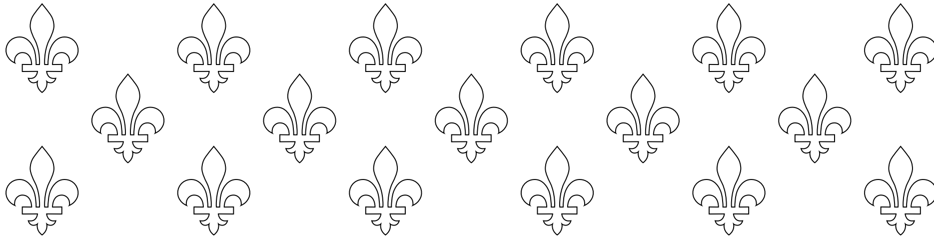

NATIONAL ASSEMBLY

FIRST SESSION THIRTY-FIFTH LEGISLATURE

Bill 108
(1995, chapter 63)

An Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions

Introduced 29 November 1995
Passage in principle 6 December 1995
Passage 14 December 1995
Assented to 15 December 1995

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EXPLANATORY NOTES

This bill amends various Acts to give effect primarily to the Budget Speech delivered by the Minister of Finance on 9 May 1995, to the Minister's Statements of 30 November 1993 and 21 December 1994 and to Information Bulletins 92-12, 94-1, 95-1, 95-4 and 95-5, published by the Ministère des Finances respectively on 23 December 1992, 31 January 1994, 3 February 1995, 5 July 1995 and 8 September 1995.

Amendments are also introduced to give effect to various measures contained in the Budget Speech delivered by the Minister of Finance on 12 May 1994 and in Information Bulletin 93-5 published by the Ministère des Finances on 25 November 1993.

The bill amends the Act to promote the capitalization of small and medium-sized businesses to introduce a consequential amendment that reflects the repeal in the Taxation Act of the refundable tax credit to foster increased small and medium-sized business capitalization.

The bill amends the Building Act to authorize the suspension of a contractor's licence if the Commission de la construction du Québec has on more than one occasion ordered suspension of the contractor's construction work.

The bill amends the Land Transfer Duties Act to exclude land transfers from its application under certain conditions if the transfers are made to a corporation at least 90% of the shares of whose capital stock is owned by a corporation that is otherwise exempt from the legislation. Technical amendments are also made to the Act.

The bill amends the Tobacco Tax Act to raise the amount of tax per cigarette and to make various technical and consequential amendments.

The bill amends the Taxation Act primarily to amend or introduce a number of fiscal measures specific to Québec, but also to introduce measures reflecting similar amendments made to the Income Tax Act of Canada by federal Bills C-27 (S.C., 1994, chapter 21), C-59 (S.C., 1995, chapter 3) and C-70 (S.C., 1995, chapter 21), assented to respectively on 15 June 1994, 26 March 1995 and 22 June 1995.

In particular, the measures

(1) introduce a copyright income deduction for artists;

(2) tighten the rules governing gifts of works of art to charities;

(3) extend to Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, the tax benefits available to the Fonds de solidarité des travailleurs du Québec (F.T.Q.) that grant an income and capital tax exemption to the Fund and a tax credit to individuals who acquire certain shares issued by the Fund;

(4) eliminate entitlement for large private corporations to the deduction granted to small businesses, and in the case of new corporations, eliminate entitlement to the benefits derived from the 3-year exemption rule available to such corporations;

(5) increase the tax credit for contributions to a political party;

(6) modify the rules concerning the tax on capital, including a tax rate increase, introduce a new notion of paid-up capital for financial institutions and make various amendments to the calculation of paid-up capital of other corporations;

(7) modify the rates applicable to the calculation of the compensation tax payable by financial institutions;

(8) introduce a refundable tax credit for certain mortgage interest related to first home purchases, and a refundable tax credit for certain renovation expense related to the purchase of a housing unit that qualifies under the First-Home Program;

(9) increase the maximum amount of expenses eligible for the refundable tax credit for adoption expenses;

(10) eliminate the refundable tax credit for taxis and the tax credit to foster increased small and medium-sized business capitalization;

(11) introduce a ceiling on the refund of certain tax credits for large corporations and eliminate for those corporations the possibility of using the tax credits to reduce tax instalments;

(12) modify the eligibility requirements governing the refundable tax credit for in-house fashion design activities and for activities carried out pursuant to an outside consulting contract;

(13) progressively eliminate the refundable training tax credit over three years;

(14) broaden the refundable on-the-job training tax credit to include a greater number of categories of training periods and extend the credit to employers who are individuals;

(15) introduce a rule authorizing an employer whose contributions to the Québec Pension Plan and Québec Health Insurance Plan and whose Québec tax deductions at source for his employees total less than $1,200 for the year to remit the amounts annually instead of monthly;

(16) introduce a requirement for a large corporation to specify on the notice of objection its grounds for the objection;

(17) introduce a restriction on the notion of deemed establishment for sports clubs and teams that compete in various stadiums outside Québec; and

(18) make various amendments of a technical nature, including consequential amendments and changes in terminology.

The bill amends the Licenses Act to reduce the duty payable for the first 75,000 hectolitres of beer sold in Québec in a year by brewers producing beer in Québec and whose worldwide volume of beer sold in the preceding year does not exceed 200,000 hectolitres.

The bill amends the Act respecting the Ministère du Revenu to

(1) give application to the provisions of the International Fuel Tax Agreement;

(2) prescribe various conditions for obtaining and maintaining a registration certificate;

(3) limit entitlement to a refund for a period prior to bankruptcy;

(4) increase the number of public bodies subject to government holdback;

(5) relax the penalty for omission imposed on a mandatary; and

(6) make various changes in terminology.

The bill amends the Act respecting labour standards to introduce a precise method for determining remuneration that is subject to contribution where it is paid to an employee who reports for work for the same employer at both an establishment in Québec and one situated outside Québec, and also to make changes in terminology.

The bill amends the Act respecting the Régie de l'assurance-maladie du Québec to

(1) increase employer contribution rates to the Health Services Fund from 3.75% to 4.26%;

(2) introduce a precise method for determining remuneration that is subject to contribution where it is paid to an employee who reports for work for the same employer at both an establishment in Québec and one situated outside Québec; and

(3) make amendments of a technical nature.

The bill amends the Act respecting Québec business investment companies to increase the total maximum limit of qualified investment that a corporation may receive at any one time.

The bill amends the Act respecting the Québec sales tax primarily to eliminate most of the differences between the Québec sales tax system and the Goods and Services Tax, to amend various measures specific to the Québec sales tax system, to reduce the specific tax applicable to beer for the first 75,000 hectolitres of beer sold in Québec in a year by brewers producing beer in Québec and whose worldwide volume of beer sold in the preceding year does not exceed 200,000 hectolitres, and to make various technical and consequential amendments and changes in terminology.

In particular, the amendments

(1) eliminate the concept of "non-taxable supply";

(2) remove restrictions on obtaining input tax refunds or partial Québec sales tax rebates;

(3) extend application of the rules governing small suppliers to persons supplying corporeal movable property;

(4) replace the reference books used to determine the market value of certain used road vehicles supplied and subject to the Québec sales tax;

(5) introduce a rule pertaining to the registration of certain persons resident in Canada but outside Québec;

(6) harmonize reporting periods;

(7) introduce measures requiring that the specific tax on insurance premiums be remitted separately from the Québec sales tax on a monthly basis;

(8) introduce a Québec road use tax for heavy trucks; and

(9) clarify the notion of financial services relating to the purchase and sale of financial instruments that may give entitlement to an input tax refund.

The bill amends the Fuel Tax Act to introduce several fiscal measures and to make various amendments of a technical nature.

In particular, the measures

(1) implement the rules and procedures in the International Fuel Tax Agreement that pertain to persons participating in the Agreement;

(2) increase the tax applicable to fuel oil as of 30 November 1996 to reflect the elimination of the restrictions on obtaining an input tax refund for fuel oil;

(3) add a new designated region as part of the revision of the fuel tax reduction mechanism; and

(4) introduce rules pertaining to the calculation and payment of fuel tax or of the amount corresponding to the fuel tax to make allowance for the fact that a litre of fuel sold may either be measured by the seller at the ambient temperature or be corrected by the seller to the reference temperature of 15°C.

The bill amends the Act to foster the development of manpower training to introduce a method that clarifies the amount to be included in the total payroll for wages paid to an employee who reports for work for the same employer at both an establishment in Québec and one situated outside Québec, and to make a change in terminology.

Lastly, the bill amends various other Acts to make technical and consequential amendments and changes in terminology.

LEGISLATION AMENDED BY THIS BILL:

– Act to promote the capitalization of small and medium-sized businesses (R.S.Q., chapter A-33.01);

– Building Act (R.S.Q., chapter B-1.1);

– Act to promote industrial development by means of fiscal advantages (R.S.Q., chapter D-9);

– Land Transfer Duties Act (R.S.Q., chapter D-17);

– Act respecting municipal taxation (R.S.Q., chapter F-2.1);

– Tobacco Tax Act (R.S.Q., chapter I-2);

– Taxation Act (R.S.Q., chapter I-3);

– Act respecting the application of the Taxation Act (R.S.Q., chapter I-4);

– Licenses Act (R.S.Q., chapter L-3);

– Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);

– Act respecting labour standards (R.S.Q., chapter N-1.1);

– Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5);

– Act respecting the Québec Pension Plan (R.S.Q., chapter R-9);

– Act respecting real estate tax refund (R.S.Q., chapter R-20.1);

– Act respecting income security (R.S.Q., chapter S-3.1.1);

– Act respecting Québec business investment companies (R.S.Q., chapter S-29.1);

– Act respecting fiscal incentives to industrial development (R.S.Q., chapter S-34);

– Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);

– Fuel Tax Act (R.S.Q., chapter T-1);

– Act to again amend the Taxation Act and other legislation (1993, chapter 19);

– Act to again amend the Taxation Act and various legislative provisions (1993, chapter 64);

– Act to amend the Taxation Act, the Act respecting the Québec sales tax and other fiscal provisions (1994, chapter 22);

– Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 1);

– Act to foster the development of manpower training (1995, chapter 43);

– Act to amend the Tobacco Tax Act and the Act respecting the Québec sales tax (1995, chapter 47).

Bill 108

An Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT TO PROMOTE THE CAPITALIZATION OF SMALL AND MEDIUM-SIZED BUSINESSES

1. (1) Section 12 of the Act to promote the capitalization of small and medium-sized businesses (R.S.Q., chapter A-33.01) is amended by adding the following paragraph:

"No validation certificate shall be issued pursuant to the first paragraph after 9 May 1995. However, the Société may, on or before 31 December 1995, issue a validation certificate in respect of a qualified investment made on or before 9 May 1995 if the investment meets the requirements of this Act and the regulations and if

(1) the application for the validation certificate in respect of the qualified investment meets all the requirements of the Act and the regulations and is filed with the Société on or before 30 September 1995; and

(2) the amount of the qualified investment certified in the validation certificate does not exceed the amount specified in that respect in the application referred to in subparagraph 1."

(2) Subsection 1 has effect from 10 May 1995.

BUILDING ACT

2. The Building Act (R.S.Q., chapter B-1.1) is amended by inserting, after section 70.1, the following section:

“**70.2** A contractor’s licence shall be suspended for a period of six months if, within two years following a decision to suspend work made against the holder of the licence under section 7.4 of the Act respecting labour relations, vocational training and manpower management in the construction industry (chapter R-20), another decision to suspend work is made against the holder.

A licence suspension has effect from the expiry of the time allowed to apply for review of the decision to suspend work provided for in section 7.7 of that Act or, if the decision to suspend work was reviewed, from the final decision of the building commissioner or building deputy-commissioner.”

ACT TO PROMOTE INDUSTRIAL DEVELOPMENT BY MEANS OF FISCAL ADVANTAGES

3. Section 3 of the Act to promote industrial development by means of fiscal advantages (R.S.Q., chapter D-9) is amended by replacing, in the French text of the second paragraph, the words “dans la *Gazette officielle du Québec*” by the words “à la *Gazette officielle du Québec*”.

LAND TRANSFER DUTIES ACT

4. (1) Section 1 of the Land Transfer Duties Act (R.S.Q., chapter D-17), amended by section 1 of chapter 1 of the statutes of 1995, is again amended by replacing the definition of “transferee” by the following definition:

“ “transferee” means a transferee who is not resident in Canada;

however, “transferee” excludes

(*a*) a corporation which, at the time of the transfer,

i. has actively operated a business in Québec for more than one year,

ii. has had for more than one year at least five full-time employees who report for work to one of its establishments situated in Québec, and

iii. owns capital property situated in Québec, other than land, the aggregate value of which exceeds the value of the consideration; and

(*b*) a corporation of which at least 90% of the issued shares of the capital stock to which are attached full voting rights are owned by a person referred to in paragraph *a* at the time of the transfer."

(2) Subsection 1 applies to transfers relating to land made after 12 May 1994.

5. Section 30 of the said Act is amended by replacing, in the French text of subparagraph v of paragraph *b*, the word "émis" by the word "délivré".

ACT RESPECTING MUNICIPAL TAXATION

6. Section 220.13 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) is amended by replacing the words "adapted as required" by the words "with the necessary modifications".

7. The said Act is amended by replacing, in the English text, the words "with such modifications as the circumstances require" or "adapted as required", as the case may be, by the words "with the necessary modifications" in the first paragraph of section 220.6, in section 220.10 and in the second paragraph of section 229, amended by section 7 of chapter 1 of the statutes of 1995.

TOBACCO TAX ACT

8. (1) Section 8 of the Tobacco Tax Act (R.S.Q., chapter I-2), amended by section 9 of chapter 1 of the statutes of 1995, is again amended by replacing paragraph *a* by the following paragraph:

"(*a*) $0.0218 per cigarette and per cigar sold at a retail price of $0.15 or less;".

(2) Subsection 1 has effect from 10 May 1995. However, for the period beginning on 18 February 1995 and ending on 9 May 1995, paragraph *a* of section 8 of the Tobacco Tax Act, enacted by subsection 1, shall be read as follows:

"(*a*) $0.0182 per cigarette and per cigar sold at a retail price of $0.15 or less;".

9. Section 14.2 of the said Act is amended by replacing paragraph *e* by the following paragraph:

"(*e*) uses, in Québec, a case not identified in accordance with section 17.10 for the sale, delivery, transport or storage of packages of tobacco."

10. Section 17.5 of the said Act is amended by adding, after the third paragraph, the following paragraphs:

"In addition, every manufacturer shall, not later than the last day of each month, report to the Minister, using the form prescribed by him, on the total quantity of packages of tobacco manufactured and produced during the preceding month and on the destination of packages shipped, by type of product and according to the identification of each package, and provide any other prescribed information.

The report shall be made and sent to the Minister even if no package was manufactured or produced during the month."

11. Section 17.10 of the said Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of this section, "case" means any container or wrapping containing not fewer than 24 cartons of cigarettes or several units of pre-rolled tobacco products and any prescribed case."

TAXATION ACT

12. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 11 of chapter 1 of the statutes of 1995 and by section 1 of chapter 49 of the statutes of 1995, is again amended by inserting, after the definition of "accredited museum", the following definition:

" "Act establishing a labour-sponsored fund" has the meaning assigned by section 737.22.1;".

(2) Subsection 1 applies from the taxation year 1995.

13. (1) The said Act is amended by inserting, after section 16.1, the following section:

"**16.1.1** Sections 15 and 16.1 do not apply in respect of a taxpayer's activities relating to a business of the taxpayer that consists in operating a sports team that plays one or more of its matches or games, or that takes part in one or more competitions, outside Québec, or to a sports club if, in connection with its activities, one of its members plays a match or game, or takes part in a competition, outside Québec."

(2) Subsection 1 is declaratory, except in respect of judgments rendered before 10 August 1995. In addition, subsection 1 does not apply in respect of cases pending on 9 August 1995 and notices of objection served on the Minister of Revenue on or before that date, where one of the issues in dispute on that date

(*a*) concerns the manner of computing

i. tax payable pursuant to Part I of the Taxation Act or tax payable pursuant to Part IV of that Act,

ii. contributions payable pursuant to Chapter III.1 of the Act respecting labour standards (R.S.Q., chapter N-1.1), enacted by section 6 of chapter 46 of the statutes of 1994, by reason of the reference made in subparagraph 2 of the second paragraph of section 39.0.1 of that Act, enacted by that section 6, to Chapter III of Title II of Book I of Part I of the Taxation Act, or

iii. contributions payable pursuant to section 34 of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5) by reason of the reference made in the definition of "establishment" in section 33 of that Act to Chapter III of Title II of Book I of Part I of the Taxation Act; and

(*b*) concerns grounds, expressly raised on or before that date in the motion for appeal or notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, alleging the presence of an establishment outside Québec by reason of section 15 or 16.1 of the Taxation Act, as applicable but for section 16.1.1 of that Act, enacted by subsection 1.

14. (1) Section 21.4.3 of the said Act, amended by section 13 of chapter 49 of the statutes of 1995, is again amended by replacing the words ", sections 746 to 749 and section 772" by the words "and sections 746 to 749 and 772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991.

15. (1) Section 21.10 of the said Act is amended by replacing the words ", sections 746 to 749 and section 772" by the words "and sections 746 to 749 and 772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991.

16. Section 22 of the said Act is amended by replacing, in the French text of the second paragraph, the words "telle qu'établie" by the words "tels qu'établis".

17. (1) Section 25 of the said Act, amended by section 14 of chapter 1 of the statutes of 1995, is again amended by replacing the second paragraph by the following paragraph:

"The tax payable under sections 750 and 751 by an individual referred to in the first paragraph is equal to the portion of the tax that the individual would pay, but for this paragraph, under those sections on his taxable income determined under section 24 if the individual were resident in Québec, that is the proportion, which shall not exceed 1, that that income earned in Québec is of the amount by which the amount that would have been the individual's income, computed without reference to sections 36.1, 309.1, 334.1 and 1029.8.50, had the individual resided in Québec on the last day of the taxation year, exceeds any amount deducted by the individual under any of sections 726.20.2, 737.16, 737.16.1, 737.21 and 737.25 in computing that taxable income."

(2) Subsection 1 applies from the taxation year 1995.

18. (1) Section 29 of the said Act, amended by section 15 of chapter 1 of the statutes of 1995, is again amended

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

"Notwithstanding the first paragraph, the deductions permitted by sections 334 to 358.0.1 shall, subject to the third paragraph, be applied to the whole income of the taxpayer.";

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

"For the purposes of Part II and sections 671, 671.1 and 772.2 to 772.13, in respect of income or loss from a source in Canada or in another place or from an office, employment or business, performed or carried on partly in Canada and partly in another place,

(*a*) subject to subparagraph *b*, the deductions permitted in computing the income of the taxpayer under this Part, except those permitted by paragraphs *a* to *b*.0.1, *c* to *e* and *j* of subsection 1 of section 336, sections 337 and 337.1, paragraphs *b* to *g* and *i* of

section 339 and sections 340 and 341, shall be applied separately to the income from each of such places;

(*b*) the deductions permitted by paragraphs *a* and *b* of section 657 shall not be applied to income from a source in a country other than Canada."

(2) Subsection 1 applies to taxation years ending after 12 November 1981. However,

(*a*) the second paragraph of section 29 of the Taxation Act, enacted by paragraph 1 of subsection 1, shall be read by replacing the words "sections 334 to 358.0.1" by the words "sections 334 to 356", where it applies to taxation years previous to the taxation year 1986, and by the words "sections 334 to 356.0.1", where it applies to the taxation years 1986 to 1988;

(*b*) the third paragraph of section 29 of the Taxation Act, enacted by paragraph 2 of subsection 1,

i. where it applies to taxation years beginning before 1 January 1993, shall be read, subject to subsection 3, as follows:

"However,

(*a*) subject to subparagraph *b*, for the purposes of Part II and sections 772.2 to 772.13, in respect of income or loss from an office, employment or business, performed or carried on partly in Canada and partly in another place, the deductions permitted in computing the income of the taxpayer under this Part shall be applied separately to the income from each of such places;

(*b*) for the purposes of Part II and sections 671, 671.1 and 772.2 to 772.13, in respect of income or loss from a source in Canada or in another place or from an office, employment or business, performed or carried on partly in Canada and partly in another place,

i. the deductions permitted by paragraphs *a* to *b*.0.1, *c* to *e*, *h* and *j* of subsection 1 of section 336, sections 337 and 337.1, paragraphs *b* to *g* and *i* of section 339 and sections 340 and 341, shall be applied to the whole income of the taxpayer,

ii. the deductions permitted by paragraphs *a* and *b* of section 657 shall not be applied to income from a source in a country other than Canada.";

ii. where it applies to taxation years beginning after 31 December 1992 and ending before 1 January 1995, shall be read by replacing, in subparagraph *a*, the words “paragraphs *a* to *b*.0.1, *c* to *e* and *j*” by the words “paragraphs *a* to *b*.0.1, *c* to *e*, *h* and *j*”.

(3) The third paragraph of section 29 of the Taxation Act, enacted by subparagraph i of paragraph *b* of subsection 2,

(*a*) shall be read by replacing, in subparagraph *a*, the words “sections 772.2 to 772.13” by the words “sections 772 and 772.1”, where it applies to taxation years previous to the taxation year 1991;

(*b*) shall be read by replacing, in the portion of subparagraph *b* before subparagraph i, the words “sections 671, 671.1 and 772.2 to 772.13” by the words “sections 671, 671.1, 772 and 772.1”, where it applies to taxation years previous to the taxation year 1991;

(*c*) shall be read by replacing, in subparagraph i of subparagraph *b*,

i. where it applies to taxation years previous to the taxation year 1991, the words “paragraphs *a* to *b*.0.1” by the words “paragraphs *a* to *b*” and the words “paragraphs *b* to *g*” by the words “paragraphs *a* to *g*” or, where it applies before 16 December 1982, “paragraphs *a* to *f*”;

ii. where it applies to the taxation years 1991 and 1992, the words “paragraphs *b* to *g*” by the words “paragraphs *a* to *g*”;

(*d*) shall, where it refers to paragraph *h* of subsection 1 of section 336 of the said Act, apply only from the taxation year 1986;

(*e*) shall, where it refers to paragraph *j* of subsection 1 of section 336 of the said Act, apply only from the taxation year 1989;

(*f*) shall, where it refers to section 337.1 of the said Act, apply only from the taxation year 1990;

(*g*) shall, where it refers to paragraph *i* of section 339 of the said Act, apply only from the taxation year 1987.

19. Section 33 of the said Act is replaced by the following section:

“**33.** An individual’s loss for a taxation year from an office or employment is the amount of such loss computed, with the necessary modifications, by applying the provisions of this Part respecting computation of income from that source.”

20. (1) Section 36.1 of the said Act, enacted by section 16 of chapter 1 of the statutes of 1995, is amended by replacing the first and second paragraphs by the following paragraphs:

“**36.1** Notwithstanding sections 32 to 36, an individual is not required to include in computing his income for the year from an office or employment, if he so elects, the portion, relating to one or more preceding taxation years, of the aggregate of all amounts each of which is an amount described in the second paragraph that he receives in the year, where the total of that portion and the portion referred to in the first paragraph of section 309.1 for the year in respect of the individual is at least $300 and, as the case may be, the individual has also made an election under that first paragraph for the year.

“The amount to which the first paragraph refers is an amount received on account or in lieu of payment of, or in satisfaction of, income from an office or employment, under the terms of a court judgment, arbitration award or a contract by which the parties put an end to a lawsuit.”

(2) Subsection 1, where it enacts the first paragraph of section 36.1 of the Taxation Act, applies in respect of amounts received after 31 December 1993 and, where it enacts the second paragraph of that section 36.1, applies in respect of amounts agreed upon after 31 December 1995.

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

(1) by striking out, at the end of paragraph *f*, the word “and”;

(2) by inserting, after paragraph *f*, the following paragraph:

“(*f*.1) allowances not exceeding a reasonable amount received by him for the purchase or care of distinctive clothing he is required to wear, under the terms of his contract of employment, in the performance of his duties; and”.

(2) Subsection 1 applies from the taxation year 1995.

22. (1) The heading of Division III.1 of Chapter II of Title II of Book III of Part I of the said Act is replaced by the following heading:

"MULTI-EMPLOYER INSURANCE PLAN".

(2) Subsection 1 applies from the taxation year 1994.

23. (1) Section 43.3 of the said Act is amended

(1) by replacing, in the French text, the word "multi-employeurs" by the word "interentreprises", wherever it occurs;

(2) by adding, after the second paragraph, the following paragraphs:

"For the purposes of the second paragraph, no amount paid by an individual during the year as contribution to the plan shall be taken into account in computing the amount determined under section 37.0.1.2 or 37.0.1.4 in respect of the individual otherwise than by reason of the individual's office or employment, present, past, or projected.

"In addition, for the purposes of this Title, except for the third paragraph and this paragraph, where it may reasonably be considered that, at any time in a taxation year, an individual enjoys, otherwise than by reason of his office or employment, present, past, or projected, all or part of a coverage under a multi-employer insurance plan, other than coverage against a total or partial loss of income from an office, employment or business,

(*a*) the individual shall be deemed to be an employee who, during the year, enjoys that coverage, or part thereof, by reason of an office or employment; and

(*b*) the value of the benefit derived from that coverage or part thereof shall be deemed to be referred to in section 38."

(2) Paragraph 1 of subsection 1 and paragraph 2 of that subsection, where it enacts the fourth paragraph of section 43.3 of the Taxation Act, apply from the taxation year 1994.

(3) Paragraph 2 of subsection 1, where it enacts the third paragraph of section 43.3 of the Taxation Act, applies from the taxation year 1993.

24. (1) Section 47.6 of the said Act, amended by section 28 of chapter 49 of the statutes of 1995, is again amended by replacing, in the English text of the second paragraph, the words "private health insurance plan" by the words "private health services plan".

(2) Subsection 1 has effect from 21 May 1993.

25. Section 81 of the said Act is replaced by the following section:

"**81.** A taxpayer's loss for a taxation year from a business or property is the amount of such loss computed, with the necessary modifications, by applying the provisions of this Part respecting computation of income from that source."

26. (1) Section 87 of the said Act, amended by section 21 of chapter 1 of the statutes of 1995 and by section 32 of chapter 49 of the statutes of 1995, is again amended

(1) by replacing, in paragraph *u*, the words "a prescribed law" by the words "the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)";

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

"ii. except as provided for in sections 1029.8.18, 1029.8.18.0.1 and 1029.8.32, in subparagraph i of subparagraphs *a* and *b* of the first paragraph of section 1029.8.33.3, in subparagraph *c* of that first paragraph, in section 1029.8.33.7.1, in subparagraph *e* of the second paragraph of section 1029.8.34, in the definition of "qualified wages" in the first paragraph of section 1029.8.36.4 and in section 1029.8.36.18, 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) Paragraph 2 of subsection 1, where it replaces subparagraph ii of paragraph *w* of section 87 of the Taxation Act to add thereto a reference

(*a*) to section 1029.8.18.0.1 of the said Act, applies to taxation years ending after 2 December 1992;

(*b*) to subparagraph *c* of the first paragraph of section 1029.8.33.3 of the said Act, applies in respect of wages and expenses paid within

the framework of a qualified training period beginning after 9 May 1995;

(*c*) to section 1029.8.33.7.1, has effect from 1 February 1994.

(3) Paragraph 2 of subsection 1 has effect, subject to subsection 2, from 1 January 1994. However, where subparagraph ii of paragraph *w* of section 87 of the Taxation Act, enacted by paragraph 2 of subsection 1, applies before 1 February 1994, it shall be read as follows:

"ii. except as provided for in sections 1029.8.18, 1029.8.18.0.1 and 1029.8.32, in subparagraph *e* of the second paragraph of section 1029.8.34, in the definition of "qualified wages" in the first paragraph of section 1029.8.36.4 and in section 1029.8.36.18, 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,".

27. Section 119.2 of the said Act, amended by section 42 of chapter 49 of the statutes of 1995, is again amended, in the English text,

(1) by striking out the definition of "eligible corporation";

(2) by inserting, after the definition of "majority interest partner", the following definition:

" "qualified corporation" has the meaning assigned by the regulations;".

28. (1) Section 119.5 of the said Act is amended

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

"**119.5** Notwithstanding any other provision of this Part, except for the purposes of subparagraph i of paragraphs *c*, *d* and *d*.1 of subsection 1 of section 771, subparagraph ii of paragraph *e* of that subsection, paragraph *b* of sections 771.0.2 and 771.0.2.1 and paragraph *b* of sections 771.8 to 771.8.2, the taxable income of a corporation that has issued an obligation that is at any time a development bond is deemed, for a taxation year that includes a period throughout which the obligation was a development bond, to be an amount equal to the aggregate of its taxable income otherwise determined for the year and the amount paid or payable, depending on the method regularly followed in computing the income of the

corporation, as interest on the obligation in respect of that period, at a time when";

(2) by replacing, in the English text of paragraph *a*, the words "eligible corporation" by the words "qualified corporation".

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 30 June 1994.

29. (1) The heading of Division III of Chapter III of Title III of Book III of Part I of the said Act is amended by replacing, in the French text, the word "mauvaises" by the word "irrécouvrables".

(2) Subsection 1 applies to taxation years ending after 30 November 1991.

30. (1) Section 146.1 of the said Act, amended by section 25 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**146.1** A taxpayer may deduct, in computing the taxpayer's income for a taxation year from a business or property, such amount not exceeding the non-business-income tax, within the meaning assigned by section 772.2 read without reference to paragraph *c* and subparagraphs iii and v of paragraph *d* of the definition of "non-business-income tax", paid by the taxpayer for the year to the government of a foreign country or political subdivision of a foreign country in respect of the income from a business or property, to the extent that such tax

(*a*) cannot reasonably be regarded as having been paid by a corporation in respect of income from a share of the capital stock of a foreign affiliate of the corporation; and

(*b*) is not deducted under section 126 or subsection 1.1 of section 180.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) nor an amount determined under subsection 2 of section 127.54 of that Act and deducted, in computing any tax payable by the taxpayer for the year under that Act."

(2) Subsection 1 applies from the taxation year 1991. However, where section 146.1 of the Taxation Act, enacted by subsection 1, applies to the taxation year 1991, it shall be read by striking out, in the portion before paragraph *a*, the words "from a business or property" and the words "in respect of the income from a business or property".

(3) Furthermore, where section 146.1 of the Taxation Act, replaced by subsection 1, applies to the taxation years 1986 to 1990, paragraph *e* of that section shall be read as follows:

"(*e*) are not deducted under section 126 or subsection 1.1 of section 180.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) nor an amount determined under subsection 2 of section 127.54 of that Act and deducted, in computing any tax payable by the taxpayer for the year under that Act;".

