92.11R1.0.11.”

2. Subsection 1 applies in respect of a life insurance policy last acquired after 31 December 1989.

59. The following is inserted after section 1015R12:

“**1015R12.1.** No amount shall be deducted from a payment made by a person after 25 February 1992 and before 2 March 1994 as a benefit of a registered retirement savings plan or under such a plan paid during the lifetime of an individual contemplated in paragraph *a* of the definition of the term “annuitant” provided for in subsection 1 of section 146 of the Income Tax Act (Revised Statutes of Canada (1985), c. 1, 5th Suppl.) for whom a retirement income is provided under the plan, if, at the time of payment, the individual certifies in prescribed form to that person that he has entered into a written agreement to acquire a dwelling and that:

(*a*) he intends to use the dwelling as a principal place of residence in Canada within one year after its acquisition;

(*b*) the home has not previously been owned by him or by his spouse;

(*c*) he is resident in Canada at that time; and

(*d*) the aggregate of the payment and all other similar payments received by him not later than that time in respect of the dwelling does not exceed \$20 000.

In the first paragraph, the term “dwelling” means:

(*a*) a housing unit;

(*b*) a share of the capital stock of a cooperative housing corporation, where the holder of the share is entitled to possession of a housing unit; or

(*c*) where the context so requires, the housing unit to which a share contemplated in subparagraph *b* relates.”

60. 1. The following is inserted after section 1054R2:

“**1056.4R1.** For the purposes of section 1056.4 of the Act, a prescribed election is an election provided for:

(*a*) in subsection 2 of section 96, in section 101.6, 110.1 or 180 to 182, in the second paragraph of section 242, in section 243, 279, 280.3, 284 or 286.1, in paragraph *c*, *d* or *e* of section 418.23 or 418.24 or in section 442, 444, 450, 453, 454, 485.2, 502, 659, 737.8 or 1054 of the Act;

(*b*) in section 130R56, 130R57 or 130R61.”

2. Subsection 1 has effect from 17 December 1991. Notwithstanding the foregoing, where paragraph *a* of section 1056.4R1 of the Regulation respecting the Taxation Act, which it makes, applies before 2 December 1993, it shall be read as follows:

“(a) in subsection 2 of section 96, in section 110.1, 180 to 182, 279 or 280.3, in paragraph *c*, *d* or *e* of section 418.23 or 418.24 or in section 442, 444, 450, 453, 454 or 659 of the Act;”

61. 1. Section 1086R7 is amended

(1) by substituting the following for paragraph *d*:

“(d) a payment contemplated in section 120 of the Act, where such payment was made by a corporation, association, organization or institution;” and

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

“(e) an amount paid from a person’s second net income stabilization account fund.”

2. Subsection 1 has effect from 1 January 1994 in respect of an amount paid after 31 December 1992.

62. Section 1086R7.2 is amended by deleting the words “, within the meaning of paragraph *e* of section 835 of the Act.”

63. 1. The following is inserted after section 1086R8.16:

“**1086R8.17.** Every government, municipality or municipal or other public body referred to as a “government” in sections 1086R8.18 and 1086R8.19, or producer organization or association that makes a payment to a person or partnership of an amount that is a farm support payment, other than an amount paid out of a net income stabilization account, shall file an information return in prescribed form in respect of that amount.

For the purposes of the first paragraph, a farm support payment includes:

(a) a payment that is computed in respect of an area of farm land;

(b) a payment that is made in respect of a unit of farm commodity grown or disposed of or a farm animal raised or disposed of; and

(c) a rebate of, or compensation for, all or a portion of:

- i. a cost or capital cost incurred in respect of farming;
- ii. unsowed or unplanted land or crops, or destroyed farm animals, crops or other farm output.

1086R8.18. Every corporation or trust in respect of which a government or a producer organization or association is required to file a return under this Regulation shall provide the government or the producer organization or association with its name, address and taxpayer identification number for the purposes of the Act.

1086R8.19. Every person who is a member of a partnership in respect of which a government or a producer organization or association is required to file a return under this Regulation shall provide the government or the producer organization or association with the following information:

(a) the person’s name, address and social insurance number or, where the person is not an individual other than a trust, its name, address and taxpayer identification number for the purposes of the Act;

(b) the partnership’s name and address.”.

2. Subsection 1 applies after 31 December 1993 in respect of an amount paid after 31 December 1992.

64. Section 1086R9 is amended by deleting the definition of the expression “life insurance policy” in the second paragraph.

65. 1. The following is substituted for section 1117R1:

“**1117R1.** For the purposes of section 1117 of the Act, a prescribed corporation means a corporation contemplated in any of subparagraphs *g* to *i* of the first paragraph of section 21.19R1 or in any of subparagraphs *a*, *c* or *d* of the second paragraph of that section.”.

2. Subsection 1 applies from the 1991 taxation year. Notwithstanding the foregoing, where section 1117R1 of the Regulation respecting the Taxation Act, made by it, applies to the 1991 taxation year, it shall be read as follows:

“**1117R1.** For the purposes of section 1117 of the Act, a prescribed corporation means a corporation contemplated in any of subparagraphs *g* to *i* of the first paragraph of section 21.19R1 or in subparagraph *a* or *c* of the second paragraph of that section.”.

66. 1. Schedule C is amended

(1) by inserting the following universities in paragraph *a* in alphabetical order:

“American Film Institute Center for Advanced Film and Television Studies, Los Angeles, California.

Calvin Theological Seminary, Grand Rapids, Michigan.

St. John’s University, Jamaica, New York.

Saint Olaf College, Northfield, Minnesota.”; and

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

“(q) in Australia:

University of Sydney, The, Sydney.”.

2. Subsection 1 has effect from 1 January 1992.

67. This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*.