31. (1) The said Act is amended by inserting, after section 157.14, the following section:

"**157.15** Notwithstanding sections 128 and 133, a taxpayer may deduct, in computing his income from a business for a taxation year, the portion, which can reasonably be attributed to a plan for the insurance of persons, otherwise than in relation to coverage against a total or partial loss of income from a business, of the aggregate of all amounts each of which is the total contribution relating to work performed in connection with that business and payable by the taxpayer for a period in the year, otherwise than by reason of another person's office or employment, present, past, or projected, to the administrator of a multi-employer insurance plan, within the meaning of section 43.1, and of the tax, within the meaning of subparagraph *d* of the second paragraph of section 37.0.1.1, relating thereto."

(2) Subsection 1 applies from the taxation year 1994. However, where section 157.15 of the Taxation Act, enacted by subsection 1, applies to the taxation year 1994, it shall be read by replacing the words "for a period in the year" by the words "for a period, after 20 May 1993, in the year".

32. (1) Section 191.2 of the said Act is amended by replacing paragraph *e* by the following paragraph:

"(*e*) that part, that is specified by the bank for the year and was not deducted by the bank in computing its income for any preceding taxation year, of the aggregate of the amounts calculated in respect of the bank for the purposes of the Minister's rules, or that would have been calculated if such a calculation had been required, under Procedure 8 of the Procedures for the Determination of the Provision for Loan Losses as set out in Appendix 1 of those rules, for all taxation years before its first year."

(2) Subsection 1 applies to taxation years beginning after 17 June 1987 and ending after 31 December 1987.

33. (1) Section 309.1 of the said Act, replaced by section 30 of chapter 1 of the statutes of 1995, is amended by replacing the first paragraph by the following paragraph:

"**309.1** Notwithstanding section 309, an individual, other than a trust, is not required to include in computing his income for a taxation year, if he so elects, the portion, relating to one or more preceding taxation years, of the aggregate of all amounts each of which is an amount described in the second paragraph that he receives in the year, where the total of that portion and the portion referred to in the first paragraph of section 36.1 for the year in respect of the individual is at least $300 and, as the case may be, the individual has also made an election under that first paragraph for the year."

(2) Subsection 1 applies in respect of amounts received after 31 December 1993.

34. (1) Section 311 of the said Act, amended by section 75 of chapter 49 of the statutes of 1995, is again amended by replacing paragraph *k*.1 by the following paragraph:

"(*k*.1) compensation received under an employees' or workers' compensation law of Canada or a province in respect of an injury, a disability or death, other than prescribed compensation."

(2) Subsection 1 applies in respect of amounts received after 31 December 1994.

35. (1) Section 311.1 of the said Act, replaced by section 31 of chapter 1 of the statutes of 1995, is again replaced by the following section:

"**311.1** A taxpayer shall also include any amount received by him in the year as a social assistance payment based on a means, needs or income test, other than a prescribed payment, or any such amount received in the year by his spouse who resided with him at the time the payment was received and whose income for the year, determined without reference to this section, section 313.1 and paragraph *d*.1 of subsection 1 of section 336, is less than the taxpayer's income so determined for the year, except where the taxpayer resided with his spouse at the time the payment was received and the taxpayer's income for the year, determined without reference to

this section, section 313.1 and paragraph *d*.1 of subsection 1 of section 336, is less than the taxpayer's spouse's income so determined for the year, to the extent that such amount is not otherwise required to be included in computing the income for a taxation year from a business or property of the taxpayer or the taxpayer's spouse."

(2) Subsection 1 applies in respect of amounts received after 31 December 1994.

36. (1) Section 336 of the said Act, amended by section 38 of chapter 1 of the statutes of 1995, by section 91 of chapter 18 of the statutes of 1995 and by section 79 of chapter 49 of the statutes of 1995, is again amended, in subsection 1,

(1) by replacing paragraph *b*.0.1 by the following paragraph:

"(*b*.0.1) the amount by which an amount paid by an individual in the year or one of the two preceding taxation years under a decree, order or judgment of a competent tribunal, as a repayment of an amount that was included, or that should have been included but for section 309.1, under any of paragraphs *a* to *b*.1 of section 312 in computing the individual's income for the year or a preceding taxation year, to the extent that the amount was not deducted in computing the individual's income for a preceding taxation year, exceeds the portion of that amount in respect of which section 334.1 applied for a preceding taxation year;";

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

"ii. an assessment of any income tax deductible by the taxpayer under sections 772.2 to 772.13 or any interest or penalty with respect thereto;";

(3) by adding, after subparagraph ix of paragraph *e*, the following subparagraphs:

"x. an assessment under Chapter III.1 of the Act respecting labour standards (chapter N-1.1);

"xi. an assessment under the Act to foster the development of manpower training (1995, chapter 43);".

(2) Paragraph 1 of subsection 1 applies in respect of amounts paid after 31 December 1993.

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

(4) Paragraph 3 of subsection 1, where it enacts subparagraph x of paragraph *e* of subsection 1 of section 336 of the Taxation Act, has effect from 21 December 1994 and, where it enacts subparagraph xi of that paragraph *e*, it applies from the taxation year 1996.

37. Chapter IX.1 of Title VI of Book III of Part I of the said Act is repealed.

38. (1) Section 471 of the said Act is amended by replacing paragraph *d* by the following paragraph:

"(*d*) for the purposes of sections 772.2 to 772.13, notwithstanding the definition assigned to "non-business-income tax" in section 772.2, the non-business-income tax paid by a taxpayer does not include the amount that is required by paragraph *b* to be included in computing the adjusted cost base to the taxpayer of the indemnity."

(2) Subsection 1 applies from the taxation year 1991.

39. (1) Section 509.1 of the said Act is replaced by the following section:

"**509.1** Section 506 does not apply in respect of a share redemption made pursuant to a request referred to in subparagraph 4 of the first paragraph of section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1) or in paragraph 4 of section 11 of the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (1995, chapter 48)."

(2) Subsection 1 applies from the taxation year 1995.

40. (1) Section 545 of the said Act is amended by replacing subsection 3 by the following subsection:

"(3) The new corporation is deemed, for the purpose of computing the amounts that it is deemed to have paid to the Minister pursuant to section 1029.2 or 1029.8.36.40, to have paid to the Minister pursuant to that section all the amounts that would otherwise have been deemed to have been paid to the Minister pursuant to that section by the predecessor corporations."

(2) Subsection 1 has effect from 10 May 1995.

41. (1) Section 547.2 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**547.2** Where a predecessor corporation has made an election pursuant to section 1029.1 in respect of a loss sustained by it in a taxation year and an amount, in respect of that loss, would have been deemed to have been paid by it to the Minister pursuant to section 1029.2, as partial payment of its tax payable, for its first taxation year that would have begun at the time of amalgamation if such a year had existed and if the corporation had had to pay sufficient tax for that year under this Part, the following rules apply for the purpose of determining either an amount deemed to have been paid by the new corporation to the Minister pursuant to section 1029.2, as partial payment of its tax payable, in respect of the loss for a taxation year, or the extent to which section 1029.3 has the effect of limiting an amount deemed to have been paid by the new corporation to the Minister pursuant to section 1029.2 in respect of the loss:

(*a*) the loss is deemed to have been the new corporation's loss;

(*b*) the election is deemed to have been made by the new corporation and an amount deemed to have been paid by the predecessor corporation to the Minister pursuant to section 1029.2, as partial payment of its tax payable, in respect of the loss for a taxation year ending before the amalgamation, is deemed to have been made by the new corporation in respect of the loss for such a year."

(2) Subsection 1 has effect from 10 May 1995.

42. (1) The said Act is amended by inserting, after section 547.2, the following section:

"**547.3** Where a predecessor corporation had an unused portion of the refundable tax credit account, within the meaning of section 1029.8.36.30, in respect of a taxation year and it would have been deemed, in respect of that unused portion, to have paid an amount to the Minister pursuant to section 1029.8.36.40, as partial payment of its tax payable, for its first taxation year that would have begun at the time of the amalgamation if such a year had existed, the following rules apply for the purpose of determining an amount deemed to have been paid by the new corporation to the Minister pursuant to

section 1029.8.36.40, as partial payment of its tax payable, by the new corporation in respect of that unused portion for a taxation year:

(*a*) the unused portion of the refundable tax credit account is deemed to have been the portion of the new corporation;

(*b*) an amount deemed to have been paid by the predecessor corporation to the Minister pursuant to section 1029.8.36.40, as partial payment of its tax payable, in respect of that unused portion of the refundable tax credit account for a taxation year ending before the amalgamation, is deemed to have been paid by the new corporation in respect of that unused portion as partial payment of its tax payable for such a year.

However, this section shall not vary the determination of the taxation year of the new corporation or a predecessor corporation, or the determination of the tax payable under this Act and of an amount deemed to have been paid to the Minister pursuant to section 1029.8.36.39 or 1029.8.36.40 in respect of a predecessor corporation."

(2) Subsection 1 has effect from 10 May 1995.

43. (1) Section 564.5 of the said Act is replaced by the following section:

"**564.5** For the purposes of sections 563, 564.2 to 564.4.2, 564.7, 710 to 712, 727, 728.1, 729, 731, 734 to 735.1 and 1029.1 to 1029.6, where a parent corporation was incorporated or otherwise formed after the end of a taxation year during which one of its subsidiaries sustained a loss or made a gift, the parent corporation is deemed, for the purpose of computing its taxable income for any taxation year and of computing the amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.2, as partial payment of its tax payable, in respect of that loss for any taxation year,

(*a*) to have been in existence during the period commencing immediately before the end of the first year during which the subsidiary sustained a loss or made a gift, as the case may be, and ending immediately after it was incorporated or otherwise formed;

(*b*) to have had throughout that period fiscal periods ending on the day of the year on which its first fiscal period ended; and

(*c*) to have been controlled throughout that period by the person or persons who controlled it immediately after it was incorporated or otherwise formed."

(2) Subsection 1 has effect from 10 May 1995.

44. (1) Section 564.7 of the said Act is replaced by the following section:

"**564.7** Where a subsidiary has made an election pursuant to section 1029.1 in respect of a loss sustained by it in a particular taxation year and an amount, in respect of that loss, would have been deemed to have been paid by it to the Minister pursuant to section 1029.2, as partial payment of its tax payable, for its first taxation year which would have begun after the beginning of its winding-up, if such a taxation year had existed and if the subsidiary had had sufficient tax payable for such a year under this Part, the following rules apply for the purpose of determining either an amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.2, as partial payment of its tax payable, in respect of the loss for a taxation year commencing after the beginning of the winding-up of the subsidiary, or the extent to which section 1029.3 has the effect of limiting an amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.2 in respect of the loss:

(*a*) the loss is deemed to have been sustained by the parent corporation in its taxation year during which the particular taxation year of the subsidiary ended;

(*b*) the election is deemed to have been made by the parent corporation for its taxation year during which the particular taxation year of the subsidiary ended and an amount deemed to have been paid by the subsidiary to the Minister pursuant to section 1029.2, as partial payment of its tax payable, in respect of the loss either for its taxation year during which its winding-up began or for a taxation year preceding that year, is deemed to have been paid by the parent corporation in respect of the loss, as partial payment of its tax payable, for the taxation year of the parent corporation during which such a taxation year of the subsidiary ended."

(2) Subsection 1 has effect from 10 May 1995.

45. (1) The said Act is amended by inserting, after section 564.7, the following sections:

“**564.8** For the purposes of sections 564.9 and 1029.8.36.30 to 1029.8.36.51, where a parent corporation was incorporated or otherwise formed after the end of a taxation year in respect of which one of its subsidiaries had an unused portion of the refundable tax credit account, within the meaning of section 1029.8.36.30, the parent corporation is deemed, for the purpose of computing an amount deemed to have been paid by it to the Minister pursuant to section 1029.8.36.40, as partial payment of its tax payable, in respect of the unused portion for any taxation year,

(*a*) to have been in existence during the period commencing immediately before the end of the first year in respect of which the subsidiary had such an unused portion and ending immediately after it was incorporated or otherwise formed;

(*b*) to have had throughout that period fiscal periods ending on the day of the year on which its first fiscal period ended; and

(*c*) to have been controlled throughout that period by the person or persons who controlled it immediately after it was incorporated or otherwise formed.

“**564.9** Where a subsidiary had an unused portion of the refundable tax credit account, within the meaning of section 1029.8.36.30, in respect of a particular taxation year and it would have been deemed, in respect of that unused portion, to have paid an amount to the Minister pursuant to section 1029.8.36.40, as partial payment of its tax payable, for its first taxation year that would have begun after the beginning of its winding-up if such a taxation year had existed, the following rules apply for the purpose of determining an amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.8.36.40, as partial payment of its tax payable, in respect of that unused portion for a taxation year commencing after the beginning of the winding-up of the subsidiary:

(*a*) the unused portion of the refundable tax credit account is deemed to have been the portion of the parent corporation for its taxation year during which the particular taxation year of the subsidiary ended;

(*b*) an amount deemed to have been paid by the subsidiary to the Minister pursuant to section 1029.8.36.40, as partial payment of its tax payable, in respect of that unused portion of the refundable tax credit account either for its taxation year during which its

winding-up began or for a taxation year preceding that year, is deemed to have been paid by the parent corporation in respect of that unused portion, as partial payment of its tax payable, for the taxation year of the parent corporation during which such a taxation year of the subsidiary ended."

(2) Subsection 1 has effect from 10 May 1995.

46. (1) Section 613.3 of the said Act is amended by replacing subparagraph vii of paragraph *b* by the following subparagraph:

"vii. by reason of an excluded obligation, within the meaning of the regulations made under section 359.1, in relation to a share issued to the partnership by a corporation."

(2) Subsection 1 applies to taxation years ending after 17 June 1987.

47. (1) Section 671 of the said Act is replaced by the following section:

"**671.** For the purposes of this section and sections 146.1, 671.1 and 772.2 to 772.13, such portion of a trust's income for a taxation year throughout which it is resident in Canada from a source situated in a foreign country as can reasonably be considered, having regard to the circumstances and the terms and conditions of the trust arrangement, to be part of the amount included under section 659 or 663 in computing the income for a particular taxation year of a beneficiary under the trust is deemed, if that portion is exclusively designated by the trust in respect of the beneficiary in its fiscal return for the year under this Part, to be income of the beneficiary for the particular year from that source."

(2) Subsection 1 applies to taxation years ending after 12 November 1981. However, section 671 of the Taxation Act, enacted by subsection 1, shall be read

(*a*) as if the reference therein to "772.2 to 772.13" were a reference to "772", where it applies to taxation years previous to the taxation year 1991;

(*b*) without reference to the words "throughout which it is resident in Canada", where it applies to taxation years of a trust that begin before 1 January 1988.

48. (1) The said Act is amended by inserting, after section 671, the following sections:

"**671.1** A taxpayer who is a beneficiary under a trust is deemed, for the purposes of this section and sections 146.1 and 772.2 to 772.13, to have paid to the government of a foreign country or political subdivision of a foreign country, as business-income tax or non-business-income tax, as the case may be, for a particular taxation year in respect of a particular source situated in that country, the amount determined by the formula

$$A \times \frac{B}{C}.$$

For the purposes of the formula in the first paragraph,

(*a*) A is the amount that, but for section 671.3, would be the business-income tax or non-business-income tax, as the case may be, paid by the trust to the government of the foreign country or political subdivision of the foreign country in respect of the particular source for a taxation year, referred to in this paragraph as "that year", of the trust that ends in the particular year;

(*b*) B is the amount deemed, because of a designation made in accordance with section 671 for that year by the trust, to be the taxpayer's income from the particular source; and

(*c*) C is the trust's income for that year from the particular source.

"**671.2** For the purposes of sections 772.2 to 772.13, there shall be deducted in computing a trust's income from a particular source for a taxation year the aggregate of all amounts each of which is an amount deemed, because of a designation under section 671 by the trust for the year, to be income of beneficiaries under the trust from that source.

"**671.3** For the purposes of sections 146.1 and 772.2 to 772.13, there shall be deducted in computing the business-income tax or non-business-income tax, as the case may be, paid by a trust to the government of a foreign country or political subdivision of a foreign country in respect of a particular source situated in that country for a taxation year the aggregate of all amounts each of which is an amount deemed, because of a designation under section 671 by the trust for the year, to be paid by beneficiaries under the trust as

business-income tax or non-business-income tax, as the case may be, in respect of that source.

“**671.4** In sections 671 to 671.3, “business-income tax” and “non-business-income tax” have the meanings assigned by section 772.2.”

(2) Subsection 1 applies to taxation years ending after 12 November 1981. However, where sections 671.1 to 671.4 of the Taxation Act, enacted by subsection 1, apply to taxation years previous to the taxation year 1991, the following rules apply:

(*a*) sections 671.1 and 671.3 of the said Act shall be read

i. by replacing therein the words “sections 146.1 and 772.2 to 772.13” by the words “sections 146.1 and 772”;

ii. by replacing the words “business-income tax” and “non-business-income tax” wherever they occur therein by the words “tax attributable to income derived from a business” and “tax attributable to income derived from a source other than a business”, respectively;

(*b*) subparagraph *a* of the second paragraph of section 671.1 of the said Act shall be read by striking out the words “the amount that, but for section 671.3, would be”;

(*c*) section 671.2 of the said Act shall be read by replacing therein the words “sections 772.2 to 772.13” by the words “section 772”;

(*d*) section 671.4 of the said Act shall be read as follows:

“**671.4** For the purposes of sections 671 to 671.3, the tax paid by a trust to the government of a foreign country or political subdivision of a foreign country in respect of a particular source situated in that country for a taxation year, which is attributable to income derived from a business or from a source other than a business, as the case may be, shall be reduced by such amounts in respect of that income as are described in section 772R9 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1).”

49. (1) Section 693 of the said Act, amended by section 48 of chapter 1 of the statutes of 1995, is again amended by replacing the second paragraph by the following paragraph:

"However, the taxpayer shall apply the provisions of this Book in the following order: sections 737.8 and 737.17, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.1.1, VII, VI.5, VI.5.1 and VI.6 and sections 737.14 to 737.16.1, 737.21 and 737.25."

(2) Subsection 1, where it replaces the second paragraph of section 693 of the Taxation Act to add thereto a reference to Title VI.8 of Book IV of Part I of that Act, applies from the taxation year 1995.

50. (1) The said Act is amended by inserting, after section 714, the following sections:

"**714.1** For the purposes of this Title, where at any time a corporation makes a gift of a work of art referred to in the second paragraph to a donee referred to in any of paragraphs *c*, *d*, *e* and *g* to *i* of section 710, other than such a donee who acquires the work of art in connection with its primary mission, the corporation is deemed, in respect of that work of art, not to have made a gift unless the donee disposes of the work of art on or before 31 December of the fifth calendar year following the year that includes that time.

The work of art to which the first paragraph refers is a print, an etching, a drawing, a painting, a sculpture or any work of a similar nature, a tapestry or hand-woven carpet or hand-made appliqué, a lithograph, a rare folio, a rare manuscript or a rare book, a stamp or a coin.

"**714.2** Where at any time a corporation makes a gift of a work of art referred to in section 714.1 to a donee referred to in that section, the lesser of the amount that may reasonably be considered as the consideration for the disposition by the donee of the work of art and its fair market value at the time of the disposition, is deemed, for the purposes of section 710, to be the fair market value of the gift at that time and, for the purposes of section 716, to be the fair market value of the capital property at that time."

(2) Subsection 1 applies in respect of gifts made after 9 May 1995.

51. (1) The said Act is amended by inserting, after section 716, the following section:

“**716.0.1** Where a corporation makes a gift of a work of art referred to in section 714.1 in a taxation year, referred to in this section as the “gift year”, to a donee referred to in section 714.1, the corporation may, on or before the day on or before which it is required to file a fiscal return pursuant to section 1000 for a subsequent taxation year, referred to in this section as the “year of disposition”, that includes 31 December of the calendar year in which the donee disposed of the work of art, file with the Minister for a taxation year referred to in the second paragraph an amended fiscal return in which the corporation shall take into account the tax consequences of that disposition in respect of an amount relating to that taxation year.

The taxation year to which the first paragraph refers is a taxation year of the corporation for which it filed a fiscal return pursuant to section 1000 and that is previous to the year of disposition but after the fourth taxation year of the corporation that precedes the gift year.

Notwithstanding sections 1010 to 1011, the Minister shall, where the corporation has filed an amended fiscal return in accordance with the first paragraph, make such assessment, reassessment or additional assessment of the tax, interest and penalties payable by the corporation under this Part as is necessary for any taxation year to give effect to the disposition referred to in the first paragraph.”

(2) Subsection 1 applies in respect of gifts made after 9 May 1995.

52. Title VI.3.4 of Book IV of Part I of the said Act is repealed.

53. (1) The said Act is amended by inserting, before Title VII of Book IV of Part I, the following:

“TITLE VI.8

“DEDUCTION IN RESPECT OF THE COPYRIGHT INCOME OF AN INDIVIDUAL

“**726.26** An individual who in a taxation year is a professional artist within the meaning of the Act respecting the professional status of artists in the visual arts, arts and crafts and literature, and their contracts with promoters (chapter S-32.01), or an artist within the meaning of the Act respecting the professional status and conditions of engagement of performing, recording and film artists

(chapter S-32.1), may deduct, in computing his taxable income for the taxation year, the lesser of

(*a*) his copyright income for the year; and

(*b*) the amount by which $15,000 exceeds an amount equal to 1.5 times the amount by which his copyright income for the year exceeds $20,000.

In the first paragraph, an individual's copyright income for a taxation year is equal to the amount by which the aggregate of the amounts included in computing his income for the year, in respect of a work of which he is the creator, from a copyright of which he is the first owner, excluding any amount from an exclusive right conferred on the individual in relation to the individual's performance as a performing artist, exceeds the aggregate of the amounts deducted in computing the individual's income for the year and that may reasonably be considered as relating to expenses incurred to collect the amounts from that copyright."

(2) Subsection 1 applies from the taxation year 1995.

54. (1) Title VII.4 of Book IV of Part I of the said Act is replaced by the following Title:

"TITLE VII.4

"DEDUCTION IN RESPECT OF
A LABOUR-SPONSORED FUND

"**737.22.1** In this Title, "Act establishing a labour-sponsored fund" means

(*a*) the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1); or

(*b*) the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (1995, chapter 48).

"**737.23** A corporation governed by an Act establishing a labour-sponsored fund may deduct, in computing its taxable income for a taxation year, an amount not exceeding its taxable income for that year computed without reference to this section."

(2) Subsection 1 applies from the taxation year 1995.

55. (1) Section 746 of the said Act is amended, in the first paragraph,

(1) by striking out, wherever it occurs in the French text of subparagraphs *a* and *b*, the word "étant";

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

"(*c*) the lesser of the product obtained when the tax factor is multiplied by the non-business-income tax, within the meaning of section 772.2, paid by the corporation and applicable to such portion of the dividend as is prescribed to have been paid out of the taxable surplus of the affiliate, and the amount by which that portion of the dividend exceeds the amount deductible in respect thereof under subparagraph *b*; and";

(3) by striking out, in the French text of subparagraph *d*, the word "étant".

(2) Subsection 1 applies from the taxation year 1991.

56. (1) Section 749.1 of the said Act, replaced by section 70 of chapter 1 of the statutes of 1995, is again replaced by the following section:

"**749.1** In this Book, except for the purposes of sections 752.1 to 752.5, other than subparagraph *b* of the first paragraph of section 752.2, and sections 772.2 to 772.13, tax, whether referred to as tax payable under this Part or tax otherwise payable under this Part or called by any other similar expression, shall be computed as if this Part were read without reference to Book V.1 or Book V.2."

(2) Subsection 1 applies from the taxation year 1991. However, where section 749.1 of the Taxation Act, enacted by subsection 1, applies to the taxation years 1991 to 1993, it shall be read as follows:

"**749.1** In this Book, except for the purposes of sections 752.1 to 752.5, other than subparagraph *b* of the first paragraph of section 752.2, and sections 772.2 to 772.13, tax, whether referred to as tax payable under this Part or tax otherwise payable under this Part or called by any other similar expression, shall be computed as if this Part were read without reference to Book V.1."

57. (1) The said Act is amended by inserting, after section 752.0.10.11, the following sections:

“**752.0.10.11.1** For the purposes of this Chapter, where at any time an individual makes a gift of a work of art referred to in the second paragraph to a donee referred to in any of paragraphs *a*, *b*, *d* and *f* to *h* of the definition of “total charitable gifts” in section 752.0.10.1, other than such a donee who acquires the work of art in connection with its primary mission, the individual is deemed, in respect of that work of art, not to have made a gift unless the donee disposes of the work of art on or before 31 December of the fifth year following the year that includes that time.

The work of art to which the first paragraph refers is a print, an etching, a drawing, a painting, a sculpture or any work of a similar nature, a tapestry or hand-woven carpet or hand-made appliqué, a lithograph, a rare folio, a rare manuscript or a rare book, a stamp or a coin.

“**752.0.10.11.2** Where at any time an individual makes a gift of a work of art referred to in section 752.0.10.11.1 to a donee referred to in that section, the lesser of the amount that may reasonably be considered as the consideration for the disposition by the donee of the work of art and its fair market value at the time of the disposition, is deemed, for the purposes of the definition of “total charitable gifts” in section 752.0.10.1, to be the fair market value of the gift at that time, for the purposes of section 752.0.10.12, to be the fair market value of the capital property at that time, and for the purposes of section 752.0.10.13, to be the fair market value of the work of art at that time.”

(2) Subsection 1 applies in respect of gifts made after 9 May 1995.

58. (1) The said Act is amended by inserting, after section 752.0.10.14, the following section:

“**752.0.10.15** Where an individual makes a gift of a work of art referred to in section 752.0.10.11.1 in a taxation year, referred to in this section as the “gift year”, to a donee referred to in section 752.0.10.11.1, the individual may, on or before the day on or before which he is required to file a fiscal return pursuant to section 1000 for a subsequent taxation year, referred to in this section as the “year of disposition”, in which the donee disposed of the work of art, or if the individual is not required to file such a fiscal return for the year of disposition, on or before the day on or before which the individual would be required to file a fiscal return pursuant to section 1000 for the year of disposition, were he required to pay tax

under this Part for that year, file with the Minister for a taxation year referred to in the second paragraph an amended fiscal return in which he shall take into account the tax consequences of that disposition in respect of an amount relating to that taxation year.

The taxation year to which the first paragraph refers is a taxation year of the individual for which he filed a fiscal return pursuant to section 1000 and that is previous to the year of disposition but after the fourth taxation year of the individual that precedes the gift year.

Notwithstanding sections 1010 to 1011, the Minister shall, where the individual has filed an amended fiscal return in accordance with the first paragraph, make such assessment, reassessment or additional assessment of the tax, interest and penalties payable by the individual under this Part and Part I.1 as is necessary for any taxation year to give effect to the disposition referred to in the first paragraph."

(2) Subsection 1 applies in respect of gifts made after 9 May 1995.

59. (1) Section 752.0.11.1 of the said Act, amended by section 79 of chapter 1 of the statutes of 1995, is again amended by replacing, in the English text of paragraph *p*, the words "private health insurance plan" by the words "private health services plan".

(2) Subsection 1 applies from the taxation year 1988.

60. (1) Chapter I.0.5 of Title I of Book V of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1995.

61. (1) Section 752.2 of the said Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(*a*) the aggregate of his tax that would otherwise have been payable under this Part, computed without reference to sections 752.1 to 776.1.5, 776.17, 776.29 to 776.40, 1183 and 1184 and the proportion contemplated in the second paragraph of section 22 or 25, for each of the three taxation years immediately preceding the year of his death if he had been resident in Québec throughout those years and had derived all that income for those years from sources situated in Québec and if his taxable income otherwise determined for each of those years were increased by one-third of his accumulated averaging amount at the end of the year in which he died, exceeds".

(2) Subsection 1 applies from the taxation year 1995.

62. (1) Section 752.12 of the said Act is amended by replacing, in paragraph *b*, "772, 772.1" by "772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991. Furthermore, where paragraph *b* of section 752.12 of the Taxation Act, amended by subsection 1, applies to the taxation year 1987, it shall be read as follows:

"(*b*) the amount by which the amount that, but for this section and section 752.14, would be his tax otherwise payable under this Part for the particular year, if such tax were computed under Book V without reference to sections 752.1 to 752.11, 772 to 775, 776, 776.1.1 to 776.1.5 and 776.6 to 776.20 and if sections 776.2 to 776.5 did not apply, exceeds the amount determined in respect of the individual for the year under section 1029.7 or 1029.8, reduced by the amount that is 97% of the minimum tax applicable to that individual for the particular year as determined under section 776.46."

63. (1) Section 752.14 of the said Act is amended by replacing "772, 772.1" by "772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991. Furthermore, where section 752.14 of the Taxation Act, amended by subsection 1, applies to the taxation year 1987, it shall be read as follows:

"**752.14** For the purposes of section 752.12, additional tax of an individual for a taxation year is the amount by which the amount that is 97% of the minimum tax applicable to that individual for the year as determined under section 776.46 exceeds the amount by which the amount that would be the tax otherwise payable by him under this Part for the year if such tax were computed under Book V without reference to sections 752.1 to 752.11, 772 to 775, 776 and 776.1.1 to 776.1.5 and if sections 776.2 to 776.5 did not apply, exceeds the amount determined in respect of the individual for the year under section 1029.7 or 1029.8."

64. (1) Section 771 of the said Act, amended by section 199 of chapter 1 of the statutes of 1995, is again amended, in subsection 1,

(1) by replacing, in the English text of the portion of paragraph *f* before subparagraph i, the words "eligible corporation" by the words "qualified corporation";

(2) by adding, after paragraph *f*, the following paragraph:

"(*g*) notwithstanding paragraphs *d*.2 and *f*, in the case of a corporation contemplated in paragraph *b*, for its taxation year beginning before 1 July 1994 and ending after 30 June 1994 and for which it is a qualified corporation, within the meaning of sections 771.5 to 771.7, the paid-up capital of which, determined in accordance with section 771.1.5.3 for its preceding taxation year or, where the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles, exceeds $10,000,000, to the aggregate of 5.75% of the portion of its taxable income for the year equal to the amount determined in respect of the corporation for the year under section 771.9 and the amount by which 16.25% of the remaining portion of its taxable income for the year exceeds the aggregate of

i. 16.25% of the amount by which the amount determined in respect of the corporation for the year under section 771.8.2 exceeds the amount determined in respect of the corporation for the year under section 771.9,

ii. 7.35% of the amount by which the lesser of the amount determined in respect of the corporation for the year under paragraph *b* of section 771.8.2 and, where the corporation is not a corporation referred to in paragraph *c* of section 771.8.2, the amount by which its income for the year from an eligible business carried on by the corporation exceeds its loss for the year from such business or, where the corporation is a corporation referred to in that paragraph *c*, the greater of the latter excess amount and the aggregate referred to in subparagraph ii of paragraph *d*.2, exceeds the amount determined in respect of the corporation for the year under section 771.8.2, and

iii. 3.15% of the amount by which the amount determined in respect of the corporation for the year under section 771.0.2.1 exceeds, where the corporation was, throughout the year, a savings and credit union, the amount determined in its respect for the year under section 771.8.2 and, in other cases, the excess amount determined in its respect for the year under subparagraph i."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

65. (1) Section 771.0.2 of the said Act is amended by replacing, in paragraph *b*, the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991.

66. (1) Section 771.0.2.1 of the said Act is amended by replacing the portion before paragraph *a* by the following:

"**771.0.2.1** For the purposes of subparagraph ii of paragraph *d*.2 of subsection 1 of section 771 and subparagraph iii of paragraphs *f* and *g* of that subsection, the amount determined in respect of a corporation for a taxation year is equal to the least of".

(2) Subsection 1 applies to taxation years ending after 31 August 1991. However, where the portion of section 771.0.2.1 of the Taxation Act, enacted by subsection 1, applies to taxation years ending before 1 July 1994, it shall be read as follows:

"**771.0.2.1** For the purposes of subparagraph ii of paragraph *d*.2 of subsection 1 of section 771 and subparagraph iii of paragraph *f* of that subsection, the amount determined in respect of a corporation for a taxation year is equal to the least of".

67. (1) Section 771.0.2.2 of the said Act is amended

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

"**771.0.2.2** The amount which, for the purposes of paragraph *b* of section 771.0.2.1, 771.8.1 or 771.8.2, must be determined in respect of a corporation for a taxation year under this section is the amount determined in respect of the corporation for the year by the formula

$$\frac{100}{16.25} \times \frac{A}{B} \text{ .";}$$

(2) by replacing, in subparagraph *a* of the second paragraph, the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13".

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 30 June 1994.

(3) Paragraph 2 of subsection 1 applies to taxation years ending after 30 June 1992.

68. (1) Section 771.1 of the said Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) the expression "eligible business carried on by a corporation" means any business carried on by a corporation other than a specified investment business or a personal services business and includes, except for the purposes of the second paragraph of section 771.6 and paragraph *d* of sections 771.8 to 771.8.2, an adventure or concern in the nature of trade."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

69. (1) Section 771.1.5 of the said Act is amended by replacing the portion before paragraph *a* by the following:

"**771.1.5** Notwithstanding sections 771.1.2 to 771.1.4,".

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

70. (1) The said Act is amended by inserting, after section 771.1.5, the following sections:

"**771.1.5.1** Notwithstanding sections 771.1.2 to 771.1.5, a Canadian-controlled private corporation's business limit for a taxation year beginning after 30 June 1994 and ending in a calendar year is the amount by which its business limit for the taxation year, determined without reference to this section, exceeds the amount determined by the formula

$$A \times \frac{(B - \$10,000,000)}{\$5,000,000}.$$

For the purposes of the formula in the first paragraph,

(*a*) A is the corporation's business limit for the taxation year, determined without reference to this section; and

(*b*) B is

i. where the corporation is not associated with any other corporation in the taxation year, the corporation's paid-up capital determined as provided in section 771.1.5.3 for its preceding taxation year or, where the corporation is in its first fiscal period, on the basis

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

ii. where the corporation is associated with one or more other corporations in the taxation year, the aggregate of all amounts each of which is, for the corporation or any of the other corporations, the amount of its paid-up capital determined as provided in section 771.1.5.3 for its last taxation year ending in the preceding calendar year or, where the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles.

"**771.1.5.2** Notwithstanding sections 771.1.2 to 771.1.5, a Canadian-controlled private corporation's business limit for a taxation year beginning before 1 July 1994 and ending after 30 June 1994 is the amount by which its business limit for the taxation year, determined without reference to this section, exceeds the amount determined by the formula

$$A \times \frac{(B - \$10{,}000{,}000)}{\$5{,}000{,}000} \times \frac{C}{D}.$$

For the purposes of the formula in the first paragraph,

(*a*) A is the corporation's business limit for the taxation year, determined without reference to this section; and

(*b*) B is the lesser of $15,000,000 and

i. where the corporation is not associated with any other corporation in the taxation year, the corporation's paid-up capital determined as provided in section 771.1.5.3 and established for its preceding taxation year or, where the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles, and

ii. where the corporation is associated with one or more other corporations in the taxation year, the aggregate of all amounts each of which is, for the corporation or any of the other corporations, the amount of its paid-up capital determined as provided in section 771.1.5.3 for its last taxation year ending in the calendar year 1993 or, where the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles;

(*c*) C is the number of days, in the taxation year, after 30 June 1994; and

(*d*) D is the number of days in the taxation year.

"**771.1.5.3** For the purposes of paragraph *g* of subsection 1 of section 771 and sections 771.1.5.1 and 771.1.5.2, a corporation's paid-up capital for a taxation year is

(*a*) in respect of a corporation contemplated in any of subparagraphs *a* to *c* of the first paragraph of section 1132, its paid-up capital that would, but for sections 1138.0.1 and 1141.3, be determined for that year in accordance with Book III of Part IV;

(*b*) in respect of an insurance corporation, other than a corporation referred to in paragraph *a*, or a savings and credit union within the meaning assigned by section 797, its paid-up capital that would, if the corporation were a bank, if paragraph *a* of section 1140 were replaced by paragraph *a* of section 1136 and if section 1141.3 were not taken into account, be determined for that year in accordance with Title II of Book III of Part IV;

(*c*) in respect of a cooperative governed by the Cooperatives Act (chapter C-67.2) or a cooperative syndicate governed by the Cooperative Syndicates Act (chapter S-38), its paid-up capital that would, but for section 1138.0.1, be determined for that year in accordance with Title I of Book III of Part IV."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

71. (1) Section 771.2.2 of the said Act is replaced by the following section:

"**771.2.2** For the purposes of subparagraphs i and ii of paragraphs *d*.1 and *d*.2 of subsection 1 of section 771, subparagraphs ii and iii of paragraphs *e* to *g* of that subsection and paragraph *d* of sections 771.8 to 771.8.2, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed as if any income or loss of the corporation for the year from the operations of an international financial centre were nil."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

72. (1) Section 771.5 of the said Act is amended

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

"**771.5** For the purposes of paragraphs *e* to *g* of subsection 1 of section 771 and subject to sections 771.6 and 771.7, a corporation is a qualified corporation for a taxation year if it meets the following conditions:";

(2) by striking out the word "and" at the end of paragraph *c*.

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

73. (1) Section 771.6 of the said Act is amended

(1) by replacing, in the portion of the first paragraph before subparagraph *a* of the English text, the words "eligible corporation" by the words "qualified corporation";

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

"Similarly, a corporation is not a qualified corporation for a taxation year if, for that year or a preceding taxation year,

(*a*) all of its activities in the year do not consist entirely or almost entirely in carrying on an eligible business; or

(*b*) its paid-up capital determined in accordance with section 771.1.5.3 for the taxation year preceding the year or, where the corporation's year is its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles, exceeds $10,000,000."

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 30 June 1994.

(3) Paragraph 2 of subsection 1 applies to taxation years beginning after 30 June 1994. Furthermore, where the second paragraph of section 771.6 of the Taxation Act, replaced by paragraph 2, applies to taxation years ending after 30 June 1994, it shall be read by replacing, in the English text, the words "eligible corporation" by the words "qualified corporation".

74. (1) Section 771.8 of the said Act is amended by replacing, in paragraph *b*, the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991.

75. (1) Section 771.8.1 of the said Act is amended by replacing subparagraph i of paragraph *c* by the following subparagraph:

"i. the amount by which 4/3 of its maximum cumulative reserve at the end of the year exceeds the aggregate, for any preceding taxation year, of the amount determined in its respect under this section or section 771.8.2 and the excess amount described in subparagraph iii of paragraph *f* or *g* of subsection 1 of section 771, and".

(2) Subsection 1 applies to taxation years beginning after 30 June 1994.

76. (1) The said Act is amended by inserting, after section 771.8.1, the following section:

"**771.8.2** The amount which, for the purposes of subparagraphs i to iii of paragraph *g* of subsection 1 of section 771, is to be determined under this section in respect of a corporation for its taxation year contemplated in the said paragraph *g* is the least of the following amounts:

(*a*) the proportion of $200,000 that the number of days in the year preceding 1 July 1994 is of the number of days in the year;

(*b*) the amount by which the taxable income of the corporation for the year exceeds the aggregate of the amount determined in respect of the corporation for the year under section 771.0.2.2 and the portion of that income that is not, because of an Act of the legislature of Québec, subject to tax under this Part; and

(*c*) where the corporation was a savings and credit union throughout the year, the greater of

i. the amount by which 4/3 of its maximum cumulative reserve at the end of the year exceeds the aggregate, for any preceding taxation year, of the amount determined in its respect under section 771.8.1 and the excess amount described in subparagraph iii of paragraph *f* or *g* of subsection 1 of section 771, and

ii. the amount by which its income for the year from an eligible business carried on by it in Canada exceeds its loss for the year from such a business; and

(*d*) where the corporation is not a corporation contemplated in paragraph *c*, the amount by which its income for the year from an eligible business carried on by it in Canada exceeds its loss for the year from such a business."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

77. (1) Section 771.9 of the said Act is amended

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

"**771.9** The amount which, for the purposes of paragraphs *e* to *g* of subsection 1 of section 771, is to be determined under this section in respect of a corporation for a particular taxation year is the lesser of";

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

"(*b*) the amount determined in respect of the corporation for the particular year under any of sections 771.8 to 771.8.2."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

78. (1) Sections 771.10 and 771.11 of the said Act are replaced by the following sections:

"**771.10** Where the amount determined in respect of a corporation for a particular taxation year under section 771.9 is not an amount which is nil, the tax payable by the corporation for the particular year in respect of the portion of its taxable income for the particular year which is equal to that amount, as determined under any of paragraphs *e* to *g* of subsection 1 of section 771 or, in the case of a corporation contemplated in the second paragraph of section 27, such proportion of the said tax payable as is indicated in that second paragraph, shall not be greater than the amount by which the aggregate of all amounts determined under subparagraph i of paragraph *a* of section 1029.2 in respect of the corporation for a taxation year preceding the particular year exceeds such tax payable

or such proportion of such tax payable by the corporation for the taxation year preceding the particular year in respect of such a portion of its taxable income for the preceding year.

“**771.11** Where the tax payable by a corporation for a particular taxation year is determined under any of paragraphs *e* to *g* of subsection 1 of section 771, the corporation is deemed, for the purposes of the application of section 734 and subparagraph i of paragraph *a* of section 1029.2 to any subsequent taxation year, to have deducted under Title VII of Book IV, in computing its taxable income for the particular year, the amount that may be deducted in respect of any loss which, except where the corporation was a savings and credit union throughout the particular year, is not a net capital loss under the said Title in such computation for the particular year and which the corporation has not otherwise deducted in such computation for the particular year.

Notwithstanding the foregoing, the amount contemplated in the first paragraph for the particular taxation year in respect of a particular loss of the corporation shall not be greater than such portion of the excess amount described in subparagraph i of paragraph *e*, *f* or *g*, as the case may be, of subsection 1 of section 771 in respect of the corporation for the particular year as exceeds the aggregate of all amounts it is deemed to have deducted under this section in such computation for the particular year in respect of any loss sustained by it in a taxation year preceding the taxation year in which the particular loss was sustained.”

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

79. (1) The heading of Title III of Book V of Part I of the said Act is replaced by the following heading:

“MISCELLANEOUS TAX CREDITS”.

(2) Subsection 1 applies from the taxation year 1991.

80. (1) The said Act is amended by inserting, after the heading of Title III of Book V of Part I, the following:

"CHAPTER I

"FOREIGN TAX CREDIT

"DIVISION I

"INTERPRETATION".

(2) Subsection 1 applies from the taxation year 1991.

81. (1) Sections 772 and 772.1 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 1991.

82. (1) The said Act is amended by inserting, after section 772.1, the following:

"**772.2** In this Chapter,

"business-income tax" paid by a taxpayer for a taxation year in respect of businesses carried on by the taxpayer in a particular foreign country means such portion of any income or profits tax paid by the taxpayer for the year to the government of a foreign country or political subdivision of a foreign country as may reasonably be regarded as tax in respect of the taxpayer's income from any business carried on by the taxpayer in the particular foreign country and that is attributable to an establishment situated in that country, but does not include a tax

(*a*) that may reasonably be regarded as relating to an amount that any other person or partnership has received or is entitled to receive from that government;

(*b*) that may reasonably be attributed to an amount included in the part, referred to in the first paragraph of section 737.16, of the taxpayer's income for the year; or

(*c*) that may reasonably be regarded as relating to an amount deductible under paragraph *a* of section 725 in computing the taxpayer's taxable income for the year;

"non-business-income tax" paid by a taxpayer for a taxation year to the government of a foreign country or political subdivision of a foreign country means such portion of any income or profits tax paid by the taxpayer for the year to that government as

(*a*) was not included in computing the business-income tax paid by the taxpayer for the year in respect of any business carried on by the taxpayer in any foreign country;

(*b*) was not deductible by virtue of section 146 in computing the taxpayer's income for the year;

(*c*) was not deducted by virtue of section 146.1 in computing the taxpayer's income for the year; and

(*d*) is not a tax,

i. that would not have been payable by the taxpayer had the taxpayer not been a citizen of that country and that cannot reasonably be regarded as attributable to income from a source situated in a foreign country,

ii. that is in respect of an amount deducted because of section 671.3 in computing the business-income tax paid by the taxpayer,

iii. that may reasonably be regarded as relating to an amount that any other person or partnership has received or is entitled to receive from that government,

iv. that may reasonably be regarded as the proportion of the tax paid by the taxpayer to that government in respect of income from employment abroad that the amount deducted by the taxpayer under section 737.25 in respect of that income in computing the taxpayer's taxable income for the year is of the taxpayer's income from employment abroad for the year as determined under Chapters I and II of Title II of Book III,

v. that may reasonably be regarded as relating to the amount by which the amount deducted under subsection 12 of section 20 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing the taxpayer's income for the year under that Act exceeds any amount deducted in the computation of the taxpayer's income for the year under section 146.1,

vi. that may reasonably be attributed to all or part of the taxable capital gain in respect of which the taxpayer claimed a deduction for the year under any of sections 726.7 to 726.9 and 726.20.2,

vii. that may reasonably be attributed to an amount included in the part referred to in the first paragraph of section 737.16 of the taxpayer's income for the year, or

viii. that may reasonably be regarded as relating to an amount deductible under paragraph *a* of section 725 in computing the taxpayer's taxable income for the year;

"tax otherwise payable" by a taxpayer under this Part for a taxation year means the tax payable by the taxpayer for the year under this Part, computed

(*a*) without reference to this Chapter, sections 752.1 to 752.5, 766.2 to 766.4, 767, 776 to 776.1.5.6, 776.17, 776.29 to 776.40, 1183 and 1184 and subparagraphs i and ii of paragraph *d*.2 of subsection 1 of section 771 and subparagraphs i to iii of paragraph *f* of that subsection; and

(*b*) without reference, in the case of a taxpayer that is a qualified corporation for the year, within the meaning of sections 771.5 to 771.7, to the portion of the tax that, in accordance with paragraph *f* of subsection 1 of section 771, is determined in respect of the portion of the corporation's taxable income for the year that is equal to the amount determined in respect of the corporation for the year under section 771.9;

"unused portion of the foreign tax credit" of a taxpayer for a taxation year means

(*a*) in respect of a country, where the taxpayer is an individual:

i. the amount determined as such for the year in respect of the individual in respect of that country in accordance with the regulations made under section 772, as they read for that year, where the year is a taxation year previous to the taxation year 1991, or

ii. in other cases, the amount by which

(1) 45% of the business-income tax paid by the taxpayer for the year in respect of businesses carried on by the taxpayer in that country exceeds

(2) the total of the amount deductible under section 772.8 in respect of that country in computing the taxpayer's tax payable under this Part for the year and the portion, that may reasonably be regarded as deductible under section 1086.3 in computing the taxpayer's tax payable under Part I.1 for the year, of the business-income tax paid by the taxpayer for the year in respect of businesses carried on by the taxpayer in that country; and

(*b*) where the taxpayer is a corporation,

i. the amount determined as such for the year in respect of the corporation in accordance with the regulations made under section 772, as they read for that year, where the year is a taxation year previous to the taxation year 1991,

ii. an amount that is nil where the year is the taxation year 1991 or 1992 and the corporation decided to include an amount under section 726.5, as it read for those years, in computing its taxable income for the year; and

iii. in other cases, the amount by which

(1) the aggregate of the amounts, each of which corresponds to the maximum deduction that would be granted in accordance with this Chapter, otherwise than under section 772.12, to the corporation in respect of a foreign country if it had sufficient tax otherwise payable, exceeds

(2) the amount deductible under this Chapter, otherwise than under section 772.12, in computing the corporation's tax payable for the year under this Part.

"**772.3** For the purposes of this Chapter, where an individual dies or ceases to be resident in Canada during a taxation year, the last day of his taxation year is deemed to be the day of his death or the last day on which he was resident in Canada, as the case may be.

"**772.4** For the purposes of this Chapter, an individual's business income that is attributable to an establishment situated in a particular foreign country shall be computed by applying, with the necessary modifications, the regulations made under section 22.

In addition, any deduction referred to in this Chapter, otherwise than under section 772.11 or 772.12, shall be computed separately in respect of each country.

"**772.5** An individual who, in computing his taxable income for a taxation year, deducts an amount under any of sections 726.7 to 726.9 and 726.20.2 is deemed, for the purposes of this Chapter, to have claimed the deduction in respect of such taxable capital gains or portion thereof as he may specify in the fiscal return he is required to file under section 1000 for the year or, failing such designation, in respect of such taxable capital gains as the Minister may designate in respect of the individual for the year.

"DIVISION II

"CREDITS

"**772.6** A taxpayer who is an individual resident in Québec on the last day of a taxation year, or that is a corporation resident in Canada that carries on a business in Québec at any time in a taxation year, may deduct from the tax otherwise payable under this Part for the year

(*a*) in the case of an individual, the amount by which the non-business-income tax the individual has paid for the year to the government of a foreign country or political subdivision of a foreign country in respect of income from a source situated in that country, exceeds the aggregate of

i. the deduction granted to the individual in respect of that income for the year under subsection 1 of section 126 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement),

ii. such portion of the amount in respect of that income that the individual may deduct for the year under subsection 1.1 of section 180.1 of the Income Tax Act as may reasonably be regarded as attributable to income referred to in subparagraph i of paragraph *b* of subsection 1 of section 126 of that Act; and

iii. where the individual is required under section 127.5 of the Income Tax Act to pay tax for the year, an amount in respect of that income is computed under subsection 2 of section 127.54 of that Act, for the purpose of determining the tax, and the amount so computed is equal

(1) to the amount referred to in paragraph *a* of that subsection 2, the amount that would be referred to in that paragraph if the reference therein to section 126 of that Act were replaced by a reference to subsection 1 of that section 126;

(2) to the amount referred to in paragraph *b* of that subsection 2, such portion of the amount referred to in that paragraph *b* as may reasonably be regarded as attributable to income referred to in subparagraph i of paragraph *b* of subsection 1 of section 126 of that Act; and

(*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 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, exceeds the deduction granted under subsection 1 of section 126 that the corporation's business 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.

"**772.7** The deduction provided for in section 772.6 in respect of an individual for a taxation year shall not exceed the proportion of the individual's tax otherwise payable under this Part for the year that

(*a*) the amount by which

i. the individual's income for the year, or if the individual's taxable income is computed in the manner prescribed in section 23, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section, in respect of which the deduction is granted, exceeds

ii. the aggregate of all amounts each of which is in respect of the income referred to in subparagraph i deductible under paragraph *a* of section 725 or any of sections 726.26, 737.16 and 737.25, or deducted under any of sections 726.7 to 726.9 and 726.20.2 by the individual for the year, on the assumption that no amount has not been deducted under section 584 in computing the individual's income for the year; is of

(*b*) the amount by which

i. either the aggregate of the individual's income for the year and the amount included in computing the individual's taxable income for the year under section 737.8 or, if the individual's taxable income is computed in the manner prescribed in section 23, the aggregate of the individual's income for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section and the amount that would be determined for the year in respect of the individual under subparagraph *b* of the second paragraph of that section if section 1091 were read without reference to its paragraphs *a* to *c*, exceeds

ii. the aggregate of all amounts each of which is an amount deductible under any of sections 725, 725.2 to 725.6, 726.26, 737.16, 737.16.1, 737.21 and 737.25, or deducted under any of sections 725.9, 726.7 to 726.9, 726.20.2 and 729, by the individual for the year or, as

the case may be, for the period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of section 23.

The deduction provided for in respect of a corporation shall not exceed 10% of the proportion of the income in respect of which the deduction is granted that the corporation's business carried on in Québec is of its business carried on in Canada or in Québec and elsewhere, as determined in the manner prescribed in the regulations made under section 771.

"**772.8** An individual who is resident in Québec on the last day of a taxation year and who, in the year, carries on a business in a foreign country through an establishment situated in that country, may deduct from his tax otherwise payable under this Part for the year an amount that does not exceed the total of

(*a*) 45% of the business-income tax paid by the individual for the year in respect of businesses the individual carried on in that country; and

(*b*) the individual's unused portions of the foreign tax credit in respect of that country for the seven taxation years preceding the year and the three taxation years following the year.

"**772.9** The deduction provided for in section 772.8 in respect of an individual for a taxation year in respect of a country shall not exceed the lesser of

(*a*) the proportion of the individual's tax otherwise payable under this Part for the year that

i. the individual's income for the year, or if the individual's taxable income is computed in the manner prescribed in section 23, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section, from any business carried on by the individual in that country and attributable to an establishment situated therein, other than the portion of that income deductible under paragraph *a* of section 725 or section 726.26 or 737.16 in computing the individual's taxable income for the year, is of

ii. the amount by which

(1) either the aggregate of the individual's income for the year and the amount included in computing the individual's taxable income for the year under section 737.8 or, if the individual's taxable income

is computed in the manner prescribed in section 23, the aggregate of the individual's income for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section and the amount that would be determined for the year in respect of the individual under subparagraph *b* of the second paragraph of that section if section 1091 were read without reference to its paragraphs *a* to *c*; exceeds

(2) the aggregate of all amounts each of which is an amount deductible under any of sections 725, 725.2 to 725.6, 726.26, 737.16, 737.16.1, 737.21 and 737.25, or deducted under any of sections 725.9, 726.7 to 726.9, 726.20.2 and 729, by the individual for the year or, as the case may be, for the period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of section 23; and

(*b*) the amount by which the individual's tax otherwise payable under this Part for the year exceeds the aggregate of the amounts deducted from the tax by the individual for the year under section 772.6.

"**772.10** For the purposes of this Chapter,

(*a*) the amount deducted by an individual under section 772.8 for a taxation year in respect of a country is deemed to be deducted in respect of the amount determined in paragraph *a* of that section in respect of that country, up to the latter amount, and any balance of the amount so deducted is deemed to be deducted in respect of the individual's unused portions of the foreign tax credit in respect of that country that are deductible for the year;

(*b*) no amount is deductible under section 772.8 in computing an individual's tax payable under this Part for a particular taxation year in respect of the individual's unused portion of the foreign tax credit for a determined taxation year in respect of a country, until the individual's unused portions of the foreign tax credit for taxation years previous to the determined year in respect of that country that are deductible for the particular year have been deducted; and

(*c*) an individual's unused portion of the foreign tax credit in respect of a country for a taxation year is deductible under section 772.8 in computing the individual's tax payable under this Part for a particular taxation year only to the extent that it exceeds the aggregate of the amounts deducted in respect of that unused portion

of the foreign tax credit in computing the individual's tax payable under this Part or Part I.1 for the taxation years previous to the particular year.

"**772.11** An individual who is employed by an international organization within the meaning of section 2 of the Foreign Missions and International Organizations Act (Statutes of Canada, 1991, chapter 41), other than a prescribed international organization, may, if the individual is resident in Québec on the last day of a taxation year, deduct from his tax otherwise payable under this Part for the year the amount by which the aggregate of all amounts each of which is an amount paid by the individual to the organization as a levy to defray expenses of the organization, computed by reference to the remuneration received by the individual in the year from the organization in a manner similar to the manner in which income tax is computed, exceeds the aggregate of

(*a*) the deduction granted to the individual in respect of the levies for the year under subsection 3 of section 126 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(*b*) such portion of the amount in respect of the levies that the individual may deduct for the year under subsection 1.1 of section 180.1 of the Income Tax Act as may reasonably be regarded as attributable to income referred to in paragraph *a* of subsection 3 of section 126 of that Act; and

(*c*) where the individual is required under section 127.5 of the Income Tax Act to pay tax for the year, an amount in respect of the levies is computed under subsection 2 of section 127.54 of that Act, for the purpose of determining the tax, and the amount so computed is equal

i. to the amount referred to in paragraph *a* of that subsection 2, the amount that would be referred to in that paragraph if the reference therein to section 126 of that Act were replaced by a reference to subsection 3 of that section 126, or

ii. to the amount referred to in paragraph *b* of that subsection 2, such portion of the amount referred to in that paragraph as may reasonably be regarded as attributable to income referred to in paragraph *a* of subsection 3 of section 126 of that Act.

However, the deduction provided for in the first paragraph in respect of an individual for a taxation year in respect of employment with an international organization shall not exceed the lesser of

(*a*) the proportion of the individual's tax otherwise payable under this Part for the year that

i. the individual's income for the year, or if the individual's taxable income is computed in the manner prescribed in section 23, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section, from employment with that organization, is of

ii. the amount by which

(1) either the aggregate of the individual's income for the year and the amount included in computing the individual's taxable income for the year under section 737.8 or, if the individual's taxable income is computed in the manner prescribed in section 23, the aggregate of the individual's income for the period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section and the amount that would be determined for the year in respect of the individual under subparagraph *b* of the second paragraph of that section if section 1091 were read without reference to its paragraphs *a* to *c*; exceeds

(2) the aggregate of all amounts each of which is an amount deductible under any of sections 725, 725.2 to 725.6, 726.26, 737.16, 737.16.1, 737.21 and 737.25, or deducted under any of sections 725.9, 726.7 to 726.9, 726.20.2 and 729, by the individual for the year or, as the case may be, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of section 23; and

(*b*) the proportion of the aggregate of the levies referred to in the first paragraph paid by the individual to the organization in respect of the year that

i. the individual's income for the year from employment with the international organization is of

ii. the amount that would be the individual's income for the year from employment with that organization but for section 488.

“**772.12** A corporation that is resident in Canada and that carries on a business in Québec at any time in a taxation year may deduct from its tax otherwise payable for the year an amount that does not exceed the lesser of

(*a*) the total of the corporation’s unused portions of the foreign tax credit for the seven taxation years preceding the year and the three taxation years following the year; and

(*b*) the amount by which the corporation’s tax otherwise payable under this Part for the year exceeds the aggregate of all amounts deducted under section 772.6 in computing the corporation’s tax payable under this Part for the year and the amount deducted by the corporation under section 776.1.5.4 in that computation for the year.

“**772.13** For the purposes of section 772.12,

(*a*) no amount is deductible under that section in computing a corporation’s tax payable under this Part for a particular taxation year in respect of the corporation’s unused portion of the foreign tax credit for a determined taxation year, until the corporation’s unused portions of the foreign tax credit for taxation years previous to the determined year that are deductible for the particular year have been deducted;

(*b*) a corporation’s unused portion of the foreign tax credit for a taxation year is deductible under that section in computing the corporation’s tax payable under this Part for a particular taxation year only to the extent that it exceeds the aggregate of the amounts deducted in respect of the unused portion of the foreign tax credit in computing the corporation’s tax payable under this Part for the taxation years previous to the particular year;

(*c*) notwithstanding the first paragraph of section 549, a new corporation’s unused portion of the foreign tax credit resulting from an amalgamation, within the meaning of section 544, for a taxation year ending after the amalgamation is not deductible, under section 772.12 in computing the tax payable under this Part for a taxation year by a predecessor corporation by virtue of that amalgamation, other than a corporation that, where the new corporation is a corporation having resulted from the amalgamation, after 31 December 1989, of a particular corporation and one or more of its subsidiary wholly-owned corporations, within the meaning of subsection 5 of section 544, is the particular corporation;

(*d*) in the case of a winding-up referred to in section 556, the unused portion of the foreign tax credit of the subsidiary, within the meaning of that section, for a particular taxation year, to the extent that it has not previously been deducted in computing the subsidiary's tax payable under this Part for a taxation year and if subparagraph i of subparagraph *f* has never been applied in respect of the subsidiary, is deemed, for the computation of the deduction provided for in section 772.12 for the taxation year of the parent, within the meaning of section 556, commencing after the beginning of the winding-up, to be an unused portion of the parent's foreign tax credit for its taxation year in which the particular taxation year ended, and section 564.5 applies, with the necessary modifications, for the purposes of this subparagraph;

(*e*) section 564.4.4 applies, with the necessary modifications, in the case provided for in subparagraph *d*;

(*f*) where, at any time, the control of a corporation is acquired by a person or group of persons,

i. no amount in respect of the corporation's unused portion of the foreign tax credit for a taxation year ending before that time is deductible in computing the corporation's tax payable under this Part for a taxation year ending after that time, and

ii. no amount in respect of the corporation's unused portion of the foreign tax credit for a taxation year ending after that time is deductible in computing the corporation's tax payable under this Part for a taxation year ending before that time.

Sections 21.2, 21.3 and 21.4.1 apply in respect of the control of a corporation for the purposes of subparagraph *f* of the first paragraph.

"CHAPTER II

"OTHER CREDITS".

(2) Subject to subsections 3 to 12, subsection 1 applies from the taxation year 1991, except where it enacts the definition assigned to "unused portion of the foreign tax credit" in section 772.2 of the Taxation Act, in which case it applies to the computation of a taxpayer's tax payable under Part I of that Act for taxation years subsequent to the taxation year 1990.

(3) Where the definition assigned to "tax otherwise payable" in section 772.2 of the Taxation Act, enacted by subsection 1,

(*a*) applies to taxation years ending before 1 July 1992, it shall be read as follows:

" "tax otherwise payable" by a taxpayer under this Part for a taxation year means the tax payable by the taxpayer for the year under this Part, computed without reference to this Chapter and sections 752.1 to 752.5, 766.2, 767, 776 to 776.1.5, 776.17, 776.29 to 776.40, 1183 and 1184;";

(*b*) applies to taxation years ending after 30 June 1992 but before 1 January 1993, it shall be read without reference to "to 766.4" and by replacing "to 776.1.5.6" by "to 776.1.5";

(*c*) applies to the taxation year 1993, it shall be read without reference to "to 766.4";

(*d*) applies to taxation years ending before 1 July 1994, it shall be read by replacing, in the English text of paragraph *b*, the words "qualified corporation" by the words "eligible corporation";

(*e*) applies to taxation years that end after 30 June 1994 and include that date, it shall be read by replacing, in paragraph *a*, the words "of paragraph *f*" by the words "of paragraphs *f* and *g*" and by replacing, in paragraph *b*, the words "paragraph *f*" by the words "paragraph *f* or *g*, as the case may be,".

(4) Where paragraph *d* of the definition assigned to "non-business-income tax" in section 772.2 of the Taxation Act, enacted by subsection 1,

(*a*) applies to the taxation year 1991, it shall be read by replacing, in subparagraph iv, the words "deducted by the taxpayer under section 737.25 in respect of that income in computing the taxpayer's taxable income for the year" by the words "deducted by the taxpayer under section 79.1 in respect of that income in computing the taxpayer's income for the year", and without reference to "and 726.20.2" in subparagraph vi;

(*b*) applies to the taxation years 1992 to 1994, it shall be read by replacing, in subparagraph iv, the words "deducted by the taxpayer under section 737.25 in respect of that income in computing the taxpayer's taxable income for the year" by the words "deducted by the taxpayer under section 79.1 in respect of that income in computing the taxpayer's income for the year".

(5) Where the definition assigned to "unused portion of the foreign tax credit" in section 772.2 of the Taxation Act, enacted by subsection 1, applies to the computation of a taxpayer's tax payable under Part I of that Act for the taxation years 1991 and 1992, it shall be read

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

"(2) the amount deductible under section 772.8 in respect of that country in computing the taxpayer's tax payable under this Part for the year; and";

(*b*) without reference to the words ", as it read for those years," in subparagraph ii of paragraph *b*.

(6) Where section 772.5 of the Taxation Act, enacted by subsection 1, applies to the taxation year 1991, it shall be read without reference to "and 726.20.2".

(7) Where the first paragraph of section 772.7 of the Taxation Act, enacted by subsection 1,

(*a*) applies to the taxation years 1991 and 1992, it shall be read by replacing subparagraph i of paragraph *b* by the following subparagraph:

"i. either the aggregate of the individual's income for the year and the amount included in computing the individual's taxable income for the year under section 737.8 or, if the individual's taxable income is computed in the manner prescribed in section 23, the individual's income for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of that section, exceeds";

(*b*) refers to section 726.20.2 of that Act, it applies only from the taxation year 1992;

(*c*) refers to section 725.9 of that Act, it applies only from the taxation year 1993;

(*d*) refers to sections 726.26, 737.16.1 and 737.25 of that Act, it applies only from the taxation year 1995.

(8) Where the second paragraph of section 772.7 of the Taxation Act, enacted by subsection 1, applies to cases pending on or before

8:00 p.m. Eastern Daylight Saving Time, 12 May 1994, and notices of objection served on the Minister of Revenue on or before that time, where the grounds, expressly raised on or before that time, for the dispute in such a case or such a notice allege that the manner of determining business carried on in various jurisdictions provided for in the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) does not comply with the manner of determining business carried on provided for in the Taxation Act, it shall be read by replacing the words "in Canada or in Québec and elsewhere" by the words "in Québec and elsewhere".

(9) Where section 772.9 of the Taxation Act, enacted by subsection 1,

(*a*) applies to the taxation years 1991 and 1992, it shall be read by replacing subparagraph 1 of subparagraph ii of paragraph *a* by the following subparagraph:

"(1) either the aggregate of the individual's income for the year and the amount included in computing the individual's taxable income for the year under section 737.8 or, if the individual's taxable income is computed in the manner prescribed in section 23, the individual's income for any period determined in respect of the individual for the year in subparagraph *a* of the second paragraph of that section, exceeds";

(*b*) refers to section 726.20.2 of that Act, it applies only from the taxation year 1992;

(*c*) refers to section 725.9 of that Act, it applies only from the taxation year 1993;

(*d*) refers to sections 726.26, 737.16.1 and 737.25 of that Act, it applies only from the taxation year 1995.

(10) Where section 772.10 of the Taxation Act, enacted by subsection 1, applies to the taxation years 1991 to 1993, it shall be read without reference to the words "or Part I.1" in paragraph *c*.

(11) Where section 772.11 of the Taxation Act, enacted by subsection 1,

(*a*) applies before 16 December 1991, it shall be read by replacing, in the portion of the first paragraph before subparagraph *a*, the words "within the meaning of section 2 of the Foreign Missions and International Organizations Act (Statutes of Canada, 1991,

chapter 41)" by the words "within the meaning of section 3 of the Privileges and Immunities (International Organizations) Act (Revised Statutes of Canada, 1985, chapter P-23)";

(*b*) applies to the taxation years 1991 and 1992, it shall be read by replacing subparagraph 1 of subparagraph ii of subparagraph *a* of the second paragraph by the following subparagraph:

"(1) either the aggregate of the individual's income for the year and the amount included in computing the individual's taxable income for the year under section 737.8 or, if the individual's taxable income is computed in the manner prescribed in section 23, the individual's income for any period determined in respect of the individual for the year in subparagraph *a* of the second paragraph of that section, exceeds";

(*c*) refers to section 726.20.2 of that Act, it applies only from the taxation year 1992;

(*d*) refers to section 725.9 of that Act, it applies only from the taxation year 1993;

(*e*) refers to sections 726.26, 737.16.1 and 737.25 of that Act, it applies only from the taxation year 1995.

(12) Where section 772.12 of the Taxation Act, enacted by subsection 1, applies to the taxation years 1991 and 1992, it shall be read by replacing paragraph *b* by the following paragraph:

"(*b*) the amount by which the corporation's tax otherwise payable under this Part for the year exceeds any amount deducted under section 772.6 in computing the corporation's tax payable under this Part for the year."

83. (1) Section 776 of the said Act is replaced by the following section:

"**776.** Where an individual who is an elector makes a contribution of money in a taxation year to the official representative of an authorized political party, authorized authority of an authorized political party or authorized independent candidate, the individual may deduct from his tax otherwise payable under this Part for that taxation year, computed without reference to sections 752.1 to 752.5, an amount equal to,

(*a*) where the individual's contribution does not exceed $200, 75% of the contribution; or

(*b*) where the contribution exceeds $200, the lesser of $250 and of the aggregate of $150 and 50% of the amount by which the contribution exceeds $200.

In this section, the expressions "authorized independent candidate", "contribution", "elector", "authorized authority of an authorized political party", "authorized party" and "official representative " have the meaning assigned to them by the Election Act (chapter E-3.3)."

(2) Subsection 1 applies from the taxation year 1995.

84. (1) Section 776.1.0.1 of the said Act, enacted by section 175 of chapter 49 of the statutes of 1995, is amended by replacing the portion before paragraph *a* by the following:

"**776.1.0.1** In sections 776.1.1, 776.1.4 and 776.1.4.1, "qualifying trust" in respect of an individual means a trust governed by a registered retirement savings plan where".

(2) Subsection 1 applies from the taxation year 1995.

85. (1) Section 776.1.1 of the said Act, replaced by section 176 of chapter 49 of the statutes of 1995, is again replaced by the following section:

"**776.1.1** An individual who is not a dealer acting as an intermediary or as firm underwriter may deduct from his tax otherwise payable for a taxation year under this Part, computed without reference to sections 752.1 to 752.5, 20% of the amount he pays, or that is paid by a qualifying trust in respect of the individual, in the year or within the following 60 days, to such extent as he did not deduct it for a preceding taxation year, for the purchase, as first purchaser, of

(*a*) a class "A" share issued by the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1); or

(*b*) a class "A" or class "B" share issued by the corporation governed by the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (1995, chapter 48)."

(2) Subsection 1 applies from the taxation year 1995.

86. (1) Sections 776.1.4 to 776.1.5 of the said Act are replaced by the following sections:

"**776.1.4** In no case may an individual deduct, for a taxation year, an amount under section 776.1.1 or 776.1.2 in respect of an amount paid by the individual, or by a qualifying trust in respect of the individual, for the purchase of a share referred to in section 776.1.1 if

(*a*) the individual reached 60 years of age before the end of the year and availed himself of his right to retirement or early retirement;

(*a*.1) where the amount is paid by a qualifying trust in respect of the individual, the annuitant is the spouse of the individual and the spouse reached 60 years of age before the end of the year and availed himself of his right to retirement or early retirement;

(*b*) the individual reached 65 years of age before the end of the year or would have reached that age before that time had the individual not died in the year;

(*b*.1) where the amount is paid by a qualifying trust in respect of the individual, the annuitant is the spouse of the individual and the spouse reached 65 years of age before the end of the year or would have reached that age before that time had the spouse not died in the year;

(*c*) during the year or within the following 120 days, a person requested redemption of the share in accordance with subparagraph 4 of the first paragraph of section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1); or

(*d*) during the year or within the following 120 days, a person requested redemption of the share, or a class "A" share received in exchange for the share, in accordance with paragraph 4 of section 11 of the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (1995, chapter 48).

"**776.1.4.1** In no case may an individual deduct an amount under section 776.1.1 or 776.1.2 in respect of a share purchased after the individual, or the spouse where the purchased share is held by a

qualifying trust in respect of the individual and the annuitant under the registered retirement savings plan governing the trust is the individual's spouse, makes a request for redemption in accordance with subparagraph 5 of the first paragraph of section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1) or paragraph 5 of section 11 of the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (1995, chapter 48).

"**776.1.5** An individual who avails himself of section 776.1.1 or 776.1.2 for a taxation year, in respect of a share referred to in section 776.1.1, shall file the fiscal return provided for in section 1000 for the year and attach to the return a copy of the prescribed form he received in respect of the share from a corporation governed by an Act establishing a labour-sponsored fund.

However, an individual is not required to attach a copy of the prescribed form referred to in the first paragraph for a share in respect of which he avails himself of section 776.1.2 for a taxation year, if he availed himself of section 776.1.1 in respect of that share for a previous taxation year."

(2) Subsection 1 applies from the taxation year 1995. Furthermore, where section 776.1.4 of the Taxation Act, replaced by subsection 1, applies to the taxation years 1983 to 1994, it shall be read by replacing, in paragraph *c*, the words "of section" by the words "of the first paragraph of section".

87. (1) Section 776.1.5.1 of the said Act is amended

(1) by replacing the definition of "qualified corporation" in the first paragraph by the following definition:

" "qualified corporation" in respect of a registered gain-sharing plan that is part of a quality approach means a corporation whose assets or net shareholders' equity as shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, either for its taxation year preceding that which includes the date on which a registration number was assigned to the plan by the Minister in accordance with section 776.1.5.3 or, where that date is included in the first fiscal

period of the corporation, at the beginning of that first fiscal period, were less than $25,000,000 and equal to or less than $10,000,000, respectively;";

(2) by replacing, in the definition of "unused portion" in the first paragraph, the words ", section 772 except to the extent prescribed, and sections" by the words "and sections 772.12,";

(3) by replacing, in the English text of subparagraph *b* of the second paragraph, the words "with such modifications as the circumstances require" by the words "with the necessary modifications".

(2) Paragraph 1 of subsection 1 has effect from 10 May 1995.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1993.

88. (1) Section 776.29 of the said Act, amended by section 86 of chapter 1 of the statutes of 1995, is again amended by replacing the portion after subparagraph *b* of the first paragraph by the following:

"(*c*) "total income" of an individual for a taxation year means an amount equal to the amount by which

i. the aggregate of

(1) his income for the year from an office or employment, computed according to this Part and before any deduction under section 64, where it refers to the part of the capital cost of an aircraft allowed by regulation, or paragraph *c* of section 70,

(2) his income for the year from a business or property, computed according to this Part and before any deduction under sections 130 and 130.1, less his losses so computed for the year from a business or property,

(3) any other amount included in computing his income for the year under this Part,

(4) the portion of any amount received by the individual in the year, which he has elected, under section 36.1 or 309.1, not to include in computing his income for the year,

(5) any other amount received and not included in computing income under paragraph *a* or *b* of section 489, any of sections 491 and

494 to 496 and the regulations under section 488, except any indemnity received under Chapter V of Title II of the Automobile Insurance Act (chapter A-25), any benefit received under Chapter III of the Act respecting income security (chapter S-3.1.1), any amount which corresponds to the amount of increase, received and referred to in section 10.2 or 16.2 of the Regulation respecting Income Security (R.R.Q., 1981, chapter S-3.1.1, r.2) made under section 91 of that Act, any amount received as special benefits referred to in subdivision 2 of Division III of Chapter II of that regulation and any amount received under a program of subsidies for children in day care centres established under the Act respecting child day care (chapter S-4.1), and

(6) any other amount received as a lost-wages insurance benefit or as an income insurance benefit or as a replacement for wages or income, exceeds

ii. the aggregate of

(1) any other amount deducted in computing the individual's income for the year under this Part, except any amount deducted under paragraph *b* of section 339,

(2) any amount which, but for section 334.1, would have been deductible in computing the individual's income for the year by reason of any of paragraphs *a* to *b*.0.1 of subsection 1 of section 336, and

(3) the amount deducted by the individual in computing his taxable income for the year under section 726.21.

For the purposes of subparagraph 2 of subparagraph i of subparagraph *c* of the first paragraph, where an individual is a partner in a partnership at the end of a fiscal period of the partnership, any amount deducted under section 130 or 130.1 by the partnership in computing its income from a business or property, in respect of such fiscal period, is deemed to have been deducted by the individual under that section in computing his income from such business or property for the taxation year in which the end of such fiscal period occurs up to his share of the amount.

For the purposes of subparagraph 1 of subparagraph ii of subparagraph *c* of the first paragraph, any amount described in any of paragraphs *a* to *c* of section 752.0.18.1 in respect of an individual for a taxation year, and the amount, if any, which that individual is

required to pay for the year as a contribution under subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec (chapter R-5), are deemed to be amounts deducted in computing his income for the year under this Part."

(2) Subsection 1 applies from the taxation year 1995. Furthermore, where subparagraph iv of subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act, replaced by subsection 1, applies in respect of amounts received after 31 December 1990, it shall be read by adding, after the words "any benefit received under Chapter III of the Act respecting income security (chapter S-3.1.1),", the words "any amount received as special benefits referred to in subdivision 2 of Division III of Chapter II of the Regulation respecting Income Security, made under section 91 of that Act,".

89. (1) Title VIII of Book V of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1995.

90. (1) Section 776.42 of the said Act, amended by section 89 of chapter 1 of the statutes of 1995, is again amended by replacing "772, 772.1" in subparagraph i of paragraph *a* by "772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991.

91. Section 776.60 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**776.60** For the purposes of section 776.51, the individual shall not deduct any amount for the year in computing his taxable income or his taxable income earned in Canada, as the case may be, under sections 725.2 to 725.6, 726.0.1, 726.1, 726.3, 726.4 and 726.4.8.11."

92. (1) Section 776.65 of the said Act is amended by replacing the first and second paragraphs by the following paragraphs:

"**776.65** An individual's basic minimum tax deduction for a taxation year is the aggregate of the amounts that he may deduct under sections 752.0.1 to 752.0.7, 752.0.10.1 to 752.0.10.15, 752.0.11 to 752.0.15 and 752.0.18.1 in computing his tax payable for the year under this Part.

"Where the first paragraph applies to an individual referred to in the second paragraph of section 22, 25 or 26, for the purpose of determining the basic minimum tax deduction of that individual for a taxation year, the amount that he may deduct under sections 752.0.1 to 752.0.7, 752.0.10.1 to 752.0.10.15, 752.0.11 to 752.0.15 and 752.0.18.1 in computing his tax payable for the year under this Part shall be determined without reference to the proportion referred to in section 752.0.23 or 752.0.25, as the case may be."

(2) Subsection 1 has effect from 10 May 1995.

93. (1) Section 779 of the said Act, replaced by section 92 of chapter 1 of the statutes of 1995 and by section 178 of chapter 49 of the statutes of 1995, is again replaced by the following section:

"**779.** Except for the purposes of Title VII of Book V, sections 935.4, 935.9 and 935.10.1 and Divisions II.13 to II.15 of Chapter III.1 of Title III of Book IX, the taxation year of the bankrupt is deemed to commence on the date of the bankruptcy and the current taxation year is deemed to end on the day before such date."

(2) Subsection 1 applies from the taxation year 1995.

94. (1) Section 843 of the said Act is replaced by the following section:

"**843.** In no case may a life insurer resident in Canada, in computing its income, make any deduction under section 146.1 in respect of foreign taxes attributable to its insurance business, nor make any deduction under sections 772.2 to 772.13 in computing its income in respect of foreign taxes attributable to income from its insurance business."

(2) Subsection 1 applies from the taxation year 1991.

95. (1) Section 865 of the said Act is amended by replacing the words "section 772" by the words "sections 772.2 to 772.13".

(2) Subsection 1 applies from the taxation year 1991.

96. (1) Section 867 of the said Act is replaced by the following section:

"**867.** For the purposes of sections 772.2 to 772.13, an employee who is a beneficiary under a profit sharing plan is deemed to have

paid as non-business-income tax for a taxation year to the government of the country contemplated by section 865 or to the government of a political subdivision of that country, in respect of the income that is deemed for him under that section 865 to be income for the year from sources situated in that country, an amount equal to the proportion, determined under section 868, of the non-business-income tax, within the meaning of section 772.2, paid to that government for the year by the trust governed by the profit sharing plan."

(2) Subsection 1 applies from the taxation year 1991.

97. (1) Section 961.1 of the said Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) notwithstanding sections 952.1 and 955, no amount may be deducted in computing the beneficiary's income in respect of any amounts used to acquire, in the particular year or any subsequent year, an owner-occupied home or new furniture which is furniture within the meaning of the regulations made under subparagraph *a* of the first paragraph of section 31 of the Retail Sales Tax Act (chapter I-1) which were in force immediately before the striking out, by section 28 of the Act to amend the Retail Sales Tax Act and other fiscal legislation (1990, chapter 60), of the said subparagraph *a*, and".

(2) Subsection 1 applies from the taxation year 1992.

98. Section 965.0.4 of the said Act is amended in paragraph *a* by replacing the words "with the necessary adaptations" by the words ", with the necessary modifications".

99. (1) Section 965.1 of the said Act, amended by section 97 of chapter 1 of the statutes of 1995, is again amended

(1) by replacing, in the English text of paragraph *b*, the words "adapted as required" by the words "with the necessary modifications";

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

"(*d*) "qualified corporation" means a corporation mentioned in any of sections 965.10, 965.11.1, 965.11.5, 965.11.6 and 965.11.7.1 and not contemplated in sections 965.11.8 to 965.11.20 nor governed by an Act establishing a labour-sponsored fund or by the Act respecting Québec business investment companies (chapter S-29.1);".

(2) Paragraph 2 of subsection 1 applies from the taxation year 1995.

100. (1) Section 965.3 of the said Act is replaced by the following section:

"**965.3** The assets of a corporation are the assets shown in its financial statements submitted to the shareholders for its last taxation year ended before the date of the receipt for the final prospectus or of the exemption from filing a prospectus, or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, less the surplus reassessment of its property and less the amount of its intangible assets that exceeds the expenditure made in that respect without taking account of any consideration for the purchase of those intangible assets which consists of shares of the corporation's capital stock."

(2) Subsection 1 has effect from 10 May 1995.

101. (1) Section 965.4 of the said Act is replaced by the following section:

"**965.4** The net shareholders' equity of a corporation is the equity shown in its financial statements submitted to the shareholders for its last taxation year ended before the date of the receipt for the final prospectus or of the exemption from filing a prospectus, or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, less the surplus reassessment of its property and less the amount of its intangible assets that exceeds the expenditure made in that respect without taking account of any consideration for the purchase of those intangible assets which consists of shares of the corporation's capital stock."

(2) Subsection 1 has effect from 10 May 1995.

102. (1) Section 965.6.10 of the said Act is amended by replacing the words "of a mutual life-insurance company or a mutual company of insurance against fire, lightning and wind within the meaning of paragraphs *c* and *e* of section 1 of the Act respecting

insurance" by the words "of a mutual insurance company, within the meaning of paragraph *c* of section 1 of the Act respecting insurance".

(2) Subsection 1 has effect from 2 May 1986.

103. (1) Section 965.10 of the said Act is amended by replacing paragraph *d* by the following paragraph:

"(*d*) not more than 50% of the value of its property, as shown in its financial statements submitted to the shareholders for its last taxation year ended before that date, or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, is constituted of shares, stocks, promissory notes, debentures, bonds, any other debt securities, guaranteed investment certificates, units of a mutual trust fund, units representing an undivided share in a project or property, subscription rights or purchasing rights to such shares that are not property described in section 965.11 or cash on hand or on deposit; and".

(2) Subsection 1 has effect from 10 May 1995.

104. (1) Section 965.10.1 of the said Act is amended by replacing the portion before paragraph *b* by the following:

"**965.10.1** For the purposes of paragraph *d* of section 965.10, the following rules apply:

(*a*) where the date of the receipt for the final prospectus or of the exemption from filing a prospectus is prior to 21 December 1983, the words "the value of its property, as shown in its financial statements submitted to the shareholders for its last taxation year ended before that date, or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, is constituted" are replaced by the words "its property is constituted";".

(2) Subsection 1 has effect from 10 May 1995.

105. (1) Section 965.10.1.1 of the said Act, amended by section 103 of chapter 1 of the statutes of 1995, is again amended, in the English text, by replacing paragraph *a*.1 by the following paragraph:

"(*a*.1) paragraph *d* of the said section 965.10 shall be read without reference to "promissory notes, debentures, bonds, any other debt securities, guaranteed investment certificates," and "or cash on hand or on deposit";".

(2) Subsection 1 applies in respect of a public share issue, a convertible security issue and a non-guaranteed convertible security issue the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 12 May 1994.

106. (1) Section 965.11.1 of the said Act is amended by replacing paragraph *d* by the following paragraph:

"(*d*) more than 50% of the value of the investments mentioned in paragraph *c*, as shown in its financial statements submitted to the shareholders for its last taxation year ended before that date, or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, is constituted of investments in corporations that mainly carry on their activities in Québec and whose shares are not listed on a stock exchange;".

(2) Subsection 1 has effect from 10 May 1995.

107. (1) Section 965.31.2 of the said Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

"(*c*) the percentage of the surpluses of the Québec business investment company, other than a property revaluation surplus, as shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its last taxation year ended before that time and adjusted to take into account any gain or loss realized, from the end of the said taxation year until the particular time, as a result of the disposition by the Québec business investment company of a qualified investment, equal to the percentage of the interest in the surpluses, taking into account the rights of the other shareholders, of the shares held by the shareholder at that time as the actual owner thereof."

(2) Subsection 1 has effect from 10 May 1995.

108. (1) Section 965.35 of the said Act is amended by replacing paragraph *c*.1 by the following paragraph:

"(*c*.1) "qualified partnership" means a partnership that is a member of a farm cooperative and, within 60 days after the end of the fiscal period in which it acquired a qualifying security and not later than 31 January of the year immediately following the year in which the said fiscal period ends, files with the farm cooperative a written declaration indicating the share of each of its members of the income or loss of the partnership for that fiscal period;".

(2) Subsection 1 applies in respect of fiscal periods of partnerships ending after 9 May 1995.

109. (1) Section 965.37.1 of the said Act is replaced by the following section:

"**965.37.1** For the purposes of section 965.37, an individual who is a member of a qualified partnership and whose activities consist mainly in carrying on a farming business or who carries on his main activity within the partnership is deemed, if he is a member of the partnership at the end of the fiscal period of the partnership in which it acquired a qualifying security, to have acquired the qualifying security in the year in which that fiscal period ends, at a cost equal to such proportion of its cost for the partnership as the share of the individual of the income or loss of the partnership for that fiscal period is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

110. (1) The said Act is amended by inserting, after section 985.9.1, the following section:

"**985.9.1.1** For the purposes of paragraph *a* of section 985.9, where a receipt referred to in subsection 2 of section 110.1 or 118.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) has been issued in respect of an individual or a corporation in connection with a gift of a work of art made by the individual or corporation, as the case may be, and at any time the

presumption set out in section 714.1 or 752.0.10.11.1 applies in respect of the individual or corporation, as the case may be, in connection with that gift, the reference to a receipt referred to in section 712 or 752.0.10.3 shall, in respect of the gift, be replaced by a reference to a receipt referred to in subsection 2 of section 110.1 or 118.1 of the Income Tax Act."

(2) Subsection 1 applies in respect of gifts made after 9 May 1995.

111. (1) Section 985.25 of the said Act, amended by section 236 of chapter 49 of the statutes of 1995, is again amended

(1) by replacing, in the English text of the portion before paragraph *a*, the words "with such modifications as the circumstances require" by the words "with the necessary modifications";

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

"(*a*) sections 710 to 714, 716, 752.0.10.1 to 752.0.10.11, 752.0.10.12 to 752.0.10.14, Divisions I and III to VII of Chapter III.1, Title VIII of Book IX, and sections 1069 and 1071 to 1076;".

(2) Paragraph 2 of subsection 1 has effect from 10 May 1995.

112. Section 998 of the said Act, amended by section 236 of chapter 49 of the statutes of 1995, is again amended, in the French text, by replacing paragraph *c* by the following paragraph:

"*c*) une société immobilière à dividendes limités, au sens de l'article 2 de la Loi nationale sur l'habitation (Lois révisées du Canada (1985), chapitre N-11), dont la totalité ou la quasi-totalité de l'entreprise consiste à construire, détenir ou administrer des ensembles d'habitation à loyer modique;".

113. (1) Section 1012.1 of the said Act is amended by replacing paragraph *d*.1 by the following paragraph:

"(*d*.1) sections 772.2 to 772.13 in respect of an unused portion of the foreign tax credit within the meaning of section 772.2 for a subsequent taxation year;".

(2) Subsection 1 applies from the taxation year 1991.

114. (1) Section 1015 of the said Act, amended by section 110 of chapter 1 of the statutes of 1995 and by section 228 of chapter 49 of the statutes of 1995, is replaced by the following section:

"**1015**. Every person who at any time during a taxation year pays, allocates, grants or awards an amount described in the second paragraph shall, even if the amount paid, allocated, granted or awarded results from a judgment, deduct or withhold therefrom the amount described in the third paragraph and pay to the Minister, on the dates, for the periods and according to terms and conditions prescribed, an amount equal to the deducted or withheld amount on account of the tax payable by the payee for the same taxation year or, in the case of an amount described in paragraph *o* of the second paragraph and paid to a payee who carries on a business as a market-maker, for the taxation year in which the fiscal period of the business during which the payment is made ends or with which that fiscal period coincides.

For the purposes of the first paragraph, the amounts referred to are the following amounts:

(*a*) salary or wages or other remuneration;

(*b*) an amount described in section 317;

(*c*) a retiring allowance;

(*d*) a death benefit;

(*e*) a benefit under the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or under a supplementary unemployment benefit plan;

(*f*) an annuity payment or a payment in full or partial commutation of an annuity;

(*g*) fees, commissions or other amounts for services;

(*h*) a payment under a deferred profit sharing plan or a plan referred to in section 147 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) as a plan the registration of which has been revoked;

(*i*) a benefit out of or under a registered retirement savings plan or a new plan referred to in section 914, or under such a plan;

(*j*) an allowance under the National Training Act (Revised Statutes of Canada, 1985, chapter N-19);

(*k*) an amount as proceeds of the surrender, cancellation or redemption of an income-averaging annuity contract;

(*l*) a payment out of or under a registered retirement income fund or a fund referred to in section 961.9 as an "amended fund";

(*m*) a prescribed benefit under a government assistance program;

(*n*) one or more amounts paid, allocated, granted or awarded to an individual who has elected for the year in prescribed manner in respect of all such amounts;

(*o*) an amount from a reserve account for contingent losses described in section 979.2;

(*p*) an amount described in paragraph *e* of section 1093;

(*q*) an amount paid, allocated, granted or awarded as a distribution to one or more persons out of or under a retirement compensation arrangement.

For the purposes of the first paragraph, the amount to be deducted or withheld is the prescribed amount or the amount determined according to a mathematical formula authorized by the Minister and taking into account the regulations made under this section, except section 1015R3 of the regulations.

Where the Minister considers that the aggregate of the amounts a person referred to in the first paragraph is required to pay under this section, section 34 of the Act respecting the Régie de l'assurance-maladie du Québec (chapter R-5) and section 63 of the Act respecting the Québec Pension Plan (chapter R-9), for a particular calendar year or for the calendar year prior to that particular year, does not exceed $1,200, he may authorize the person, in respect of an amount referred to in the first paragraph and equal to an amount deducted or withheld in respect of remuneration paid by that person during that particular year, to pay that amount on or before the day on which the person would be required, but for this paragraph, to make the last payment required by this section in respect of that remuneration.

The authorization referred to in the fourth paragraph is valid for the calendar year in respect of which it is given and, except where the Minister sends to the person a notice of change in the frequency of payment, for any subsequent calendar year."

(2) Subsection 1, where it enacts the fourth and fifth paragraphs of section 1015 of the Taxation Act, applies from 15 December 1995. However, the fourth and fifth paragraphs also apply to amounts payable under section 1015 by a person to whom the Minister of Revenue sent, before that date, a notice of change in the frequency of payment that has not been revoked by him, before that date, by a new notice of change in the frequency of payment.

115. The said Act is amended by inserting, after section 1015.2, the following section:

"**1015.3** Every person to whom another person pays, in a taxation year, remuneration, within the meaning of the regulations made under section 1015, shall file with the other person, upon taking office and within seven days from any event modifying the amount of his personal tax credits for the year, a return in prescribed form and containing prescribed information.

Where a person fails to file the return referred to in the first paragraph, the deduction or withholding shall be made in his respect as though the person were entitled, in computing his tax payable for the year, only to the deduction first mentioned in section 752.0.1."

116. (1) Section 1029.2 of the said Act, amended by section 199 of chapter 1 of the statutes of 1995, is again amended

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

"(*a*) on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of the particular year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that particular year, as partial payment of its tax payable for the particular year under this Part, the lesser of the following amounts:";

(2) by replacing the portion after subparagraph i of paragraph *a* by the following:

"ii. the amount by which three times its tax payable for the particular year under Part IV exceeds the amounts it is deemed to have paid to the Minister under paragraph *b* as partial payment of its tax payable for the particular year in respect of each non-capital loss sustained during any of the seven preceding taxation years and which has been the object of an election referred to in section 1029.1; and

(*b*) on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of any of the seven taxation years immediately following the particular year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that subsequent taxation year, as partial payment of its tax payable for that subsequent year under this Part, the lesser of the following amounts:

i. the excess, over the amounts deemed to have been paid to the Minister by the corporation under this paragraph as partial payment of its tax payable for a taxation year preceding that subsequent year in respect of the loss, of the amount by which the amount determined under subparagraph i of paragraph *a* exceeds the amount determined under that paragraph *a* in respect of the loss, and

ii. the amount by which the aggregate of its tax payable under this Part and three times its tax payable under Part IV for that subsequent year exceeds the aggregate, in respect of each non-capital loss it sustained during a taxation year preceding the particular year and which was the object of an election referred to in section 1029.1, of the amounts it is deemed to have paid to the Minister under this paragraph as partial payment of its tax payable for that subsequent year."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

117. Section 1029.6 of the said Act is replaced by the following section:

"**1029.6** Paragraph *f* of section 312, paragraph *e* of subsection 1 of section 336 and sections 1000 to 1004 and 1009 to 1079, to the extent that they refer to an assessment or a reassessment and a determination or redetermination of tax, apply, with the necessary modifications, to a determination or redetermination of an amount deemed to have been paid to the Minister under section 1029.2 by a corporation."

118. (1) Section 1029.6.0.1 of the said Act, enacted by section 118 of chapter 1 of the statutes of 1995, is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

"(*a*) where, in respect of a particular expenditure, an amount is, for a taxation year, deemed to have been paid to the Minister by a taxpayer under any of Divisions II to II.6.2 or included in the taxpayer's refundable tax credit account under any paragraph of the definition of "refundable tax credit account" in section 1029.8.36.30, no other amount may be deemed to have been paid to the Minister by the taxpayer or may be included in the taxpayer's refundable tax credit account, for any taxation year, under another of those Divisions or paragraphs, as the case may be, in respect of all or part of a cost or expenditure comprised in the particular expenditure; and

"(*b*) where, in respect of an amount payable by a person or partnership that is, for the person or partnership, a particular expenditure incurred within the framework of a particular contract, an amount may be deemed, for a taxation year, to have been paid to the Minister by that person or a member of that partnership, under any of Divisions II to II.6.2, or to be included in the refundable tax credit account of that person, where the person is a corporation, or a corporation that is a member of that partnership, under any paragraph of the definition of "refundable tax credit account" in section 1029.8.36.30, no amount may be deemed to have been paid to the Minister by another taxpayer or may be included in the refundable tax credit account of another corporation, for any taxation year, under any of those Divisions or paragraphs, as the case may be, in respect of all or part of a cost or expenditure incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure.";

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 1 January 1994. However, where subparagraphs *a* and *b* of the first paragraph of section 1029.6.0.1 of the Taxation Act, enacted by subsection 1, apply before 10 May 1995, they shall be read as follows:

"(*a*) where, in respect of a particular expenditure, an amount is deemed, under any of Divisions II to II.6.2, to have been paid to the Minister by a taxpayer for a taxation year, no other amount may be deemed to have been paid to the Minister by the taxpayer for any

taxation year under any of those Divisions in respect of all or part of a cost or expenditure comprised in the particular expenditure; and

"(*b*) where, in respect of an amount payable by a person or partnership that is, for the person or partnership, a particular expenditure incurred within the framework of a particular contract, an amount may be deemed, for a taxation year, to have been paid to the Minister by that person or a member of that partnership, under any of Divisions II to II.6.2, no amount may be deemed to have been paid to the Minister by another taxpayer for any taxation year under any of those Divisions in respect of all or part of a cost or expenditure incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure."

119. (1) Section 1029.6.1 of the said Act is amended by replacing paragraph *b* of the definition of "tax-exempt corporation" by the following paragraph:

"(*b*) a corporation which would be exempt from tax under section 985 but for section 192 or for the exception provided in the second paragraph of section 985 and if the latter section read by inserting, after the second paragraph, the following paragraph:

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

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

120. (1) Section 1029.7 of the said Act, amended by section 119 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.7** A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada and undertakes or causes to be undertaken on his behalf in Québec, as part of a contract, scientific research and experimental development within the meaning of the regulations made pursuant to section 222, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred

to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of the taxation year in which the research and development was undertaken, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20% of the aggregate of";

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

"(*c*) one-half of that portion of the consideration paid under the contract by the taxpayer to a person to whom he was not related at the time the contract was entered into, that can reasonably be attributed to such research and development undertaken in the year by the employees of an establishment of that person situated in Québec or that could be so attributed if the person had such employees.";

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

"Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer that is a large corporation within the meaning of section 1029.8.36.33, is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that paragraph applied only to the period covered by the payment.";

(4) by striking out subparagraphs iii and iv of subparagraph *b* of the third paragraph.

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995. However, where the first paragraph of section 1029.7 of the Taxation Act applies to taxation years ending after 9 May 1995 and in respect of expenditures other than expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date, it shall be read as follows:

“**1029.7** A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada and undertakes or causes to be undertaken on his behalf in Québec scientific research and experimental development within the meaning of the regulations made pursuant to section 222, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of the taxation year in which the research and development was undertaken, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20% of the wages paid by the taxpayer in respect of the research and development to his employees of an establishment situated in Québec and of that portion of the remuneration paid by the taxpayer in respect of the research and development to a person who has undertaken all or part of the research and development, that is attributable to the wages paid to the employees of an establishment of that person situated in Québec or that would be so attributable if that person had such employees.”

(3) Paragraph 2 of subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date.

(4) Paragraph 3 of subsection 1 applies in respect of payments that a corporation is required to make after 9 May 1995, except where it strikes out the words “, section 1159.11 if the first paragraph thereof were read without reference to “and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004” ” in the second paragraph of section 1029.7 of the Taxation Act, and where it replaces, in that second paragraph, the words “refer to subparagraph *a* of the first paragraph of section 1027” by the words “refer to that subparagraph *a*”, in which cases it applies to taxation years beginning after 9 May 1995.

121. Section 1029.7.1 of the said Act is repealed.

122. (1) Section 1029.7.2 of the said Act, replaced by section 120 of chapter 1 of the statutes of 1995, is again replaced by the following section:

“**1029.7.2** Where the taxpayer referred to in section 1029.7 is a corporation that has been, throughout the taxation year referred to therein, a corporation that is not controlled, directly or indirectly, by one or more persons not resident in Canada and the assets or the net shareholders’ equity shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than $25,000,000 and not more than $10,000,000, respectively, the rate of “20%” mentioned in that section shall be replaced by a rate of “40%”, to the extent that it is applied to the aggregate referred to in the first paragraph of that section 1029.7 which does not exceed the expenditure limit of the corporation for the year.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph shall be read without reference to the words “net shareholders’ ” and by replacing the words “submitted to the shareholders” by the words “submitted to the members”.”

(2) Subsection 1 has effect from 10 May 1995.

123. (1) Section 1029.7.3 of the said Act is replaced by the following section:

“**1029.7.3** For the purposes of section 1029.7.2, in computing the assets or the net shareholders’ equity of a corporation at the time referred to therein, or, where the corporation is a cooperative, its assets or its equity at that time, the amount representing the surplus reassessment of its property and the amount of its intangible assets shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of intangible assets consists of shares of the corporation’s or cooperative’s capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.”

(2) Subsection 1 has effect from 10 May 1995.

124. (1) The said Act is amended by inserting, after section 1029.7.5, the following section:

"**1029.7.5.1** For the purposes of section 1029.7.2, the equity of a cooperative that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the equity of the cooperative and of the equity or net shareholders' equity of each corporation associated with it, as determined in accordance with sections 1029.7.2 and 1029.7.3, exceeds the amount of investments in shares of the capital stock the corporations own in each other."

(2) Subsection 1 has effect from 10 May 1995.

125. (1) Section 1029.7.6 of the said Act is replaced by the following section:

"**1029.7.6** For the purposes of sections 1029.7.2 to 1029.7.5.1, where a corporation or a corporation associated with it reduces its assets or the net shareholders' equity or, where any of such corporations is a cooperative, its assets or equity, by any transaction in a taxation year and where, but for that reduction, the corporation would not be contemplated in section 1029.7.2, the assets, the net shareholders' equity or the equity, as the case may be, are deemed not to have been so reduced unless the Minister decides otherwise."

(2) Subsection 1 has effect from 10 May 1995.

126. (1) Section 1029.8 of the said Act, amended by section 121 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8** Where a partnership carries on a business in Canada and undertakes or causes to be undertaken on its behalf in Québec, as part of a contract, scientific research and experimental development within the meaning of the regulations made pursuant to section 222, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which the research and development was undertaken and who is not a specified member of the partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of his taxation year in which the fiscal period ends, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year,

as partial payment of his tax payable for that year pursuant to this Part, 20% of his share of an amount equal to the aggregate of";

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

"(*c*) one-half of that portion of the consideration paid under the contract by the partnership to a person not related to any member of the partnership at the time the contract was entered into, that can reasonably be attributed to such research and development undertaken in that fiscal period by the employees of an establishment of that person situated in Québec or that could be so attributed if that person had such employees.";

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

"Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer that is a large corporation within the meaning of section 1029.8.36.33, is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, for his taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in his respect under the first paragraph, on the date on which the fiscal period ends where that date coincides with the date on or before which the taxpayer is required to make such a payment or, in other cases, on the first date following the end of the fiscal period which is the date on or before which he is required to make such a payment.";

(4) by striking out subparagraphs iii and iv of subparagraph *b* of the third paragraph;

(5) by inserting, after the third paragraph, the following paragraph:

"For the purposes of the first paragraph, the taxpayer's share of an amount is equal to such proportion of that amount as the share of the taxpayer of the income or loss of the partnership for the fiscal period of the partnership ending in the taxpayer's taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that

fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995. However, where the first paragraph of section 1029.8 of the Taxation Act applies to taxation years ending after 9 May 1995 and in respect of expenditures other than expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date, it shall be read as follows:

"**1029.8** Where a partnership carries on a business in Canada and undertakes or causes to be undertaken on its behalf in Québec scientific research and experimental development within the meaning of the regulations made pursuant to section 222, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which the research and development was undertaken and who is not a specified member of the partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of the taxation year in which the fiscal period ends, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20% of his share of the wages paid by the partnership in respect of the research and development to his employees of an establishment situated in Québec and of that portion of the remuneration paid by the partnership in respect of the research and development to a person who has undertaken all or part of the research and development, that is attributable to the wages paid to the employees of an establishment of that person situated in Québec or that would be so attributable if that person had such employees."

(3) Paragraph 2 of subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date.

(4) Paragraph 3 of subsection 1 applies in respect of payments that a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that

portion of the tax as estimated in accordance with section 1004" " in the second paragraph of section 1029.8 of the Taxation Act, and where it replaces, in that second paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

(5) Paragraph 5 of subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

127. (1) The said Act is amended by inserting, after section 1029.8, the following section:

"**1029.8.0.0.1** A taxpayer shall not be deemed to have paid to the Minister an amount as partial payment of his tax payable for a taxation year under section 1029.7 or 1029.8 in respect of an expenditure that is a portion of a consideration referred to in subparagraph *c* of the first paragraph of that section, that the taxpayer has paid or the partnership of which he is a member has paid to a person under a contract for the purpose of causing to be undertaken, on his behalf, scientific research and experimental development, unless he files with the Minister, on or before the day on or before which he is required to file his fiscal return for the year under section 1000 or would be so required to file such a return if tax were payable by the taxpayer for the year under this Part, a statement in prescribed form containing the following information:

(*a*) the name of the person with whom the taxpayer, or the partnership of which the taxpayer is a member, has entered into the contract, the registration number assigned to that person in accordance with the Act respecting the Québec sales tax (chapter T-0.1) and, where the person is an individual, his social insurance number;

(*b*) the total amount of consideration provided for in the contract in respect of the scientific research and experimental development; and

(*c*) the amount of the portion of the consideration provided for in the contract that is paid in the year or, where the taxpayer is a member of a partnership, in the fiscal period of the partnership ending in the year, in respect of the scientific research and experimental development."

(2) Subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date.

128. Sections 1029.8.0.1 and 1029.8.0.2 of the said Act are repealed.

129. (1) Section 1029.8.1 of the said Act, amended by section 122 of chapter 1 of the statutes of 1995 and by section 236 of chapter 49 of the statutes of 1995, is again amended

(1) by replacing, in the French text of paragraph *a*.1.1, the words "émis" and "aux fins de" by the words "délivré" and "pour l'application de", respectively;

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

"ii. a corporation which would be exempt from tax under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section read by inserting, after the second paragraph, the following paragraph:

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

(2) Paragraph 2 of subsection 1 applies to taxation years beginning after 9 May 1995.

130. (1) Section 1029.8.5.1 of the said Act, amended by section 124 of chapter 1 of the statutes of 1995 and by section 236 of chapter 49 of the statutes of 1995, is again amended by replacing paragraph *f* by the following paragraph:

"(*f*) an expenditure related to scientific research and experimental development in respect of which an amount is deductible under sections 710 to 716.0.1 or 752.0.10.1 to 752.0.10.15 in computing taxable income or tax payable under this Part, as the case may be;".

(2) Subsection 1 has effect from 10 May 1995.

131. (1) Section 1029.8.6 of the said Act, amended by section 126 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8.6** A taxpayer, other than a tax-exempt taxpayer, carrying on a business in Canada who has made a university research contract with an eligible university entity or an eligible research contract with an eligible public research centre or an eligible research consortium, or for the benefit of whom a prescribed linkage agency has made such a contract in accordance with an agreement entered into between the taxpayer and the prescribed linkage agency, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of the taxation year during which scientific research and experimental development related to a business of the taxpayer was undertaken by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, under the contract, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 40%";

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

"Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer that is a large corporation within the meaning of section 1029.8.36.33, is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI on the date on or before which each payment is required to be made, the amount which would be determined under the first paragraph if it applied only to the period covered by the payment."

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995. However, where the first paragraph of section 1029.8.6 of the Taxation Act applies to taxation years ending after 9 May 1995 and in respect of an expenditure, other than an expenditure made after 12 May 1994 for scientific research and experimental development undertaken after that date pursuant to

an eligible research contract or a university research contract entered into after that date, it shall be read as follows:

"**1029.8.6** A taxpayer, other than a tax-exempt taxpayer, carrying on a business in Canada who has made a university research contract with an eligible university entity or an eligible research contract with an eligible public research centre or an eligible research consortium, or for the benefit of whom a prescribed linkage agency has made such a contract in accordance with an agreement entered into between the taxpayer and the prescribed linkage agency, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of the taxation year during which scientific research and experimental development related to a business of the taxpayer was undertaken by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, under the contract, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 40% of the total or part of a qualified expenditure paid by the taxpayer before 1 January 1999 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that may reasonably be attributable to expenditures in respect of such scientific research and experimental development made in Québec by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, under the contract during that year."

(3) Paragraph 2 of subsection 1 applies in respect of payments which a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph thereof were read without reference to the words "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in the second paragraph of section 1029.8.6 of the Taxation Act, and where it replaces, in that paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

132. Section 1029.8.6.1 of the said Act is repealed.

133. (1) Section 1029.8.7 of the said Act, amended by section 127 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8.7** Where a partnership carrying on a business in Canada has entered into a university research contract with an eligible university entity or into an eligible research contract with an eligible public research centre or an eligible research consortium, or where such a contract has been entered into by a prescribed linkage agency for the benefit of the partnership in accordance with an agreement entered into between the partnership and the prescribed linkage agency, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which scientific research and experimental development related to a business of the partnership was undertaken under the contract by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, and who is not a specified member of the partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of his taxation year in which the fiscal period ends, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 40% of his share";

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

"Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer that is a large corporation within the meaning of section 1029.8.36.33, is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, for his taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in his respect under the first paragraph, on the date on which the fiscal period ends where that date coincides with the date on or before which the taxpayer is

required to make such a payment or, in other cases, on the first date following the end of the fiscal period which is the date on or before which he is required to make such a payment.";

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

"For the purposes of the first paragraph, the taxpayer's share of an amount is equal to such proportion of that amount as the share of the taxpayer of the income or loss of the partnership for the fiscal period of the partnership ending in the taxpayer's taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995. However, where the first paragraph of section 1029.8.7 of the Taxation Act applies to taxation years ending after 9 May 1995 and in respect of expenditures other than expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date, it shall be read as follows:

"**1029.8.7** Where a partnership carrying on a business in Canada has entered into a university research contract with an eligible university entity or into an eligible research contract with an eligible public research centre or an eligible research consortium, or where such a contract has been entered into by a prescribed linkage agency for the benefit of the partnership in accordance with an agreement entered into between the partnership and the prescribed linkage agency, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which scientific research and experimental development related to a business of the partnership was undertaken under the contract by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, and who is not a specified member of the partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of his taxation year in which the fiscal period ends, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that

year pursuant to this Part, an amount equal to 40% of his share of the total or partial amount of a qualified expenditure the partnership has paid before 1 January 1999 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that can reasonably be attributed to expenditures in respect of scientific research and experimental development made in Québec by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, under the contract in the fiscal period."

(3) Paragraph 2 of subsection 1 applies in respect of payments that a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in the second paragraph of section 1029.8.7 of the Taxation Act, and where it replaces, in that second paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

(4) Paragraph 3 of subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

134. Sections 1029.8.7.1, 1029.8.7.2 and 1029.8.8 of the said Act are repealed.

135. Section 1029.8.9 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1029.8.9** A taxpayer shall not be deemed to have paid to the Minister an amount or his portion of an amount referred to in section 1029.8.6 or 1029.8.7 related to a university research contract entered into after 18 December 1987 or an eligible research contract unless a favourable advance ruling has been given by the Ministère du Revenu regarding the university research contract or the eligible research contract, as the case may be, to which the amount or that portion of an amount, as the case may be, is related, before any amount is paid, pursuant to the contract, to an eligible university entity, an eligible public research centre or an eligible research consortium, as the case may be."

136. (1) Section 1029.8.9.0.3 of the said Act is replaced by the following section:

"**1029.8.9.0.3** A corporation, other than a tax-exempt corporation, that carries on a business in Canada, is deemed to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of a taxation year or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that taxation year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to 40% of the aggregate of all amounts each of which is its eligible fee for the year relating to an eligible research consortium."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

137. (1) Section 1029.8.9.1 of the said Act, amended by section 131 of chapter 1 of the statutes of 1995 and by section 236 of chapter 49 of the statutes of 1995, is again amended by replacing paragraphs i to vi of the definition of "overhead expenditure" by the following paragraphs:

"(*a*) an expenditure of a current nature incurred for, and all or substantially all of which was attributable to, the lease of premises, facilities or equipment for the prosecution of scientific research and experimental development undertaken in Canada, except an expenditure in respect of general purpose office furniture or equipment;

"(*b*) an expenditure incurred in respect of the prosecution of scientific research and experimental development in Canada directly undertaken on behalf of the taxpayer or the partnership, as the case may be;

"(*c*) an expenditure of a capital nature that at the time it was incurred was for the provision of premises, facilities or equipment, except an expenditure in respect of general purpose office furniture or equipment, where at that time it was intended

i. that such premises, facilities or equipment would be used, during all or substantially all of their operating time in their expected useful life, for the prosecution of scientific research and experimental development undertaken in Canada, or

ii. that all or substantially all of their value would be consumed in the prosecution of scientific research and experimental development undertaken in Canada;

"(*d*) that portion of an expenditure incurred in respect of the salary or wages and related benefits of an employee who is directly engaged in scientific research and experimental development in Canada that may reasonably be considered to be attributable to such work having regard to the time spent by the employee therein and, for that purpose, if the employee spends all or substantially all of his time in such scientific research and experimental development, that portion of the expenditure is deemed equal to the amount of the expenditure;

"(*e*) an expenditure incurred in relation to the cost of materials consumed in the prosecution of scientific research and experimental development undertaken in Canada;

"(*f*) one-half of any other expenditure of a current nature incurred in respect of the lease of premises, facilities or equipment used primarily for the prosecution of scientific research and experimental development undertaken in Canada, except an expenditure in respect of general purpose office furniture or equipment;".

(2) Subsection 1 applies in respect of expenditures made after 20 May 1993 for scientific research and experimental development undertaken after that date in accordance with a receipt or recognition obtained after that date regarding a pre-competitive research project, a catalyst project or an environmental technology innovation project, as part of a scientific research and experimental development project, other than such expenditures the funds for which have been collected as part of the project

(*a*) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(*b*) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research validation certificate was issued by the Minister of Industry, Trade, Science and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research validation certificate issued;

(*c*) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(*d*) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research validation certificate was issued by the Minister of Industry, Trade, Science and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research validation certificate issued;

(*e*) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(*f*) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, was granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, was not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project were issued before 1 January 1994;

(*g*) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, was granted on or before 31 December 1993 or,

where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, was not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project were issued before 1 January 1994; and

(*h*) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus was granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

138. (1) Section 1029.8.10 of the said Act, replaced by section 133 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.10** A taxpayer, other than a tax-exempt taxpayer within the meaning of paragraph *b*.1 of section 1029.8.1, who carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake or to cause to be undertaken on their behalf in Québec, as part of a contract, scientific research and experimental development and in respect of which either the Minister of Industry, Trade, Science and Technology has issued a validation certificate on or before 31 December 1996 recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before that date, the scientific research and experimental development contemplated therein was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of his taxation year during which the scientific research and experimental development related to a business of the taxpayer was undertaken or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for the year pursuant to this Part, an amount equal to 40% of the aggregate of";

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

"Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer that is a large corporation within the meaning of section 1029.8.36.33, is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment is required to be made, the amount which would be determined under the first paragraph if it applied only to the period covered by the payment."

(2) Subject to subsection 3, paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995. However, where the first paragraph of section 1029.8.10 of the Taxation Act applies to taxation years ending after 9 May 1995 and in respect of an expenditure, other than an expenditure made after 12 May 1994 as part of a pre-competitive research project, a catalyst project or an environmental technology innovation project, in accordance with a receipt issued or a decision made after that date in respect of scientific research and experimental development undertaken after that date and, as the case may be, pursuant to a contract entered into after that date, it shall, subject to subsection 3, be read as follows:

"**1029.8.10** A taxpayer, other than a tax-exempt taxpayer within the meaning of paragraph *b*.1 of section 1029.8.1, who carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake in Québec scientific research and experimental development and in respect of which either the Minister of Industry, Trade, Science and Technology has issued a receipt on or before 31 December 1996 recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before that date, the scientific research and experimental development contemplated therein was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a

corporation, in respect of its taxation year during which the scientific research and experimental development related to a business of the taxpayer was undertaken, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for the year pursuant to this Part, an amount equal to 40% of all or part of a qualified expenditure made by the taxpayer in Québec before 1 January 1999 that can reasonably be attributed to such scientific research and experimental development undertaken in that year."

(3) Where the first paragraph of section 1029.8.10 of the Taxation Act, as amended by paragraph 1 of subsection 1 or as enacted by subsection 2, applies before 17 June 1994, the reference therein to "the Minister of Industry, Trade, Science and Technology" shall be read as a reference to "the Minister of Industry, Trade and Technology".

(4) Paragraph 2 of subsection 1 applies in respect of payments which a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in the second paragraph of section 1029.8.10 of the Taxation Act, and where it replaces, in that paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

139. (1) Section 1029.8.11 of the said Act, replaced by section 134 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.11** Where a particular partnership carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake or to cause to be undertaken on their behalf in Québec, as part of a contract, scientific research and experimental development and in respect of which either the Minister of Industry, Trade, Science and Technology has issued a validation certificate on or before 31 December 1996 recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before that date, the scientific research and

experimental development contemplated therein was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, every taxpayer who is a member of the partnership at the end of a fiscal period of the partnership in which the scientific research and experimental development related to a business of the partnership was undertaken and who is not a tax-exempt taxpayer within the meaning of paragraph *b*.1 of section 1029.8.1, or a specified member of the partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of his taxation year in which the fiscal period ends, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, 40% of his share of an amount equal to the aggregate of";

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

"Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer that is a large corporation within the meaning of section 1029.8.36.33, is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, for his taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in his respect under the first paragraph, on the date on which the fiscal period ends where that date coincides with the date on or before which the taxpayer is required to make such a payment or, in other cases, on the first date following the end of the fiscal period which is the date on or before which he is required to make such a payment.";

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

"For the purposes of the first paragraph, the taxpayer's share of an amount is equal to such proportion of that amount as the share of the taxpayer of the income or loss of the partnership for the fiscal

period of the partnership ending in the taxpayer's taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subject to subsection 5, paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995. However, where the first paragraph of section 1029.8.11 of the Taxation Act applies to taxation years ending after 9 May 1995 and in respect of expenditures other than expenditures made after 12 May 1994 under a pre-competitive research project, a catalyst project or an environmental technology innovation project, in accordance with a receipt issued or a decision made after that date in respect of scientific research and experimental development undertaken after that date and, as the case may be, under a contract entered into after that date, it shall, subject to subsection 5, be read as follows:

"**1029.8.11** Where a particular partnership carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake in Québec scientific research and experimental development and in respect of which the Minister of Industry, Trade, Science and Technology has issued a receipt on or before 31 December 1996 recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before that date, the scientific research and experimental development contemplated therein was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, every taxpayer who is a member of the partnership at the end of a fiscal period of the partnership in which the scientific research and experimental development related to a business of the partnership was undertaken and who is not a tax-exempt taxpayer within the meaning of paragraph *b*.1 of section 1029.8.1, or a specified member of the partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister, on the day referred to in section 1026.0.1, in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027, in the case of a corporation, in respect of his taxation year in which the fiscal period ends, or that would be referred to in that section 1026.0.1 or that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 40% of his share of the total or partial amount of a qualified expenditure the partnership

has made in Québec before 1 January 1999 that can reasonably be attributed to such scientific research and experimental development undertaken in that fiscal period."

(3) Paragraph 2 of subsection 1 applies in respect of payments that a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in the second paragraph of section 1029.8.11 of the Taxation Act, and where it replaces, in that second paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

(4) Paragraph 3 of subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

(5) Where the first paragraph of section 1029.8.11 of the Taxation Act, as amended by paragraph 1 of subsection 1 or as enacted by subsection 2, applies before 17 June 1994, the reference therein to "the Minister of Industry, Trade, Science and Technology" shall be read as a reference to "the Minister of Industry, Trade and Technology".

140. (1) Section 1029.8.15.1 of the said Act, amended by section 135 of chapter 1 of the statutes of 1995 and by section 236 of chapter 49 of the statutes of 1995, is again amended by replacing paragraph *f* by the following paragraph:

"(*f*) an expenditure related to scientific research and experimental development in respect of which an amount is deductible under sections 710 to 716.0.1 or 752.0.10.1 to 752.0.10.15 in computing taxable income or tax payable under this Part, as the case may be;".

(2) Subsection 1 has effect from 10 May 1995.

141. Section 1029.8.16 of the said Act is amended by replacing the words "émis" and "d'émission" wherever they occur in the French text of subparagraph i of paragraph *b* by the words "délivré" and "de la délivrance", respectively.

142. (1) The said Act is amended by inserting, after section 1029.8.17, the following section:

"**1029.8.17.1** Divisions II, II.1 and II.3 do not apply to a corporation that is, in the taxation year referred to in any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, a large corporation within the meaning of section 1029.8.36.33."

(2) Subsection 1 applies

(*a*) in respect of wages paid after 9 May 1995 for scientific research and experimental development undertaken after that date and, where applicable, pursuant to a contract entered into after that date;

(*b*) in respect of a consideration paid pursuant to a contract entered into after 9 May 1995 for scientific research and experimental development undertaken after that date;

(*c*) in respect of an expenditure made after 9 May 1995 for scientific research and experimental development undertaken after that date pursuant to a university research contract or an eligible research contract entered into after that date;

(*d*) in the case of a pre-competitive research project, a catalyst project or an environmental technology innovation project, in respect of an expenditure made after 9 May 1995 in accordance with a validation certificate issued or a decision made after that date and, where applicable, pursuant to a contract entered into after that date.

143. (1) Section 1029.8.18 of the said Act, replaced by section 138 of chapter 1 of the statutes of 1995, is again replaced by the following section:

"**1029.8.18** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a taxpayer pursuant to any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.10 and 1029.8.11, the following rules apply:

(*a*) the amount of the wages or of part of the consideration paid, of a qualified expenditure, except a prescribed proxy amount, or of an eligible fee referred to in any of sections 1029.7, 1029.8.6, 1029.8.9.0.3 and 1029.8.10, as the case may be, shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance attributable

to the wages or to part of the consideration paid, to the qualified expenditure or to the eligible fee, as the case may be, that the taxpayer has received, is entitled to receive or can reasonably expect to receive at the time of the filing of his fiscal return for that taxation year; and

(*b*) the share of a taxpayer who is a member of a partnership of the amount of the wages or of part of a consideration paid, or of a qualified expenditure, except a prescribed proxy amount, referred to in any of sections 1029.8, 1029.8.7 and 1029.8.11, as the case may be, shall be reduced, where applicable,

i. by his share of the amount of any contract payment, government assistance or non-government assistance, attributable to the wages or to part of the consideration paid, or to the qualified expenditure, as the case may be, that the partnership has received, is entitled to receive or can reasonably expect to receive at the time of the filing of the taxpayer's fiscal return for that taxation year in which the fiscal period of the partnership in which the wages or part of the consideration were paid or the qualified expenditure was made, as the case may be, ends, or

ii. by the amount of any government assistance or non-government assistance, attributable to the wages or part of the consideration paid, or to the qualified expenditure, as the case may be, that the taxpayer has received, is entitled to receive or can reasonably expect to receive at the time of the filing of his fiscal return for that taxation year in which the fiscal period of the partnership in which the wages or part of the consideration were paid or the qualified expenditure was made, as the case may be, ends.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the taxpayer's share of the amount of a contract payment, government assistance or non-government assistance that the partnership has received, is entitled to receive or can reasonably expect to receive, is equal to such proportion of that amount as the share of the taxpayer of the income or loss of the partnership for the fiscal period of the partnership ending in his taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1, where it enacts the portion of the first paragraph of section 1029.8.18 of the Taxation Act before

subparagraph *b*, except where it strikes out, in the portion of the first paragraph before subparagraph *a*, the reference to sections 1029.8.0.2 and 1029.8.7.2 of that Act, applies to taxation years ending after 9 May 1995. However, where section 1029.8.18 of the Taxation Act, enacted by subsection 1, applies in respect of expenditures other than expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date, it shall be read by replacing therein the word "consideration", wherever it occurs, by the word "remuneration".

(3) Subsection 1, where it enacts subparagraph *b* of the first paragraph of section 1029.8.18 of the Taxation Act and the second paragraph of that section, applies to fiscal periods of partnerships ending after 9 May 1995.

144. (1) Section 1029.8.18.0.1 of the said Act, enacted by section 139 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**1029.8.18.0.1** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a taxpayer pursuant to section 1029.8.10 or 1029.8.11, the following rules apply:

(*a*) the prescribed proxy amount included in the amount of the qualified expenditure referred to in section 1029.8.10 shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance that may reasonably be considered to be in respect of an expenditure, other than an expenditure referred to in subparagraph *c* of the first paragraph of section 230, that the taxpayer has received, is entitled to receive or can reasonably expect to receive at the time of the filing of his fiscal return for that taxation year;

(*b*) the share of a taxpayer who is a member of a partnership of the prescribed proxy amount included in the amount of the qualified expenditure referred to in section 1029.8.11 shall be reduced, where applicable,

i. by his share of the amount of any contract payment, government assistance or non-government assistance that may reasonably be considered to be in respect of an expenditure, other than an expenditure referred to in subparagraph *c* of the first paragraph of section 230, that the partnership has received, is entitled to receive or can reasonably expect to receive at the time of the

filing of the taxpayer's fiscal return for that taxation year in which the fiscal period of the partnership in which the qualified expenditure was made, ends, or

ii. by the amount of any government assistance or non-government assistance that may reasonably be considered to be in respect of an expenditure, other than an expenditure referred to in subparagraph *c* of the first paragraph of section 230, that the taxpayer has received, is entitled to receive or can reasonably expect to receive at the time of the filing of his fiscal return for that taxation year in which the fiscal period of the partnership in which the qualified expenditure was made, ends.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the taxpayer's share of the amount of a contract payment, government assistance or non-government assistance that the partnership has received, is entitled to receive or can reasonably expect to receive, is equal to such proportion of that amount as the share of the taxpayer of the income or loss of the partnership for the fiscal period of the partnership ending in his taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1, where it enacts the portion of the first paragraph of section 1029.8.18.0.1 of the Taxation Act before subparagraph *b*, applies to taxation years ending after 9 May 1995 and, where it enacts subparagraph *b* of the first paragraph and the second paragraph of that section, applies to fiscal periods of partnerships ending after 9 May 1995.

145. (1) Section 1029.8.18.1 of the said Act is replaced by the following section:

"**1029.8.18.1** Where, at any particular time, a taxpayer pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph *a* of the first paragraph of section 1029.8.18 or 1029.8.18.0.1, a particular expenditure for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by the taxpayer under Divisions II to II.3, the following rules apply:

(*a*) the particular amount is deemed, for the purposes of those Divisions, to be an expenditure for scientific research and

experimental development made at the particular time by the taxpayer on the same basis as was the particular expenditure;

(*b*) the amount that the taxpayer is deemed to have paid to the Minister under those Divisions in respect of the particular amount is deemed

i. to be equal to the amount that, were it not for the assistance, would have been deemed to have been paid to the Minister by the taxpayer under those Divisions in respect of that portion of the particular expenditure corresponding to the assistance so repaid, and

ii. to have been paid to the Minister under the same provisions of those Divisions as the provisions under which, but for the assistance, the taxpayer would have been deemed to have paid an amount to the Minister in respect of that portion of the particular expenditure corresponding to the assistance so repaid."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

146. (1) The said Act is amended by inserting, after section 1029.8.18.1, the following sections:

"**1029.8.18.1.1** Where, at any particular time, a partnership pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.18 or 1029.8.18.0.1, the share of a taxpayer who is a member of the partnership of a particular expenditure made by the partnership for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by the taxpayer under Divisions II to II.3, the following rules apply:

(*a*) the particular amount is deemed, for the purposes of those Divisions, to be an expenditure for scientific research and experimental development made at the particular time by the partnership on the same basis as was the particular expenditure;

(*b*) the amount that the taxpayer is deemed to have paid to the Minister under those Divisions in respect of the particular amount is deemed

i. to be equal to the amount that, were it not for the assistance and if his share of the income or loss of the partnership were the same as the share determined at the end of the fiscal period of the partnership which includes the particular time, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000, would have been deemed to have been paid to the Minister by the taxpayer under those Divisions in respect of that portion of the particular expenditure corresponding to the assistance so repaid, and

ii. to have been paid to the Minister under the same provisions of those Divisions as the provisions under which, but for the assistance, the taxpayer would have been deemed to have paid an amount to the Minister in respect of that portion of the particular expenditure corresponding to the assistance so repaid.

"**1029.8.18.1.2** Where, at any particular time, a taxpayer who is a member of a partnership pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.18 or 1029.8.18.0.1, the taxpayer's share of a particular expenditure made by the partnership for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by the taxpayer under Divisions II to II.3, the following rules apply:

(*a*) the particular amount is deemed, for the purposes of those Divisions, to be the taxpayer's share of an expenditure for scientific research and experimental development made at the particular time by the partnership on the same basis as was the particular expenditure;

(*b*) the amount that the taxpayer is deemed to have paid to the Minister under those Divisions in respect of the particular amount is deemed

i. to be equal to the amount that, were it not for the assistance, would have been deemed to have been paid to the Minister by the taxpayer under those Divisions in respect of that portion of the particular expenditure corresponding to the assistance so repaid, and

ii. to have been paid to the Minister under the same provisions of those Divisions as those under which, but for the assistance, the

taxpayer would have been deemed to have paid an amount to the Minister in respect of that portion of the particular expenditure corresponding to the assistance so repaid."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

147. (1) Section 1029.8.18.2 of the said Act, amended by section 140 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8.18.2** For the purposes of sections 1029.8.18.1 to 1029.8.18.1.2, an amount of assistance is deemed to be repaid, at a particular time, by a taxpayer or a partnership, as the case may be, where that amount

(*a*) reduced, because of section 1029.8.18, the amount of the wages or of part of the consideration paid, of a qualified expenditure or of an eligible fee, as the case may be, the taxpayer's share of such an amount or, because of section 1029.8.18.0.1, the prescribed proxy amount included in the amount of a qualified expenditure, or the taxpayer's share of such a prescribed proxy amount, for the purpose of computing the amount that is deemed to have been paid by the taxpayer to the Minister for a taxation year under Divisions II to II.3;";

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

"(*c*) ceased, at the particular time, to be an amount that the taxpayer or the partnership can reasonably expect to receive."

(2) Subsection 1 applies to taxation years ending after 2 December 1992. However,

(*a*) where the portion of section 1029.8.18.2 of the Taxation Act before paragraph *a*, enacted by paragraph 1 of subsection 1, applies to taxation years ending before 10 May 1995, it shall be read as follows:

"**1029.8.18.2** For the purposes of section 1029.8.18.1, an amount of assistance is deemed to be repaid, at a particular time, by a taxpayer or a partnership, as the case may be, where that amount";

(*b*) where paragraph *a* of section 1029.8.18.2 of the Taxation Act, enacted by paragraph 1 of subsection 1, applies in respect of

expenditures other than expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date under a contract entered into after that date, it shall be read by replacing the word "consideration" by the word "remuneration".

148. (1) Section 1029.8.19.2 of the said Act, amended by section 142 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8.19.2** Notwithstanding sections 1029.7 and 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* of the first paragraph of those sections, and notwithstanding sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, where, in respect of a scientific research and experimental development project contemplated in any of the said sections or in respect of the carrying out of such a project, a taxpayer, a partnership, a member of that partnership, a person not dealing at arm's length with the taxpayer, the partnership or any member thereof, or any other person designated by the Minister, has obtained, is entitled to obtain or can reasonably be expected to obtain, or, upon a determination by the Minister to that effect, is deemed to have obtained or to be entitled to obtain, from a person who is a party to the project, from a person not dealing at arm's length with that person, or from any other person designated by the Minister, a contribution, the taxpayer or any taxpayer who is a member of the partnership, as the case may be, is deemed not to be deemed to have paid to the Minister an amount under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* of the first paragraph of that section or any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, in respect of such a project.

In the first paragraph, a contribution in respect of a scientific research and experimental development project or in respect of the carrying out of such a project, means";

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

"Notwithstanding the second paragraph, where an eligible public research centre, an eligible research consortium or an eligible university entity, within the meaning of paragraph *a*.1, *a*.1.1 or *f* of section 1029.8.1, directly takes part in the financing of a scientific research and experimental development project as part of a contract

referred to in any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 entered into between a taxpayer or a partnership and the centre, consortium or entity, the participation in the financing is deemed not to be a contribution referred to in that second paragraph if

(*a*) the participation does not exceed 40% of the cost of the scientific research and experimental development work specified in respect of the project;

(*b*) the participation consists in making or incurring expenditures to carry out part of the scientific research and experimental development;

(*c*) the participation is not a compensation paid to the taxpayer or partnership or a reduction in the obligations of the taxpayer or partnership under the contract; and

(*d*) an agreement in writing between the parties to the contract determines the terms and conditions of recovery by the centre, consortium or entity, as the case may be, of the whole of its participation.

"For the purposes of subparagraph *a* of the third paragraph, the cost of the work specified in respect of the project referred to in that paragraph is equal to the cost relating to the work to be carried out by the eligible public research centre, the eligible research consortium or the eligible university entity, as the case may be, as part of the project, reduced by the amount of any assistance and any consideration provided for in the contract, other than a consideration resulting from the obligations of a taxpayer other than a tax-exempt taxpayer or other than a consideration reasonably attributable to a taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership, that the centre, consortium or entity, as the case may be, has received, is entitled to receive or can reasonably be expected to receive as part of the project."

(2) Paragraph 1 of subsection 1 applies in respect of a consideration paid after 12 May 1994.

(3) Paragraph 2 of subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date as part of a contract entered into after that date.

149. (1) Section 1029.8.19.3 of the said Act, replaced by section 143 of chapter 1 of the statutes of 1995, is again replaced by the following section:

"**1029.8.19.3** Notwithstanding section 1029.8.19.2, a taxpayer may be deemed to have paid an amount to the Minister under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* of the first paragraph of each of those sections, or under any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, in respect of a project referred to in section 1029.8.19.2 in which all or part of the scientific research and experimental development is undertaken by a person other than the taxpayer if, but for section 1029.8.19.2, an amount would have been deemed to have been paid to the Minister under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* of the first paragraph of that section, or under any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 and if each contribution referred to in section 1029.8.19.2, in respect of the project or the carrying out thereof, constitutes an expenditure made by the person to undertake all or part of such scientific research and experimental development.

Where the first paragraph applies to a taxpayer, the amount deemed to have been paid to the Minister, under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* of the first paragraph of that section, or under any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, shall be determined only on the portion of the qualified expenditure in respect of which an amount was otherwise deemed to have been paid to the Minister under section 1029.7 or 1029.8 in respect of the portion of a consideration referred to in subparagraph *c* of the first paragraph of that section, or under any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, reduced by the amount of a contribution referred to in section 1029.8.19.2 in respect of the project or the carrying out thereof."

(2) Subsection 1 applies in respect of a consideration paid after 12 May 1994.

150. (1) Section 1029.8.19.5 of the said Act is amended by replacing the portion before subparagraph *a* of the second paragraph by the following:

"**1029.8.19.5** Notwithstanding sections 1029.7 and 1029.8, in respect of wages or the portion of a consideration referred to respectively in subparagraphs *a* and *b* of the first paragraph of those

sections, where, in respect of a scientific research and experimental development project contemplated in either of those sections or in respect of the carrying out of such a project, a taxpayer, a partnership, a member of that partnership, a person not dealing at arm's length with the taxpayer, the partnership or any member thereof, or any other person designated by the Minister, has obtained, is entitled to obtain or can reasonably be expected to obtain, or, upon a determination by the Minister to that effect, is deemed to have obtained or to be entitled to obtain, from a person who is a party to the project, from a person not dealing at arm's length with that person, or from any other person designated by the Minister, a contribution, the taxpayer or any taxpayer who is a member of the partnership, as the case may be, is deemed not to be deemed to have paid to the Minister an amount under either of those sections, in respect of wages or the portion of a consideration referred to respectively in subparagraphs *a* and *b* of the first paragraph of those sections, in respect of such a project.

In the first paragraph, a contribution in respect of a scientific research and experimental development project or in respect of the carrying out of such a project, means".

(2) Subsection 1 applies in respect of amounts paid after 12 May 1994.

151. (1) The said Act is amended by inserting, after section 1029.8.19.6, the following section:

"**1029.8.19.7** For the purposes of the first paragraph of section 1029.8.19.2, in respect of a scientific research and experimental development project referred to in that paragraph or in respect of the carrying out of such a project, a contribution whether in the form of a payment in currency, a transfer of ownership of a property, an assignment of the use or of the right to use a property, referred to in subparagraph *a* of the second paragraph of that section, is deemed, subject to a determination to the contrary by the Minister, not to be a contribution in respect of the project or the carrying out thereof where

(*a*) the contribution results from the acquisition of property or the provision of a service following a transaction occurring in the ordinary course of a business carried on by the taxpayer, the partnership, the member or the person referred to in the first paragraph of section 1029.8.19.2;

(*b*) the property or the provision of the service being the object of the transaction is acquired or supplied for an amount not exceeding its fair market value where the person making the contribution is the purchaser of the property or of the provision of the service and for an amount equal to or greater than its fair market value where the person making the contribution is the person who is disposing of the property or supplying the provision of the service;

(*c*) the contribution is not in the form of an expenditure made to undertake the scientific research and experimental development referred to in section 1029.8.19.3 or to cause such scientific research and experimental development to be undertaken."

(2) Subsection 1 applies in respect of a contribution which a taxpayer, a partnership, a member of that partnership, a person not dealing at arm's length with the taxpayer, the partnership or any member thereof, or any other person designated by the Minister, has obtained, is entitled to obtain or can reasonably be expected to obtain, or, upon a determination by the Minister of Revenue to that effect, is deemed to have obtained or to be entitled to obtain after 31 December 1993 as part of a contract entered into after that date.

152. Section 1029.8.21.2 of the said Act is replaced by the following section:

"**1029.8.21.2** For the purposes of this Part and the regulations, the amount a taxpayer is deemed to have paid to the Minister for a taxation year under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.10 and 1029.8.11 is deemed not to be assistance or an inducement that the taxpayer or, where he is a member of a partnership, the partnership of which he is a member has received from a government."

153. Section 1029.8.21.3 of the said Act, enacted by section 145 of chapter 1 of the statutes of 1995, is amended by replacing the first paragraph by the following paragraph:

"**1029.8.21.3** Subject to the second paragraph, a taxpayer may be deemed to have paid an amount to the Minister as partial payment of his tax payable for a particular taxation year under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.10 and 1029.8.11 in respect of an expenditure that is wages or part of a consideration, a qualified expenditure or an eligible fee, as the case may be, only if he files with the Minister the prescribed information in prescribed form on or before the day on or before which he is required to file his fiscal return for the taxation year following the particular year or, where the taxpayer is not required to file a

return for the year following the particular year, on or before the day on or before which he would be required to file his fiscal return for that year if tax were payable by the taxpayer for that year."

154. (1) Section 1029.8.22 of the said Act, amended by section 457 of chapter 40 of the statutes of 1994 and by section 146 of chapter 1 of the statutes of 1995, is again amended in the first paragraph

(1) by replacing paragraph *b* of the definition of "qualified corporation" by the following paragraph:

"(*b*) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section read by inserting, after the second paragraph, the following paragraph:

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

(2) by replacing paragraph *d* of the definition of "qualified corporation" by the following paragraph:

"(*d*) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;";

(3) by replacing the portion before subparagraph i of paragraph *a* of the definition of "qualified training expenditure" by the following:

" "qualified training expenditure" made by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period means, subject to section 1029.8.23, a cost or an expenditure incurred by the qualified corporation or the qualified partnership, as the case may be, in the year or period, as the case may be, provided the cost or expenditure is reasonable under the circumstances, and related to a business carried on by the corporation or partnership in Québec, corresponding to

(*a*) the lesser of $10,000 and the amount by which the aggregate of all amounts each of which is, for the qualified corporation or the qualified partnership, as the case may be, the portion incurred, after 20 May 1993, of the cost of a training plan or, where the cost of a training plan is included in the cost of any plan whatsoever, of the portion of the cost of the latter plan that may reasonably be attributed

to the training plan, exceeds the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion incurred of the cost of such a plan, that the qualified corporation or the qualified partnership has received, is entitled to receive or can reasonably expect to receive";

(4) by replacing paragraph *d* of the definition of "qualified training expenditure" by the following paragraph:

"(*d*) a refund, before 1 January 1999, of any form of assistance referred to in paragraph *a*, except to the extent that such assistance has not reduced the cost of a training plan to less than $10,000, or in section 1029.8.32;".

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 9 May 1995.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1995.

(4) Paragraphs 3 and 4 of subsection 1 have effect from 1 January 1996.

155. (1) Section 1029.8.22.1 of the said Act, enacted by section 147 of chapter 1 of the statutes of 1995, is amended

(1) by replacing the second and third paragraphs by the following paragraphs:

"The time referred to in the first paragraph is the day in the taxation year or fiscal period referred to in that paragraph on which the Société québécoise de développement de la main-d'oeuvre issues a certificate in respect of the qualified training activity referred to in that paragraph.

"The proportion to which the first paragraph refers is the proportion that the amount of the portion of the contribution of the qualified corporation or qualified partnership referred to in that paragraph made to the committee on reclassification that may reasonably be considered to be used by the committee to make an expenditure referred to in the first paragraph in respect of the qualified training activity, as attested by the certificate referred to in the second paragraph that is issued in respect of that activity, is of the aggregate of the contributions made to the committee on reclassification that may reasonably be considered to be so used.";

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

"However, the aggregate of the expenditures, each of which is deemed to be a qualified training expenditure, under the first paragraph, made by the qualified corporation or qualified partnership, as the case may be, in respect of an amount paid or repaid by the committee on reclassification, shall not exceed an amount equal to the portion of the contribution of the qualified corporation or qualified partnership to the committee, that may reasonably be considered as incurred before 1 January 1999 and as not having been incurred in a calendar year commencing after 31 December 1995 in which the total payroll of the qualified corporation or qualified partnership determined under section 4 of the Act to foster the development of manpower training (1995, chapter 43) exceeds the amount fixed by a regulation made under section 3 of that Act."

(2) Paragraph 1 of subsection 1 applies in respect of expenditures paid after 30 November 1993 in respect of qualified training activities held pursuant to the terms of a contract in writing entered into after that date between an eligible training institution and a qualified corporation or qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity.

(3) Paragraph 2 of subsection 1 has effect from 1 January 1996.

156. (1) Section 1029.8.23 of the said Act, amended by section 148 of chapter 1 of the statutes of 1995, is again amended

(1) by adding, in the first paragraph, the following subparagraph:

"(*g*) an expenditure, other than an expenditure referred to in the third paragraph, of a qualified corporation or qualified partnership referred to in the fourth paragraph in respect of a particular calendar year that begins after 31 December 1995, that relates to a qualified training activity and that corresponds

i. to the portion incurred of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, in the particular calendar year,

ii. to qualified training costs to the extent that the qualified training activity may reasonably be considered to be offered in the particular calendar year, or

iii. to the wages or salary paid to an employee that may reasonably be attributed to the employee's participation, in the particular calendar year, in that qualified training activity.";

(2) by adding, after the second paragraph, the following paragraphs:

"The expenditure to which subparagraph *g* of the first paragraph refers is an expenditure

(*a*) that is not an expenditure referred to in section 5 of the Act to foster the development of manpower training (1995, chapter 43); and

(*b*) the qualified training activity to which the expenditure relates is a course offered by an employee acting as an instructor and who is referred to in any of sections 1029.8.23.1 to 1029.8.23.4 if the contract referred to therein is entered into in a calendar year previous to the particular calendar year, and if the previous calendar year

i. ended before 1 January 1996, or

ii. is a year in which the total payroll of the corporation or partnership, as the case may be, determined under section 4 of the Act to foster the development of manpower training

(1) did not exceed the amount fixed for that year by a regulation made under section 3 of that Act, or

(2) exceeded the amount fixed for that year by a regulation made under section 3 of that Act, and the total payroll of the corporation or partnership, so determined for a calendar year after the previous calendar year but before the particular calendar year, did not exceed the amount fixed for that year by a regulation made under that section 3.

"The qualified corporation or qualified partnership to which subparagraph *g* of the first paragraph refers, in respect of a calendar year, is a corporation or partnership, as the case may be, whose total payroll for the year determined under section 4 of the Act to foster the development of manpower training exceeds the amount fixed for that year by a regulation made under section 3 of that Act."

(2) Subsection 1 has effect from 1 January 1996.

157. (1) Section 1029.8.25 of the said Act, amended by section 154 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8.25** A qualified corporation that makes a qualified training expenditure in a taxation year and encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to";

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

"i. where it corresponds to the portion of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, if it is made after 31 December 1996 and before 1 January 1999,";

(3) by inserting, after subparagraph i of subparagraph *b* of the first paragraph, the following subparagraph:

"i.1 where the expenditure relates to a qualified training activity offered to an eligible laid-off employee, if it is made before 1 January 2000; and";

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

"ii. in other cases, if the qualified training activity to which it relates is completed after 31 December 1996 and before 1 January 1999;";

(5) by adding, after subparagraph *b* of the first paragraph, the following subparagraph:

"(*c*) $0 in the case of an expenditure other than an expenditure referred to in subparagraph *a* or *b*.";

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

"For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that

subparagraph *a*, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment must be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.";

(7) by adding, after the second paragraph, the following paragraph:

"For the purposes of subparagraph i.1 of subparagraph *b* of the first paragraph, a certificate issued in respect of a qualified training activity after 31 December 1999 by the Société québécoise de développement de la main-d'oeuvre in accordance with the second paragraph of section 1029.8.22.1, is deemed, in respect of an expenditure made before 1 January 2000 in respect of that activity, to be issued before that date."

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995.

(3) Paragraphs 2 to 5 and 7 of subsection 1 have effect from 1 January 1996.

(4) Paragraph 6 of subsection 1 applies to taxation years beginning after 9 May 1995.

158. (1) Section 1029.8.25.1 of the said Act, amended by section 155 of chapter 1 of the statutes of 1995, is again amended

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

"**1029.8.25.1** Where a qualified partnership makes a qualified training expenditure at any particular time, each qualified corporation that is a member of that partnership throughout the period commencing at that particular time and ending at the end of the fiscal period of the qualified partnership in which the expenditure is made and encloses, with its fiscal return it is required to file under section 1000 for its taxation year in which the fiscal period of the partnership ends, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a

remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to";

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

"i. where the expenditure corresponds to the portion of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, if it is made after 31 December 1996 and before 1 January 1999,";

(3) by inserting, after subparagraph i of subparagraph *b* of the first paragraph, the following subparagraph:

"i.1 where the expenditure relates to a qualified training activity offered to an eligible laid-off employee, if it is made before 1 January 2000, and";

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

"ii. in other cases, if the qualified training activity to which it relates is completed after 31 December 1996 and before 1 January 1999;";

(5) by adding, after subparagraph *b* of the first paragraph, the following subparagraph:

"(*c*) $0 in the case of an expenditure other than an expenditure referred to in subparagraph *a* or *b*.";

(6) by replacing the second and third paragraphs by the following paragraphs:

"For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in its respect under the first paragraph, on the date on which the fiscal period ends where that date coincides with the date on or before which the corporation is required to make such a

payment or, in other cases, on the first date following the end of that fiscal period which is the date on or before which it is required to make such a payment.

"For the purposes of the first paragraph, the share of a qualified corporation of the amount of a qualified training expenditure made by a qualified partnership of which it is a member is equal to such proportion of that expenditure as the share of the qualified corporation of the income or loss of the partnership for the fiscal period of the partnership ending in its taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000.";

(7) by adding, after the fourth paragraph, the following paragraph:

"For the purposes of subparagraph i.1 of subparagraph *b* of the first paragraph, a certificate issued in respect of a qualified training activity after 31 December 1999 by the Société québécoise de développement de la main-d'oeuvre in accordance with the second paragraph of section 1029.8.22.1, is deemed, in respect of an expenditure made before 1 January 2000 in respect of that activity, to be issued before that date."

(2) Paragraph 1 of subsection 1 applies to taxation years ending after 9 May 1995.

(3) Paragraphs 2 to 5 and 7 of subsection 1 have effect from 1 January 1996.

(4) Paragraph 6 of subsection 1, where it replaces the second paragraph of section 1029.8.25.1 of the Taxation Act, applies in respect of taxation years beginning after 9 May 1995 and, where it replaces the third paragraph of section 1029.8.25.1, applies in respect of fiscal periods of partnerships ending after 9 May 1995.

159. (1) Section 1029.8.26 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1029.8.26** Where the corporation referred to in section 1029.8.25 or 1029.8.25.1 is a corporation whose assets or net shareholders' equity shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally

accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than $25,000,000 and equal to or less than $10,000,000, respectively, the references to "20%" and "10%" in the first paragraph of those sections shall be read as references to "40%" and "20%", respectively."

(2) Subsection 1 has effect from 10 May 1995.

160. (1) Section 1029.8.31 of the said Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii of subparagraph *b* has obtained, is entitled to obtain or can reasonably expect to obtain, is equal to such proportion of that amount as the share of the qualified corporation of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in its taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the qualified partnership for that fiscal period are nil, the qualified partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

161. (1) Section 1029.8.32 of the said Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of any government assistance or non-government assistance, other than any such assistance related to a training plan, and of any apparent payment that the qualified partnership has received, is entitled to receive or can reasonably expect to receive, is equal to such proportion of that amount as the share of the qualified corporation of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in its taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the qualified partnership for that fiscal period are nil, the qualified partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

162. (1) The said Act is amended by inserting, after section 1029.8.33.1, the following section:

"**1029.8.33.1.1** A qualified corporation may be deemed to have paid an amount to the Minister as partial payment of its tax payable for a particular taxation year under any of sections 1029.8.25 and 1029.8.25.1 only if it files with the Minister the prescribed information in prescribed form and the statement referred to in section 1029.8.33.1 on or before the day on or before which it is required to file a fiscal return for the taxation year following the particular year or, where the corporation is not required to file a return for the year following the particular year, on or before the day on or before which it would be required to file its fiscal return for that year if tax were payable by the qualified corporation for that year."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

163. (1) Section 1029.8.33.2 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, is amended

(1) by inserting, before the definition of "eligible trainee" in the first paragraph, the following definition:

" "eligible taxpayer", for a taxation year, means a taxpayer who carries on business and has an establishment in Québec in the year and who is an individual, other than a tax-exempt individual, or a qualified corporation;";

(2) by replacing the portion before paragraph *a* in the definition of "qualified corporation" in the first paragraph by the following:

" "qualified corporation", for a taxation year, means a corporation all or substantially all the gross revenue of which is derived from the carrying on of a qualified business, for the year, but does not include";

(3) by replacing paragraph *b* of the definition of "qualified corporation" in the first paragraph by the following paragraph:

"(*b*) a corporation that would be exempt from tax for the year under section 985 but for section 192 or for the exception provided in

the second paragraph of section 985 and if the latter section read by inserting, after the second paragraph, the following paragraph:

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

(4) by replacing paragraph *d* of the definition of "qualified corporation" in the first paragraph by the following paragraph:

"(*d*) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;";

(5) by replacing the portion before paragraph *a* in the definition of "qualified expenditure" in the first paragraph by the following:

" "qualified expenditure" made by an eligible taxpayer in a taxation year or by a qualified partnership in a fiscal period means an expenditure, provided it is reasonable in the circumstances, incurred by the taxpayer in the taxation year or by the partnership in the fiscal period, as the case may be, in respect of an eligible trainee, within the framework of a qualified training period, that is related to a business carried on by the taxpayer or partnership in Québec, and that corresponds to the amount determined under section 1029.8.33.3 in respect of the eligible trainee for a week completed in the taxation year or fiscal period, as the case may be;";

(6) by striking out paragraphs *a* to *c* of the definition of "qualified expenditure" in the first paragraph;

(7) by inserting, after the definition of "Société québécoise de développement de la main-d'oeuvre" in the first paragraph, the following definition:

" "tax-exempt individual" means a trust one of the capital or income beneficiaries of which is a corporation described in any of paragraphs *a* to *d* of the definition of "qualified corporation" in this paragraph, or a person exempt from tax by virtue of Book VIII of this Part;";

(8) by replacing the definition of "qualified partnership" in the first paragraph by the following definition:

" "qualified partnership", for a fiscal period, means a partnership that carries on business and has an establishment in Québec in the

fiscal period and which, if it were a corporation, would be a qualified corporation for that fiscal period;";

(9) by replacing the definition of "qualified training period" in the first paragraph by the following definition:

" "qualified training period" means a period of practical training served by an eligible trainee of an eligible taxpayer or qualified partnership under the supervision

(*a*) if the training period is served with an eligible taxpayer who is an individual other than a trust, of the individual or of an eligible supervisor of the individual,

(*b*) if the training period is served with a qualified partnership, of an individual, other than a trust, who is a member of the partnership, or of an eligible supervisor of the partnership, or

(*c*) if the training period is served with an eligible taxpayer other than an eligible taxpayer referred to in paragraph *a*, of an eligible supervisor of the taxpayer;";

(10) by replacing the portion before paragraph *a* in the definition of "eligible trainee" in the first paragraph by the following:

" "eligible trainee" of an eligible taxpayer or qualified partnership at any particular time in a taxation year or fiscal period, as the case may be, means an individual who, at that time, is serving a training period in an establishment located in Québec of the eligible taxpayer or qualified partnership and who is";

(11) by replacing paragraph *b* of the definition of "eligible trainee" in the first paragraph by the following paragraph:

"(*b*) an individual who is enrolled as a full-time student in an education program at the secondary or college level, or at the university level if the individual is enrolled in an undergraduate program, offered by a recognized educational institution, which provides for one or more training periods totalling at least 140 hours during the course of the program, or";

(12) by adding, after paragraph *b* of the definition of "eligible trainee" in the first paragraph, the following paragraph:

"(*c*) an individual who is enrolled as a full-time student in a prescribed program approved by the Minister of Education, which is

offered by a recognized educational institution and which provides for one or more training periods totalling at least 140 hours during the course of the program;";

(13) by replacing the definition of "eligible supervisor" in the first paragraph by the following definition:

" "eligible supervisor" of an eligible taxpayer or qualified partnership, at any particular time in a taxation year or fiscal period, as the case may be, means an individual who, at that time, is an employee of an establishment located in Québec of the eligible taxpayer or qualified partnership, whose contract of employment provides for at least 15 hours of work per week and who, at that particular time, is not

(*a*) an employee in respect of whom it may reasonably be considered that one of the main reasons for his being in the employment of the eligible taxpayer or qualified partnership would be to allow, but for this paragraph, the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership to be deemed to have paid an amount to the Minister under section 1029.8.33.6 or 1029.8.33.7, as the case may be, in respect of the employee, or

(*b*) an employee in respect of whom it may reasonably be considered that the conditions of employment with the eligible taxpayer or qualified partnership have been changed mainly to allow, but for this paragraph, the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership to be deemed to have paid an amount to the Minister under section 1029.8.33.6 or 1029.8.33.7, as the case may be, in respect of the employee, or to increase an amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee.";

(14) by striking out the second paragraph;

(15) by adding, after the second paragraph, the following paragraph:

"For the purposes of the definition of "qualified training period" in the first paragraph, job shadowing, introductory training, orientation and professional integration sessions taken by an eligible trainee referred to in subparagraph *c* of the definition of that expression are deemed to be periods of practical training."

(2) Subsections 1, 2, 5 where it replaces the words "qualified corporation" by the words "eligible taxpayer" in the portion before paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.2 of the Taxation Act, 7 to 10 and 13 of subsection 1 apply in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

(3) Paragraph 3 of subsection 1 applies to taxation years beginning after 9 May 1995.

(4) Paragraph 4 of subsection 1 applies from the taxation year 1995.

(5) Paragraphs 11, 12 and 15 of subsection 1 apply in respect of wages and expenses paid within the framework of qualified training periods beginning after 9 May 1995.

(6) Paragraph 5, where it amends the portion before paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.2 of the Taxation Act, otherwise than to replace the words "qualified corporation" by the words "eligible taxpayer", and paragraphs 6 and 14 of subsection 1 apply

(*a*) in respect of an individual referred to in paragraph *a* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, to a training period served by the eligible trainee and that begins after 31 January 1994;

(*b*) in respect of an individual referred to in paragraph *b* of the definition of "eligible trainee", to a training period served by the eligible trainee and that begins after 30 April 1994.

164. (1) The said Act is amended by inserting, after section 1029.8.33.2, enacted by section 156 of chapter 1 of the statutes of 1995, the following sections:

"**1029.8.33.2.1** Where, in a taxation year or fiscal period, as the case may be, an eligible taxpayer or qualified partnership, as the case may be, pays an amount that may reasonably be regarded as repayment of an amount of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3 or in subparagraph *c* or *f* of the second paragraph of that section that was applied, for the purpose of computing an amount that the taxpayer or member of the partnership, as the case may be, is deemed to have paid to the Minister under section 1029.8.33.6 or 1029.8.33.7 for a particular taxation year, in reduction of a qualified expenditure in respect of an

eligible trainee for a particular week completed in the particular year or in a fiscal period ended in the particular year, the taxpayer or partnership, as the case may be, is deemed to have made a qualified expenditure in the taxation year or fiscal period, as the case may be, equal to the lesser of

(*a*) the aggregate of all amounts each of which is an amount paid in the taxation year or fiscal period, as the case may be, by the taxpayer or partnership, as the case may be, as repayment of an amount of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3 or in subparagraph *c* or *f* of the second paragraph of that section in respect of an eligible trainee in respect of the particular week; and

(*b*) the amount by which the amount that would be computed under section 1029.8.33.3 in respect of the eligible trainee for the particular week if each of the amounts of assistance referred to in subparagraph *c* of the first paragraph of that section or in subparagraph *c* or *f* of the second paragraph of that section in respect of that week were applied in reduction of any amount paid in respect of the eligible trainee as repayment in the taxation year or fiscal period, or in a previous taxation year or fiscal period, by the taxpayer or partnership, as the case may be, exceeds the aggregate of

i. the amount determined under section 1029.8.33.3, without reference to this section, in respect of the eligible trainee for the particular week, and

ii. any amount determined under this section in respect of that eligible trainee and in respect of that particular week, for a previous taxation year or fiscal period.

"**1029.8.33.2.2** Where, in a particular taxation year, an eligible taxpayer who is a member of a qualified partnership pays an amount that may reasonably be regarded as repayment of an amount of assistance referred to in the first paragraph of section 1029.8.33.7.1 paid in respect of an eligible trainee for a week completed in a particular fiscal period of the partnership and that was applied in reduction of the taxpayer's share of the amount of a particular qualified expenditure of the partnership for the purpose of computing an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.33.7 for the taxation year in which the particular fiscal period of the partnership ended, the taxpayer is deemed to have made a qualified expenditure in the particular taxation year equal to the lesser of

(*a*) the aggregate of all amounts each of which is an amount paid in the particular taxation year by the taxpayer as repayment of an amount of assistance referred to in the first paragraph of section 1029.8.33.7.1 in respect of the particular qualified expenditure; and

(*b*) the amount by which the eligible taxpayer's share, determined in accordance with section 1029.8.33.7 and without reference to section 1029.8.33.7.1, of the particular qualified expenditure exceeds the aggregate of the eligible taxpayer's share, determined in accordance with section 1029.8.33.7.1, of the particular qualified expenditure and of the amounts determined under this section, in respect of the taxpayer and in respect of the particular qualified expenditure, for a taxation year previous to the particular taxation year.

"**1029.8.33.2.3** For the purposes of sections 1029.8.33.2.1 and 1029.8.33.2.2, an amount is deemed to be a repayment of an amount of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3, in subparagraph *c* or *f* of the second paragraph of that section or in the first paragraph of section 1029.8.33.7.1, as the case may be, by an eligible taxpayer in a taxation year, by a qualified partnership in a fiscal period or by an eligible taxpayer who is a member of a qualified partnership in a taxation year in which a fiscal period of the partnership ends, as the case may be, so long as the amount

(*a*) in the case of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3, was applied, because of subparagraph *c*, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7;

(*b*) in the case of assistance referred to in subparagraph *c* of the second paragraph of section 1029.8.33.3, was applied, because of subparagraph *a* of the first paragraph of that section, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7;

(*c*) in the case of assistance referred to in subparagraph *f* of the second paragraph of section 1029.8.33.3, was applied, because of

subparagraph *b* of the first paragraph of that section, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7;

(*d*) in the case of assistance referred to in the first paragraph of section 1029.8.33.7.1, was applied, in accordance with that section, in reduction of the eligible taxpayer's share, determined in accordance with section 1029.8.33.7, of a qualified expenditure of a qualified partnership of which the eligible taxpayer is a member for the purpose of computing the amount that the eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.33.7;

(*e*) was not received by the eligible taxpayer, the qualified partnership or the eligible taxpayer who is a member of the qualified partnership; and

(*f*) ceased, in the taxation year, the fiscal period or the taxation year in which the fiscal period of the partnership ends, to be an amount that the eligible taxpayer, the qualified partnership or the eligible taxpayer who is a member of the qualified partnership, as the case may be, can reasonably expect to receive."

(2) Subsection 1, subject to subsection 3, has effect from 1 February 1994. However, where sections 1029.8.33.2.1 and 1029.8.33.2.3 of the Taxation Act, enacted by subsection 1, apply in respect of wages and expenses paid within the framework of a qualified training period beginning before 10 May 1995,

(*a*) section 1029.8.33.2.1 shall be read without regard to the reference therein to subparagraph *c* of the first paragraph of section 1029.8.33.3; and

(*b*) section 1029.8.33.2.3 shall be read without regard, in the portion of the first paragraph before subparagraph *a*, to the reference to subparagraph *c* of the first paragraph of section 1029.8.33.3 and without reference to subparagraph *a* of the first paragraph.

(3) Where sections 1029.8.33.2.1 to 1029.8.33.2.3 of the Taxation Act, enacted by subsection 1, apply in respect of expenditures other than expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date, those sections shall be read by replacing the words "eligible taxpayer", wherever they

occur and with the necessary modifications, by the words "qualified corporation".

165. (1) Section 1029.8.33.3 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.33.3** The amount referred to in the first paragraph of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.2 is equal, in respect of an eligible trainee, to the lesser of $500 and the aggregate of";

(2) by replacing subparagraph ii of subparagraph *a* of the first paragraph by the following subparagraph:

"ii. the amount obtained by multiplying the number of hours done by the eligible trainee within the framework of the qualified training period during the week by $15; and";

(3) by replacing the portion of subparagraph *b* of the first paragraph before subparagraph i by the following:

"(*b*) the total of all amounts each of which represents, in respect of an eligible supervisor of the eligible taxpayer or qualified partnership, as the case may be, having supervised the eligible trainee during the week within the framework of the qualified training period, the lesser of";

(4) by adding, after subparagraph *b* of the first paragraph, the following subparagraph:

"(*c*) where the trainee is a trainee referred to in paragraph *c* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the aggregate of all amounts each of which is equal to the amount by which the travel expenses of a person who is an employee of the eligible taxpayer or qualified partnership, other than the eligible trainee, the taxpayer, where the eligible taxpayer is an individual other than a trust, or an individual other than a trust who is a member of the qualified partnership, hired for the week within the framework of the qualified training period, if the establishment of the taxpayer or partnership, as the case may be, where that person usually reports and the destination of the person are at least 40 kilometres apart and if that destination is situated outside the local municipal territory or, where applicable, outside

the metropolitan region in which the establishment is situated, exceeds the amount of any government assistance or non-government assistance that the eligible taxpayer or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of those expenses

i. in the case of the eligible taxpayer, at the time of the filing of his fiscal return for the taxation year, and

ii. where an eligible taxpayer is a member of the qualified partnership, at the time of the filing, by the eligible taxpayer, of his fiscal return for the taxation year of the eligible taxpayer in which the fiscal period of the qualified partnership ends.";

(5) by replacing subparagraphs *b* and *c* of the second paragraph by the following subparagraphs:

"(*b*) B is the number of hours done by the eligible trainee during the week within the framework of the qualified training period;

"(*c*) C is the amount of any government assistance or non-government assistance that the eligible taxpayer or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of the eligible trainee's wages or salary referred to in subparagraph *a*

i. in the case of the eligible taxpayer, at the time of the filing of his fiscal return for the taxation year, and

ii. where an eligible taxpayer is a member of the qualified partnership, at the time of the filing, by the eligible taxpayer, of his fiscal return for the taxation year of the eligible taxpayer in which the fiscal period of the qualified partnership ends;";

(6) by replacing subparagraph *f* of the second paragraph by the following subparagraph:

"(*f*) F is the amount of any government assistance or non-government assistance that the eligible taxpayer or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of the eligible supervisor's wages or salary referred to in subparagraph *d*

i. in the case of the eligible taxpayer, at the time of the filing of his fiscal return for the taxation year, and

ii. where an eligible taxpayer is a member of the qualified partnership, at the time of the filing, by the eligible taxpayer, of his fiscal return for the taxation year of the eligible taxpayer in which the fiscal period of the qualified partnership ends.";

(7) by replacing subparagraphs *a* and *b* of the third paragraph by the following subparagraphs:

"(*a*) the number of hours during which an eligible trainee participated, during a week, in a qualified training period includes only the hours done by the eligible trainee, during the week, either for the eligible taxpayer or qualified partnership, that may reasonably be considered necessary to complete the qualified training period;

"(*b*) the wages or salary is the income computed under Chapters I and II of Title II of Book III but does not include directors' fees, premiums, incentive bonuses, overtime compensation, other than remuneration related to a qualified training period, for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;";

(8) by adding, after subparagraph *c* of the third paragraph, the following subparagraphs:

"(*d*) an amount paid or payable in respect of the consumption by a person of food or beverages is deemed to be equal to the amount deemed to be paid or payable in that respect under Division I of Chapter I.1 of Title VII of Book III; and

"(*e*) an amount paid or payable by a taxpayer or partnership in respect of an allowance for the use by a person of an automobile is deemed to be equal to the amount deductible in that respect in computing the taxpayer's or partnership's income to the extent provided for in section 133.2.1."

(2) Paragraph 1 of subsection 1 applies

(*a*) in respect of individuals referred to in paragraph *a* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2 of the Taxation Act, to training periods served by eligible trainees and that begin after 31 January 1994; and

(*b*) in respect of individuals referred to in paragraph *b* of that definition, to training periods served by eligible trainees and that begin after 30 April 1994.

(3) Paragraphs 2, 5 where it replaces subparagraph *b* of the second paragraph of section 1029.8.33.3 of the Taxation Act, paragraph 7 except where it replaces the words "qualified corporation" by the words "eligible taxpayer" in subparagraph *a* of the third paragraph of that section, and paragraph 8 of subsection 1 apply in respect of wages and expenses paid within the framework of qualified training periods beginning after 9 May 1995.

(4) Paragraphs 3, 5 where it replaces subparagraph *c* of the second paragraph of section 1029.8.33.3 of the Taxation Act, 6 and 7 where it replaces the words "qualified corporation" by the words "eligible taxpayer" in subparagraph *a* of the third paragraph of that section, of subsection 1 apply to expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

(5) Paragraph 4 applies in respect of wages and expenses paid within the framework of qualified training periods beginning after 9 May 1995. However, where the portion of paragraph *c* of the first paragraph of section 1029.8.33.3 of the Taxation Act before subparagraph i, enacted by paragraph 4 of subsection 1, applies before 15 December 1995, the reference therein to "local municipal territory" shall be read as a reference to "municipality".

166. (1) The said Act is amended by inserting, after section 1029.8.33.4, enacted by section 156 of chapter 1 of the statutes of 1995, the following section:

"**1029.8.33.4.1** Where the eligible trainee in respect of whom an amount must be determined in accordance with section 1029.8.33.3 is an individual referred to in paragraph *c* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the amount of "$500" provided for in the first paragraph of section 1029.8.33.3 shall be replaced by an amount of "$625", and the figure "10" provided for in subparagraph *b* of the first paragraph of section 1029.8.33.4 shall be replaced by the figure "20"."

(2) Subsection 1 applies in respect of wages and expenses paid within the framework of qualified training periods beginning after 9 May 1995.

167. Section 1029.8.33.5 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, is repealed.

168. (1) The said Act is amended by inserting, after section 1029.8.33.5, enacted by section 156 of chapter 1 of the statutes of 1995, the following section:

"**1029.8.33.5.1** This Division does not apply to a corporation that is, in the taxation year referred to in section 1029.8.33.6 or 1029.8.33.7, a large corporation within the meaning of section 1029.8.36.33."

(2) Subsection 1 applies in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

169. (1) Sections 1029.8.33.6 and 1029.8.33.7 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, are replaced by the following sections:

"**1029.8.33.6** An eligible taxpayer who makes a qualified expenditure in a taxation year and encloses, with his fiscal return he is required to file for the year under section 1000, the prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in section 1026.0.1 in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027 in the case of a corporation, in respect of that year, or that would be referred to in section 1026.0.1 or in subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20% of the amount of the expenditure if the qualified training period to which it relates begins before 1 January 1999.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer who is a large corporation within the meaning of section 1029.8.36.33, is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, as partial payment of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment must be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

"**1029.8.33.7** Where a qualified partnership makes a qualified expenditure at any particular time, each eligible taxpayer who is a member of that partnership throughout the period commencing at that particular time and ending at the end of the fiscal period of the qualified partnership in which the expenditure is made and encloses,

with his fiscal return he is required to file under section 1000 for his taxation year in which the fiscal period of the partnership ends, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the day referred to in section 1026.0.1 in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027 in the case of a corporation, in respect of that year, or that would be referred to in section 1026.0.1 or in subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20% of his share of the expenditure if the qualified training period to which it relates begins before 1 January 1999.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph, other than a taxpayer who is a large corporation within the meaning of section 1029.8.36.33, is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, for his taxation year in which the fiscal period of the qualified partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on which the fiscal period ends where that date coincides with the date on or before which he is required to make such a payment or, in other cases, on the first date following the end of that fiscal period which is the date on or before which it is required to make such a payment, the amount determined for the year in his respect under the first paragraph.

For the purposes of the first paragraph, the share of an eligible taxpayer of a qualified expenditure made by a qualified partnership of which he is a member is equal to such proportion of that expenditure as the share of the eligible taxpayer of the income or loss of the partnership for the fiscal period of the partnership ending in his taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subject to paragraphs 3 to 5, subsection 1, where it replaces section 1029.8.33.6 of the Taxation Act and the first and second paragraphs of section 1029.8.33.7 of that Act, applies in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

(3) Subsection 1, where it replaces, in the first paragraph of sections 1029.8.33.6 and 1029.8.33.7 of the Taxation Act, the words "the last day of that year" by the words "the day referred to in section 1026.0.1 in the case of an individual, or in subparagraph *b* of the first paragraph of section 1027 in the case of a corporation, in respect of that year, or that would be referred to in section 1026.0.1 or in subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year", applies to taxation years ending after 9 May 1995.

(4) Subsection 1, where it replaces, in the second paragraph of sections 1029.8.33.6 and 1029.8.33.7 of the Taxation Act, the words "in the first paragraph is" by the words "in the first paragraph, other than a taxpayer who is a large corporation within the meaning of section 1029.8.36.33, is", applies in respect of payments a corporation is required to make after 9 May 1995.

(5) Subsection 1, where it strikes out the words "under section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in the second paragraph of sections 1029.8.33.6 and 1029.8.33.7 of the Taxation Act, and where it replaces, in those paragraphs, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", applies to taxation years beginning after 9 May 1995.

(6) Subsection 1, where it replaces the third paragraph of section 1029.8.33.7 of the Taxation Act, applies to fiscal periods of partnerships ending after 9 May 1995. However, where that paragraph applies in respect of expenditures other than expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date, it shall be read as follows:

"For the purposes of the first paragraph, the share of a qualified corporation of a qualified expenditure made by a qualified partnership of which it is a member is equal to such proportion of that expenditure as the share of the qualified corporation of the income or loss of the partnership for the fiscal period of the partnership ending in its taxation year is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

170. (1) The said Act is amended by inserting, after section 1029.8.33.7, enacted by section 156 of chapter 1 of the statutes of 1995, the following sections:

“**1029.8.33.7.1** Where an eligible taxpayer referred to in section 1029.8.33.7 has received, is entitled to receive or can reasonably expect to receive, at the time of the filing of his fiscal return for the taxation year referred to in that section, an amount of government assistance or non-government assistance, in respect of a particular qualified expenditure made by a qualified partnership referred to in section 1029.8.33.7 for a week completed in the particular fiscal period ended in that year, that may reasonably be attributed to the wages or salary for that week for an eligible trainee or for an eligible supervisor having supervised the eligible trainee during the week within the framework of a qualified training period served by the eligible trainee during the particular fiscal period, or to the travel expenses incurred during the week by the qualified partnership within the framework of the qualified training period, the eligible taxpayer's share of the particular qualified expenditure, for the purpose of computing an amount deemed to have been paid under section 1029.8.33.7 by the eligible taxpayer to the Minister, for the taxation year referred to in that section, shall not exceed the amount determined by the formula

$$A \times \frac{B}{C}.$$

For the purposes of the formula in the first paragraph,

(*a*) A is the amount that would have been determined in respect of the particular qualified expenditure if, for the purposes of section 1029.8.33.3, the qualified partnership had in the particular fiscal period received the amount of assistance referred to in the first paragraph and the latter amount were multiplied by the proportion that the income or loss of the partnership for the particular fiscal period is of the share of the eligible taxpayer of the income or loss of that partnership, for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000;

(*b*) B represents the share of the eligible taxpayer of the income or loss of the qualified partnership for the particular fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000; and

(*c*) C represents the income or loss of the qualified partnership for the particular fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000.

"**1029.8.33.7.2** Where the eligible taxpayer referred to in section 1029.8.33.6 or 1029.8.33.7 is a qualified corporation, the rate of "20%" mentioned in the first paragraph of that section shall be replaced by a rate of "40%"."

(2) Subsection 1, where it enacts section 1029.8.33.7.1 of the Taxation Act, has effect from 1 February 1994. However, where section 1029.8.33.7.1 applies

(*a*) in respect of expenditures other than expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date, it shall be read by replacing the words "eligible taxpayer" by the words "qualified corporation", with the necessary modifications, and without reference to the words ", or to the travel expenses incurred during the week by the qualified partnership within the framework of the qualified training period" in the first paragraph;

(*b*) in respect of qualified expenditures made by a partnership in a fiscal period ending before 10 May 1995, subparagraphs *a* to *c* of the second paragraph shall be read as follows:

"(*a*) A is the amount that would have been determined in respect of the particular qualified expenditure if, for the purposes of section 1029.8.33.3, the qualified partnership had in the particular fiscal period received the amount of assistance referred to in the first paragraph and the latter amount were multiplied by the proportion that the aggregate of the interest of all members in the profits of the partnership for the particular fiscal period is of the interest of the eligible taxpayer in the profits of that partnership, for that fiscal period;

"(*b*) B represents the interest of the eligible taxpayer in the profits of the qualified partnership for the particular fiscal period; and

"(*c*) C represents the aggregate of the interest of all members in the profits of the qualified partnership for the particular fiscal period."

(3) Subsection 1, where it enacts section 1029.8.33.7.2 of the Taxation Act, applies in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

171. (1) Sections 1029.8.33.8 and 1029.8.33.9 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, are replaced by the following sections:

“**1029.8.33.8** Where, in respect of a qualified expenditure made by an eligible taxpayer in a taxation year or by a qualified partnership in a fiscal period in respect of a qualified training period, a person or a partnership has obtained, is entitled to obtain or can reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the qualified training period, the following rules apply:

(*a*) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the eligible taxpayer under section 1029.8.33.6, the amount of the qualified expenditure shall be reduced by the amount of the benefit or advantage the person or partnership has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing of the eligible taxpayer’s fiscal return for that taxation year; and

(*b*) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.7 by an eligible taxpayer who is a member of the qualified partnership for his taxation year in which that fiscal period ends, the eligible taxpayer’s share of the amount of the qualified expenditure shall be reduced, where applicable,

i. by his share of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing, by the eligible taxpayer, of his fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was made ends, and

ii. by the amount of the benefit or advantage that the eligible taxpayer or a person with whom he does not deal at arm’s length has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing of his fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was made ends.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the eligible taxpayer’s share of the amount of the benefit or advantage which a partnership or a person other than a person referred to in subparagraph ii of that subparagraph *b* has obtained, is entitled to obtain or can reasonably expect to obtain, is

equal to such proportion of that amount as the share of the eligible taxpayer of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in his taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the qualified partnership for that fiscal period are nil, the qualified partnership's income for that fiscal period is equal to $1,000,000.

"**1029.8.33.9** For the purposes of this Part and the regulations, the amount that an eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7 is deemed not to be assistance or an inducement received by the taxpayer from a government."

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.33.8 and section 1029.8.33.9 of the Taxation Act, applies in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

(3) Subsection 1, where it replaces the second paragraph of section 1029.8.33.8 of the Taxation Act, applies to fiscal periods of partnerships ending after 9 May 1995. However, where the second paragraph of section 1029.8.33.8 applies in respect of expenditures other than expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date, it shall be read as follows:

"For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of the benefit or advantage which a partnership or a person other than a person referred to in subparagraph ii of that subparagraph *b* has obtained, is entitled to obtain or can reasonably expect to obtain, is equal to such proportion of that amount as the share of the qualified corporation of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in its taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

172. (1) Section 1029.8.33.10 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.33.10** An eligible taxpayer may be deemed to have paid to the Minister, for a taxation year, an amount under section 1029.8.33.6 or 1029.8.33.7 relating to a qualified expenditure or to his share of the amount of such an expenditure incurred in respect of a qualified training period of the eligible taxpayer or qualified partnership of which he is a member, only if not later than six months after the end of the qualified training period or within a longer period considered by the Minister to be reasonable,

(*a*) where the qualified training period is served by one or more eligible trainees referred to in paragraph *a* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the Société québécoise de développement de la main-d'oeuvre issues to the eligible taxpayer or qualified partnership, as the case may be, an attestation certifying that the qualified training period is within the framework of the Régime d'apprentissage it administers; and

(*b*) where the qualified training period is served by one or more eligible trainees referred to in paragraph *b* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the recognized educational institution offering the education program within the framework of which the qualified training period is served issues to the eligible taxpayer or qualified partnership, as the case may be, in prescribed form, an attestation

i. certifying that the training period is practical training constituting part of a secondary-level, college-level or university-level vocational or technical education program, in the case of an undergraduate program, in respect of which a diploma, certificate or other official attestation is issued, which provides for one or more practical training periods totalling more than 140 hours,";

(2) by adding, after subparagraph *b* of the first paragraph, the following subparagraph:

"(*c*) where the qualified training period is served by one or more eligible trainees referred to in paragraph *c* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the recognized educational institution offering the education program within the framework of which the qualified training period is served issues to the eligible taxpayer or qualified partnership, as the case may be, in prescribed form, an attestation

i. certifying that the training period is served within the framework of a prescribed program referred to in paragraph *c* of that definition and in respect of which an official attestation is

issued, which provides for one or more practical training periods totalling more than 140 hours,

ii. certifying that the trainees are enrolled as full-time students in the program described in subparagraph i, and

iii. stating the number of hours per week of supervision it requires for the training period, distinguishing, where more than one eligible trainee is serving the training period, the number of hours of individual supervision from the number of hours of simultaneous supervision of each of the trainees.";

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

"(*a*) the name of the eligible taxpayer or qualified partnership, as the case may be;".

(2) Paragraph 1 of subsection 1, where it replaces the portion of the first paragraph of section 1029.8.33.10 of the Taxation Act before subparagraph i of subparagraph *b*, and paragraph 3 of subsection 1 apply in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

(3) Paragraph 1 of subsection 1, where it replaces subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.33.10 of the Taxation Act, and paragraph 2 of subsection 1 apply in respect of wages and expenses paid within the framework of qualified training periods beginning after 9 May 1995.

173. (1) The said Act is amended by inserting, after section 1029.8.33.10, enacted by section 156 of chapter 1 of the statutes of 1995, the following section:

"**1029.8.33.11** An eligible taxpayer may be deemed to have paid an amount to the Minister as partial payment of his tax payable for a particular taxation year under section 1029.8.33.6 or 1029.8.33.7 only if the eligible taxpayer files with the Minister the prescribed information in prescribed form on or before the day on or before which he is required to file a fiscal return for the taxation year following the particular year or, where the taxpayer is not required to file a return for the year following the particular year, on or before the day on or before which he would be required to file his fiscal return for that year if tax were payable by the taxpayer for that year."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

174. (1) Section 1029.8.34 of the said Act is amended

(1) by replacing paragraph *c* of the definition of "qualified corporation" in the first paragraph by the following paragraph:

"(*c*) a corporation that, in accordance with Book VIII, is exempt from tax for the year under this Part or that would be but for section 192 or for the exception provided in the second paragraph of section 985, if the latter section read by inserting, after the second paragraph, the following paragraph:

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

(2) by replacing paragraph *e* of the definition of "qualified corporation" in the first paragraph by the following paragraph:

"(*e*) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;";

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

"(*a*) for the purposes of paragraph *a* of the said definition, the salaries or wages directly attributable to a property are, where an employee directly undertakes, supervises or supports the production of the property, that portion of the salaries or wages, paid to or on behalf of that employee, that may reasonably be considered to be related to the production of the property;".

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 9 May 1995.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1995.

(4) Paragraph 3 of subsection 1 has effect from 19 December 1990.

175. (1) Section 1029.8.35 of the said Act is amended by replacing the first and second paragraphs by the following paragraphs:

“**1029.8.35** A corporation that is a qualified corporation for a taxation year and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the favourable advance ruling in force at the end of the year or, as the case may be, of the certificate, unrevoked at the end of the year, that was issued in favour of the corporation by the Société générale des industries culturelles in respect of a property that is a Québec film production, the prescribed form containing the prescribed information and any other prescribed document is deemed, subject to the second paragraph, where the main filming and taping of the property began before the end of the year, to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to 40% of its qualified manpower expenditure for the year in respect of that property.

“For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on or before which the first payment is required to be made, the portion, referred to in this paragraph as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a manpower expenditure of the corporation for a preceding taxation year, and on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.”

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.35 of the Taxation Act, applies to taxation years ending after 9 May 1995 and, where it replaces the second paragraph of that section, applies to taxation years beginning after that date.

176. (1) Section 1029.8.36 of the said Act is replaced by the following section:

“**1029.8.36** For the purposes of this Part, the amount that a corporation is deemed, under section 1029.8.35, to have paid to the Minister for a taxation year in respect of a property that is a Québec

film production, shall reduce for that year the production cost, cost or capital cost, as the case may be, of the property to it, to the extent that the amount can reasonably be attributable to such production cost, cost or capital cost, as the case may be.”

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

177. (1) Division II.6.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is repealed.

(2) Subsection 1 applies to taxation years beginning after 9 May 1995. Furthermore, where Division II.6.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, repealed by subsection 1, applies to a taxation year that includes 9 May 1995, it applies to that year only in respect of a qualified investment made on or before 9 May 1995 for which the Société de développement industriel du Québec issues a validation certificate before 1 January 1996 where,

(*a*) the application for the validation certificate in respect of the qualified investment meets all the requirements of the Act to promote the capitalization of small and medium-sized businesses (R.S.Q., chapter A-33.01) and the regulations made thereunder and is filed with the Société de développement industriel du Québec on or before 30 September 1995; and

(*b*) the amount of the qualified investment certified does not exceed the amount specified in that respect in the application referred to in paragraph *a*.

178. (1) Section 1029.8.36.4 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended, in the first paragraph,

(1) by striking out the definition of “eligible design activity” and the definition of “certified design consultant”;

(2) by replacing, in the definition of “outside consulting contract”, the portion before subparagraph i of paragraph *c* by the following:

“ “outside consulting contract” means a written contract entered into after 31 December 1993 between a qualified corporation or qualified partnership and a design consultant for the carrying out of a design activity, but does not include such a contract

(*a*) entered into between a qualified corporation and a design consultant where the qualified corporation or a specified shareholder or specified member of that corporation does not deal at arm's length with the consultant or, where the consultant is a partnership, with a member of the partnership,

(*b*) entered into between a qualified partnership and a design consultant where either a member of the qualified partnership or a specified shareholder or specified member of a corporation that is a member of the partnership does not deal at arm's length with the consultant or, where the consultant is a partnership, with a member of the partnership, or

(*c*) where the individual responsible for the planning and designing or the creative processes relating to the design activity is";

(3) by replacing paragraph *b* of the definition of "qualified corporation" by the following paragraph:

"(*b*) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section read by inserting, after the second paragraph, the following paragraph:

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

(4) by replacing paragraph *d* of the definition of "qualified corporation" by the following paragraph:

"(*d*) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;";

(5) by striking out the definition of "fashion design" and the definition of "industrial design";

(6) by replacing the definition of "apparent payment" and the definition of "contract payment" by the following definitions:

" "apparent payment" means an amount paid or payable by a design consultant for the use of premises, installations or equipment, or for the supply of services, that may reasonably be considered to

be included in an expenditure referred to in section 1029.8.36.5 or 1029.8.36.6;

" "contract payment" means an amount payable by the Government of Canada or a provincial government, a municipality or other Canadian public authority or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to a design activity of a qualified corporation or qualified partnership, as the case may be, and up to the amount incurred in respect of that design activity by the qualified corporation or qualified partnership, as the case may be;";

(7) by replacing the definition of "qualified wages" by the following definition:

" "qualified wages" incurred by a qualified corporation in a particular period of a taxation year, as part of a design activity, means the lesser of $60,000 and the amount by which the portion of an expenditure incurred after 31 January 1994 and in that particular period as wages, in respect of a particular designer participating in that activity and that may reasonably be considered to relate to that activity exceeds the amount of any contract payment, government assistance and non-government assistance, attributable to such wages, that the qualified corporation has received, is entitled to receive or can reasonably expect to receive at the time of filing its fiscal return for that taxation year;".

(2) Paragraphs 1, 2 and 5 of subsection 1 and paragraph 6 of that subsection, where it replaces the definition of "apparent payment" in the first paragraph of section 1029.8.36.4 of the Taxation Act, apply to taxation years beginning after 31 July 1995.

(3) Paragraph 3 of subsection 1 applies to taxation years beginning after 9 May 1995.

(4) Paragraph 4 of subsection 1 applies from the taxation year 1995.

(5) Paragraph 6 of subsection 1, where it replaces the definition of "contract payment" in the first paragraph of section 1029.8.36.4 of the Taxation Act, and paragraph 7 of that subsection have effect from 1 January 1994. However, where the definition of "contract payment" and the definition of "qualified wages", enacted by those paragraphs 6 and 7, respectively, apply to taxation years or to fiscal periods beginning before 1 August 1995, they shall be read as follows:

" "contract payment" means an amount payable by the Government of Canada or a provincial government, a municipality or other Canadian public authority or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to an eligible design activity of a qualified corporation or qualified partnership, as the case may be, and up to the amount incurred in respect of that eligible design activity by the qualified corporation or qualified partnership, as the case may be;

" "qualified wages" incurred by a qualified corporation in a particular period of a taxation year, as part of an eligible design activity, means the lesser of $60,000 and the amount by which the portion of an expenditure incurred after 31 January 1994 and in that particular period as wages, in respect of a particular designer participating in that activity and that may reasonably be considered to relate to that activity exceeds the amount of any contract payment, government assistance and non-government assistance, attributable to such wages, that the qualified corporation has received, is entitled to receive or can reasonably expect to receive at the time of filing its fiscal return for that taxation year;".

179. (1) The said Act is amended by inserting, after section 1029.8.36.4, enacted by section 157 of chapter 1 of the statutes of 1995, the following section:

"**1029.8.36.4.1** This Division does not apply to a corporation that is, in the taxation year referred to in any of sections 1029.8.36.5, 1029.8.36.6 and 1029.8.36.7, a large corporation within the meaning of section 1029.8.36.33."

(2) Subsection 1 applies in respect of a qualified expenditure or qualified wages incurred after 9 May 1995 for a design activity carried out after that date and, where such an expenditure was incurred within the framework of an outside consulting contract, pursuant to such a contract entered into after that date.

180. (1) Section 1029.8.36.5 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.36.5** A qualified corporation in respect of which the Minister of Industry, Trade, Science and Technology issues, for a taxation year, a validation certificate in respect of a design activity

in respect of a business it carries on in Québec and encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the certificate, is deemed, subject to the third paragraph, to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to the amount obtained by applying the percentage determined in section 1029.8.36.8 to the expenditure incurred by it in the year and that is a portion or the total of the outside consulting contract cost mentioned in the certificate, to the extent that the expenditure is paid and

(*a*) is reasonably attributable to the carrying out of the design activity in the year or a preceding taxation year while the contract is mentioned in a valid certificate, and";

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

"For the purposes of the first paragraph, where an expenditure incurred in a taxation year is reasonably attributable to the carrying out of a design activity in a taxation year subsequent to the year, the expenditure is deemed to be incurred in that subsequent taxation year.

"For the purpose of computing the payments that a corporation contemplated in the first paragraph, other than a corporation that is a large corporation within the meaning of section 1029.8.36.33, is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, as partial payment of its tax payable for the year pursuant to this Part and of its tax payable for that year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment must be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment."

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 31 July 1995, except where it replaces the words "the last day of the year" in the portion of the first paragraph of section 1029.8.36.5 of the Taxation Act before subparagraph *a* by the words "the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable

for that year", in which case it applies to taxation years ending after 9 May 1995.

(3) Paragraph 2 of subsection 1, where it replaces the second paragraph of section 1029.8.36.5 of the Taxation Act, applies to taxation years beginning after 31 July 1995.

(4) Paragraph 2 of subsection 1, where it replaces the third paragraph of section 1029.8.36.5 of the Taxation Act, applies in respect of a payment that a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in that third paragraph, enacted by paragraph 2, and where it replaces, in that third paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

181. (1) Section 1029.8.36.6 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.36.6** Where a qualified partnership in respect of which the Minister of Industry, Trade, Science and Technology issues a validation certificate for a fiscal period for a business it carries on in Québec, incurs in that fiscal period an expenditure that is a portion or the total of the cost of an outside consulting contract mentioned in the certificate, each qualified corporation that is a member of the partnership at the end of that fiscal period and that encloses, with its fiscal return it is required to file under section 1000, for its taxation year in which the fiscal period of the partnership ends, the prescribed form containing the prescribed information and a copy of the certificate, is deemed, subject to the third paragraph, to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to the amount obtained by applying the percentage determined in section 1029.8.36.8 to its share of the expenditure so incurred, to the extent that the expenditure is paid and

(*a*) is reasonably attributable to the carrying out of the design activity in the fiscal period or in a preceding fiscal period, where the contract is mentioned in a valid certificate; and";

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

"(*a*) where an expenditure incurred in a fiscal period is reasonably attributable to the carrying out of a design activity in a fiscal period subsequent to the period, the expenditure is deemed to be incurred in that subsequent fiscal period; and

"(*b*) the share of a qualified corporation of an expenditure incurred by a qualified partnership of which it is a member is equal to such proportion of the expenditure as the share of the qualified corporation of the income or loss of the partnership for the fiscal period of the partnership ending in its taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000.";

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

"For the purpose of computing the payments that a corporation referred to in the first paragraph, other than a large corporation within the meaning of section 1029.8.36.33, is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7 and 1175 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, as partial payment of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on which the fiscal period ends where that date coincides with the date on or before which the corporation is required to make such a payment or, in other cases, on the first date following the end of that fiscal period which is the date on or before which it is required to make such a payment, the amount determined for the year in its respect under the first paragraph."

(2) Paragraph 1 of subsection 1, where it replaces, in the portion of the first paragraph of section 1029.8.36.6 of the Taxation Act before subparagraph *a*, the words "the last day of that year" by the words "the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in

that subparagraph *b* if the corporation had a remainder of tax payable for that year", applies to taxation years ending after 9 May 1995.

(3) Paragraph 1 of subsection 1, except where it replaces the words "the last day of that year" in the portion of the first paragraph of section 1029.8.36.6 of the Taxation Act before subparagraph *a* by the words "the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year", and paragraph 2 of subsection 1, where it replaces subparagraph *a* of the second paragraph of section 1029.8.36.6, applies to taxation years beginning after 31 July 1995.

(4) Paragraph 2 of subsection 1, where it replaces subparagraph *b* of the second paragraph of section 1029.8.36.6 of the Taxation Act, applies to fiscal periods of partnerships ending after 9 May 1995.

(5) Paragraph 3 of subsection 1 applies in respect of the payments a corporation is required to make after 9 May 1995, except where it strikes out the words ", section 1159.11 if the first paragraph of that section read without reference to the words "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" " in the third paragraph of section 1029.8.36.6 of the Taxation Act and where it replaces, in that paragraph, the words "refer to subparagraph *a* of the first paragraph of section 1027" by the words "refer to that subparagraph *a*", in which cases it applies to taxation years beginning after 9 May 1995.

182. (1) Section 1029.8.36.7 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.36.7** A qualified corporation in respect of which the Minister of Industry, Trade, Science and Technology issues a validation certificate in respect of a design activity, for a period of one taxation year, in connection with a business it carries on in Québec and encloses, with its fiscal return it is required to file under section 1000, the prescribed form containing the prescribed information and a copy of the certificate, is deemed to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for

that year pursuant to this Part, an amount equal to the amount obtained by applying the percentage determined in section 1029.8.36.9 to the qualified wages incurred by the corporation, within the framework of that activity and in the period described in the certificate, in respect of a particular designer whose name appears on the certificate, to the extent that the wages were paid and

(*a*) are reasonably attributable to the carrying out of the eligible design activity in that period; and";

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

"For the purposes of the first paragraph, where qualified wages incurred in a taxation year are reasonably attributable to the carrying out of a design activity in a taxation year subsequent to the year, the qualified wages are deemed to be incurred in that subsequent taxation year.

"However, the first paragraph does not apply to a qualified corporation whose gross revenue for the year from the carrying on of the business referred to in that paragraph is less than $300,000 or, where the taxation year of a qualified corporation has fewer than 52 weeks, less than the amount obtained by multiplying $300,000 by the proportion that the number of weeks in the taxation year is of 52.";

(3) by striking out the fourth paragraph.

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 31 July 1995, except where it replaces the words "the last day of that year" in the portion of the first paragraph of section 1029.8.36.7 of the Taxation Act before subparagraph *a* by the words "the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year", in which case it applies to taxation years ending after 9 May 1995.

(3) Paragraphs 2 and 3 of subsection 1 apply to taxation years beginning after 31 July 1995.

183. (1) Section 1029.8.36.8 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended by replacing paragraphs *a* and *b* by the following paragraphs:

"(*a*) 20%, where the contract is entered into before 1 January 1997, in respect of a design activity carried out before 1 January 1998; and

"(*b*) 10%, where the contract is entered into either before 1 January 1997, in respect of a design activity carried out after 31 December 1997, or after 31 December 1996."

(2) Subsection 1 applies to taxation years beginning after 31 July 1995.

184. (1) Section 1029.8.36.10 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended by replacing the first paragraph by the following paragraph:

"**1029.8.36.10** Where the corporation referred to in any of sections 1029.8.36.5 to 1029.8.36.7 is a corporation whose assets or net shareholders' equity shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than $25,000,000 and not more than $10,000,000, respectively, the references to "20%" and "10%" in sections 1029.8.36.8 and 1029.8.36.9 shall be read as references to "40%" and "20%", respectively."

(2) Subsection 1 has effect from 10 May 1995.

185. (1) Section 1029.8.36.16 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**1029.8.36.16** For the purposes of sections 1029.8.36.5 to 1029.8.36.7, a validation certificate that is revoked, in whole or in part, by the Minister of Industry, Trade, Science and Technology is, as far as the whole or part so revoked is concerned, null and void from the time the revocation becomes effective.

For the purposes of section 1029.8.36.7, an amount may be deemed to have been paid to the Minister by a qualified corporation in respect of qualified wages incurred in respect of a particular designer whose name appears on the validation certificate referred to in that section only if the certificate is valid at the time the expenditure is incurred."

(2) Subsection 1 applies to taxation years beginning after 31 July 1995.

186. (1) Section 1029.8.36.17 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is repealed.

(2) Subsection 1 applies to taxation years beginning after 31 July 1995.

187. (1) Section 1029.8.36.18 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended by replacing the second paragraph by the following paragraph:

"For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of any contract payment, government assistance or non-government assistance and of any apparent payment that the qualified partnership has received, is entitled to receive or can reasonably expect to receive, is equal to such proportion of that amount as the share of the qualified corporation in the income or loss of the partnership for the fiscal period of the partnership ending in its taxation year, is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

188. (1) Section 1029.8.36.19 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is repealed.

(2) Subsection 1 has effect from 1 January 1994.

189. (1) Sections 1029.8.36.20 to 1029.8.36.23 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, are replaced by the following sections:

"**1029.8.36.20** Where, in any particular taxation year, a qualified corporation pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, in accordance with subparagraph *a* of the first paragraph of section 1029.8.36.18, an expenditure incurred by the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.5 in respect of

an outside consulting contract, the particular amount is deemed to be an expenditure referred to in that section in respect of that contract, for the particular taxation year and, for the purposes of section 1029.8.36.5 in respect of that expenditure, the following rules apply:

(*a*) the corporation is deemed to hold a valid certificate issued for the year by the Minister of Industry, Trade, Science and Technology which mentions the outside consulting contract; and

(*b*) the portion of the first paragraph of section 1029.8.36.5 before subparagraph *a* shall be read without reference to the words "and a copy of the certificate".

"**1029.8.36.21** Where, in any particular fiscal period, a qualified partnership pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.18, the share of a qualified corporation that is a member of the partnership of an expenditure incurred by the partnership for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.6 in respect of an outside consulting contract, the particular amount is deemed to be an expenditure referred to in that section, in respect of that contract, for the particular fiscal period and, for the purposes of section 1029.8.36.6 in respect of that expenditure, the following rules apply:

(*a*) the partnership is deemed to hold a valid certificate issued for the fiscal period by the Minister of Industry, Trade, Science and Technology which mentions the outside consulting contract; and

(*b*) the portion of the first paragraph of section 1029.8.36.6 before subparagraph *a* shall be read without reference to the words "and a copy of the certificate".

"**1029.8.36.22** Where, in any particular taxation year, a qualified corporation that is a member of a qualified partnership pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.18, its share of an expenditure incurred by the qualified partnership for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.6

in respect of an outside consulting contract, the particular amount is deemed to be its share of an expenditure, referred to in that section, in respect of that contract, for a fiscal period of the partnership ending in the particular taxation year and, for the purposes of section 1029.8.36.6 in respect of that expenditure, the following rules apply:

(*a*) the partnership is deemed to hold a valid certificate issued for the fiscal period by the Minister of Industry, Trade, Science and Technology which mentions the outside consulting contract; and

(*b*) the portion of the first paragraph of section 1029.8.36.6 before subparagraph *a* shall be read without reference to the words "and a copy of the certificate".

"**1029.8.36.23** Where, at any particular time, a qualified corporation repays an amount of government assistance or non-government assistance that reduced the amount of an expenditure incurred as wages for the purpose of computing particular qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.7 for a taxation year, the following rules apply:

(*a*) the repayment is deemed

i. to be qualified wages referred to in section 1029.8.36.7 for the taxation year that includes the particular time, incurred by the corporation in respect of a particular designer and equal to the amount by which $60,000 exceeds the amount that would have been equal to the particular qualified wages but for that assistance, and

ii. for the purposes of section 1029.8.36.9, to be incurred at the time the expenditure was incurred; and

(*b*) for the purposes of section 1029.8.36.7 in respect of that repayment,

i. the corporation is deemed to hold a valid certificate issued for the particular year by the Minister of Industry, Trade, Science and Technology on which the name of the particular designer appears, and

ii. the portion of the first paragraph of section 1029.8.36.7 before subparagraph *a* shall be read without reference to the words "and a copy of the certificate"."

(2) Subsection 1, where it enacts sections 1029.8.36.20 to 1029.8.36.22 of the Taxation Act, applies to taxation years beginning after 31 July 1995, and where it enacts section 1029.8.36.23 of that Act, it has effect from 1 January 1994. However, where section 1029.8.36.23 applies before 17 June 1994, it shall be read as if the reference therein to the "Minister of Industry, Trade, Science and Technology" were a reference to the "Minister of Industry, Trade and Technology".

190. (1) Section 1029.8.36.25 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended by replacing paragraph *a* by the following paragraph:

"(*a*) reduced the amount of an expenditure incurred as wages for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.7,".

(2) Subsection 1 has effect from 1 January 1994.

191. (1) Section 1029.8.36.26 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**1029.8.36.26** For the purposes of sections 1029.8.36.5 and 1029.8.36.6, the expenditure referred to in those sections shall be reduced by the amount of the consideration for the disposition of property either to the qualified corporation or a person with whom the qualified corporation does not deal at arm's length, or to the qualified partnership, one of its members or a person with whom one of its members does not deal at arm's length, except to the extent that such consideration may reasonably be considered to relate to property resulting from the design activity referred to in either of those sections."

(2) Subsection 1 applies to taxation years beginning after 31 July 1995.

192. (1) Section 1029.8.36.27 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995, is amended

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

"**1029.8.36.27** Where, in respect of an outside consulting contract, a person or a partnership has obtained, is entitled to obtain

or can reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the carrying out of the design activity, whether in the form of a reimbursement, compensation, guarantee or the proceeds of disposition of property which exceed the fair market value of that property, or in any other form or manner, the following rules apply:";

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

"For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii of that subparagraph *b* has obtained, is entitled to obtain or can reasonably expect to obtain, is equal to such proportion of that amount as the share of the qualified corporation of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in its taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the qualified partnership for that fiscal period are nil, the qualified partnership's income for that fiscal period is equal to $1,000,000."

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 31 July 1995.

(3) Paragraph 2 of subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

193. (1) The said Act is amended by inserting, after section 1029.8.36.28 enacted by section 157 of chapter 1 of the statutes of 1995, the following:

"**1029.8.36.29** A qualified corporation may be deemed to have paid an amount to the Minister as partial payment of its tax payable for a particular taxation year under any of sections 1029.8.36.5 to 1029.8.36.7 only if it files with the Minister the prescribed information in prescribed form and the copy of the validation certificate referred to therein, on or before the day on or before which it is required to file a fiscal return for the taxation year following the particular year or, where the corporation is not required to file a return for the year following the particular year, on or before the day on or before which it would be required to file its fiscal return for that year if tax were payable by the corporation for that year.

"DIVISION II.6.3

"REFUNDABLE TAX CREDITS FOR LARGE CORPORATIONS

"§ 1. — *Interpretation and generalities*

"**1029.8.36.30** In this Division,

"refundable tax credit account", for a taxation year, of a corporation that is a large corporation in that year means the aggregate of

(*a*) the amount that the corporation would be deemed to have paid to the Minister for that year under Division II if, for the purposes of this Chapter, reference were not made to section 1029.8.17.1;

(*b*) the amount that the corporation would be deemed to have paid to the Minister for that year under Division II.1 if, for the purposes of this Chapter, reference were not made to section 1029.8.17.1;

(*c*) the amount that the corporation would be deemed to have paid to the Minister for that year under Division II.3 if, for the purposes of this Chapter, reference were not made to section 1029.8.17.1;

(*d*) the amount that the corporation would be deemed to have paid to the Minister for that year under Division II.5.1 if, for the purposes of this Chapter, reference were not made to section 1029.8.33.5.1; and

(*e*) the amount that the corporation would be deemed to have paid to the Minister for that year under Division II.6.2 if, for the purposes of this Chapter, reference were not made to section 1029.8.36.4.1;

"total tax" of a corporation for a taxation year means, subject to sections 1029.8.36.31 and 1029.8.36.32, the aggregate of

(*a*) the corporation's tax payable for that year under this Part;

(*b*) the corporation's tax payable for that year under Parts IV and VI; and

(*c*) an amount equal to the amount of the contributions the corporation is required to make under section 34 of the Act respecting

the Régie de l'assurance-maladie du Québec (chapter R-5), and that may reasonably be attributed to the period covered by that taxation year;

"unused portion of the refundable tax credit account" of a corporation for a taxation year means the amount by which the corporation's refundable tax credit account for that year exceeds the amount that the corporation is deemed to have paid to the Minister for that year under section 1029.8.36.39 in respect of that account.

"**1029.8.36.31** For the purposes of paragraph *b* of the definition of "total tax" in section 1029.8.36.30, where the corporation referred to in the definition is, for the taxation year referred to therein, a qualified corporation within the meaning of sections 771.5 to 771.7, the reference in that paragraph to the tax payable by the corporation for that year under Part IV shall be read as a reference to the tax that would be payable by the corporation for that year under Part IV but for sections 1138.0.1 and 1141.3.

"**1029.8.36.32** Where a corporation is deemed to have paid an amount to the Minister in respect of an amount referred to in the second paragraph as partial payment of its tax payable for a taxation year under any of Divisions II, II.1, II.3, II.5.1 or II.6.2, paragraph *a* of the definition of "total tax" in section 1029.8.36.30 shall, where the definition applies for that taxation year, be read as follows:

"(*a*) the amount by which its tax payable for that year under this Part exceeds the aggregate of the amounts that are deemed to have been paid to the Minister under Divisions II, II.1, II.3, II.5.1 and II.6.2 for that year;".

The amount referred to in the first paragraph is any of the following amounts:

(*a*) wages paid in the taxation year for scientific research and experimental development, other than wages paid after 9 May 1995 for scientific research and experimental development undertaken after that date and, where applicable, pursuant to a contract entered into after that date;

(*b*) a consideration paid in the taxation year pursuant to a contract entered into for scientific research and experimental development, other than a consideration paid pursuant to a contract entered into after 9 May 1995 for scientific research and experimental development undertaken after that date;

(*c*) an expenditure made in the taxation year for scientific research and experimental development undertaken pursuant to a university research contract or an eligible research contract, other than such an expenditure made after 9 May 1995 for scientific research and experimental development undertaken after that date pursuant to such a contract entered into after that date;

(*d*) an expenditure made in the taxation year within the framework of a pre-competitive research project, a catalyst project or an environmental technology innovation project, other than an expenditure made after 9 May 1995 in accordance with a validation certificate issued or a decision made after that date and, where applicable, pursuant to a contract entered into after that date;

(*e*) an expenditure made in the taxation year in respect of a qualified training period, other than an expenditure made after 9 May 1995 in respect of such a training period beginning after that date; and

(*f*) a qualified expenditure or qualified wages incurred in the taxation year for a design activity, other than a qualified expenditure or qualified wages incurred after 9 May 1995 for a design activity carried out after that date and, where such an expenditure was incurred within the framework of an outside consulting contract, other than an expenditure incurred pursuant to such a contract entered into after that date.

"**1029.8.36.33** In this Division, "large corporation" means a corporation whose assets and net shareholders' equity as shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were not less than $25,000,000 and exceeded $10,000,000, respectively.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph shall be read without reference to the words "net shareholders'" and by replacing the words "submitted to the shareholders" by the words "submitted to the members".

"**1029.8.36.34** For the purposes of section 1029.8.36.33, in computing the assets and the net shareholders' equity of a corporation at the time referred to therein, or, where the corporation is a

cooperative, its assets or its equity at that time, the amount representing the surplus reassessment of its property and the amount of its intangible assets shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of intangible assets consists of shares of the corporation's or cooperative's capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

"**1029.8.36.35** For the purposes of section 1029.8.36.33, the assets of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the assets of the corporation and of each corporation associated with it, as determined in accordance with sections 1029.8.36.33 and 1029.8.36.34, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

"**1029.8.36.36** For the purposes of section 1029.8.36.33, the net shareholders' equity of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the net shareholders' equity of the corporation and of each corporation associated with it, as determined in accordance with sections 1029.8.36.33 and 1029.8.36.34, exceeds the amount of investments in shares the corporations own in each other.

"**1029.8.36.37** For the purposes of section 1029.8.36.33, the equity of a cooperative that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the equity of the cooperative and of the equity or net shareholders' equity of each corporation associated with it, as determined in accordance with sections 1029.8.36.33 and 1029.8.36.34, exceeds the amount of investments in shares of the capital stock the corporations own in each other.

"**1029.8.36.38** For the purposes of sections 1029.8.36.33 to 1029.8.36.37, where a particular corporation referred to in any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10, 1029.8.11, 1029.8.33.6, 1029.8.33.7 and 1029.8.36.5 to 1029.8.36.7 or a corporation associated with it reduces its assets or the net shareholders' equity or, where any of such corporations is a cooperative, its assets or equity, by any transaction in a taxation year and where, but for that reduction, the particular corporation would be a large corporation,

the assets, the net shareholders' equity or the equity, as the case may be, are deemed not to have been so reduced unless the Minister decides otherwise.

"§ 2. — *Credit*

"**1029.8.36.39** A large corporation that has, for a taxation year, a refundable tax credit account, is deemed to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of that year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, the lesser of its refundable tax credit account for the year and its total tax for the year.

"**1029.8.36.40** Subject to section 1029.8.36.46, a corporation is deemed to have paid to the Minister on the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of a taxation year, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year, as partial payment of its tax payable for that year pursuant to this Part, the lesser of

(*a*) the amount by which the corporation's unused portion of the refundable tax credit account for a particular taxation year that is one of the seven taxation years immediately preceding the taxation year, exceeds the amounts deemed to have been paid to the Minister by the corporation under this section, in respect of that unused portion, as partial payment of its tax payable for a taxation year preceding the particular year ; and

(*b*) the amount by which

i. the amount by which the corporation's total tax for the taxation year exceeds the amount the corporation is deemed to have paid to the Minister under section 1029.8.36.39 exceeds

ii. the aggregate of the amounts deemed to have been paid by the corporation under this section for the taxation year in respect of each unused portion of the refundable tax credit account for a taxation year previous to the particular year.

For the purposes of the first paragraph, an amount shall not be deemed to have been paid to the Minister by a corporation in respect of an unused portion of the refundable tax credit account of the corporation for a taxation year before an amount has been deemed

to have been paid in respect of each such unused portion of the corporation for a previous taxation year.

"**1029.8.36.41** In the application of sections 1029.8.18.1 to 1029.8.18.2 to any taxation year, an amount included in the refundable tax credit account of a corporation for a taxation year under paragraph *a* of the definition of "refundable tax credit account" in section 1029.8.36.30, is an amount deemed to have been paid to the Minister by the corporation for that year under section 1029.7 or 1029.8.

"**1029.8.36.42** In the application of sections 1029.8.18.1 to 1029.8.18.2 to any taxation year, an amount included in the refundable tax credit account of a corporation for a taxation year under paragraph *b* of the definition of "refundable tax credit account" in section 1029.8.36.30, is an amount deemed to have been paid to the Minister by the corporation for that year under section 1029.8.6 or 1029.8.7.

"**1029.8.36.43** In the application of sections 1029.8.18.1 to 1029.8.18.2 to any taxation year, an amount included in the refundable tax credit account of a corporation for a taxation year under paragraph *c* of the definition of "refundable tax credit account" in section 1029.8.36.30, is an amount deemed to have been paid to the Minister by the corporation for that year under section 1029.8.10 or 1029.8.11.

"**1029.8.36.44** In the application of sections 1029.8.33.2.1 to 1029.8.33.2.3, 1129.39 and 1129.40 to any taxation year, an amount included in the refundable tax credit account of a corporation for a taxation year under paragraph *d* of the definition of "refundable tax credit account" in section 1029.8.36.30, is an amount deemed to have been paid to the Minister by the corporation for that year under section 1029.8.33.6 or 1029.8.33.7.

"**1029.8.36.45** In the application of sections 1029.8.36.20 to 1029.8.36.23, 1129.43 and 1129.44 to any taxation year, an amount included in the refundable tax credit account of a corporation for a taxation year under paragraph *e* of the definition of "refundable tax credit account" in section 1029.8.36.30, is an amount deemed to have been paid to the Minister by the corporation for that year under any of sections 1029.8.36.5 to 1029.8.36.7.

"**1029.8.36.46** Subject to the second paragraph, where at any time control of a corporation is acquired by a person or group of persons, no amount shall be deemed to have been paid under section

1029.8.36.40 to the Minister by the corporation for a taxation year ending after that time in respect of the unused portion of the refundable tax credit account of the corporation for a taxation year ending before that time.

The corporation may be deemed to have paid to the Minister an amount for a taxation year ending after that time in respect of such portion of an unused portion of the refundable tax credit account for a particular taxation year ending before that time as may reasonably be regarded as attributable to the carrying on of a business, if

(*a*) the business was carried on by the corporation for profit or with a reasonable expectation of profit throughout the taxation year; and

(*b*) the amount that the corporation may be deemed to have paid to the Minister under section 1029.8.36.40 in respect of that portion does not exceed the amount by which

i. the amount by which such portion of the corporation's total tax for the taxation year as may reasonably be attributed to the carrying on of the business and where the corporation has sold, leased, rented or developed properties or has 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 exceeds the amount the corporation is deemed to have paid to the Minister for the taxation year under section 1029.8.36.39, exceeds

ii. the aggregate of the amounts deemed to have been paid by the corporation under section 1029.8.36.40 for the taxation year in respect of each unused portion of the refundable tax credit account of the corporation for a taxation year previous to the particular year.

"**1029.8.36.47** For the purposes of this Part and the regulations, the amount a corporation includes in accordance with this Division in its refundable tax credit account for a taxation year, and the amount the corporation is deemed to have paid to the Minister for that year or for a subsequent taxation year in respect of the amount included in that account are deemed not to be amounts of assistance or inducements received by the corporation from a government.

"§ 3. — *Administration*

"**1029.8.36.48** Paragraph *f* of section 312, paragraph *e* of subsection 1 of section 336 and sections 1000 to 1079, as they relate to an assessment or reassessment and to a determination or redetermination of tax, apply, with the necessary modifications, to a determination or redetermination of a refundable tax credit account under section 1029.8.36.51.

However, sections 1005 and 1008 do not apply to determinations made under section 1029.8.36.51.

"**1029.8.36.49** Subject to the second paragraph, an amount shall be included in the refundable tax credit account of a corporation for a particular taxation year only if the corporation files with the Minister the prescribed information in prescribed form on or before the day on or before which it is required to file, under section 1000, a fiscal return for the taxation year following the particular year or, where the corporation is not required to file such a return for the taxation year following the particular year, on or before the day on or before which it would be required to file, under that section, its fiscal return for that year, if tax were payable by the corporation for that year.

The rule prescribed in the first paragraph does not apply in respect of a taxation year, in respect of an amount referred to in any of paragraphs *a* to *c* of the definition of "refundable tax credit account" in section 1029.8.36.30 where the second paragraph of section 1029.8.21.3 applies in respect of that year.

"**1029.8.36.50** Every corporation that is deemed to have paid to the Minister an amount under this Division for a taxation year shall, in the fiscal return it is required to file for that year with the Minister in accordance with section 1000, estimate that amount.

"**1029.8.36.51** The Minister shall determine with all due dispatch the refundable tax credit account of a corporation for a taxation year and transmit to the corporation a notice of refundable tax credit in respect of that account."

(2) Subsection 1, where it enacts section 1029.8.36.29 of the Taxation Act, applies to taxation years ending after 9 May 1995.

(3) Subsection 1, except where it enacts sections 1029.8.36.29 and 1029.8.36.33 to 1029.8.36.38 of the Taxation Act, applies

(*a*) in respect of wages paid after 9 May 1995 for scientific research and experimental development undertaken after that date and, where applicable, pursuant to a contract entered into after that date;

(*b*) in respect of a consideration paid pursuant to a contract entered into after 9 May 1995 for scientific research and experimental development undertaken after that date;

(*c*) in respect of an expenditure made after 9 May 1995 for scientific research and experimental development undertaken after that date pursuant to a university research contract or an eligible research contract entered into after that date;

(*d*) in the case of a pre-competitive research project, a catalyst project or an environmental technology innovation project, in respect of an expenditure made after 9 May 1995 in accordance with a validation certificate issued or a decision made after that date and, where applicable, pursuant to a contract entered into after that date;

(*e*) in respect of an expenditure made after 9 May 1995 in respect of a qualified training period beginning after that date; and

(*f*) in respect of a qualified expenditure or qualified wages incurred after 9 May 1995 for a design activity carried out after that date and, where such an expenditure was incurred within the framework of an outside consulting contract, pursuant to such a contract entered into after that date.

(4) Subsection 1, where it enacts sections 1029.8.36.33 to 1029.8.36.38 of the Taxation Act, has effect from 10 May 1995.

194. (1) Section 1029.8.40 of the said Act is replaced by the following section:

“**1029.8.40** An individual, other than a trust, who is resident in Québec on 31 December of a year and, throughout the year, is not a dependent person of another individual is deemed to have paid to the Minister, on the day referred to in section 1026.0.1 in respect of his taxation year the end of which coincides with that date, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, as partial payment of his tax payable pursuant to this Part for that taxation year, an amount equal to the amount, for the year, by which the aggregate determined in his respect under section 1029.8.42 exceeds the amount determined in his respect under section 1029.8.43.”

(2) Subsection 1 applies from the taxation year 1995.

195. (1) Section 1029.8.42 of the said Act is amended by replacing the portion before paragraph *a* by the following:

"**1029.8.42** The aggregate referred to in section 1029.8.40 in respect of an individual for a year is equal to the total of the following amounts:".

(2) Subsection 1 applies from the taxation year 1995.

196. (1) Section 1029.8.43 of the said Act, amended by section 158 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**1029.8.43** The amount referred to in section 1029.8.40 in respect of an individual for a year is equal to 3% of the excess, over the amount determined under section 1029.8.44 in respect of the individual for the year, of the amount by which the aggregate of the total income of the individual for the year and, where applicable, the total income for the year of his spouse during the year or, if the individual is living apart from his spouse at the end of the year because of the breakdown of their marriage, the total income of that spouse for the year during the marriage and while not so living apart from the individual, exceeds

(*a*) $8,590 if, during the year, the individual has a spouse and a dependent person;

(*b*) $7,445 if the individual

i. has a dependent person during the year, and

ii. throughout the year, has no spouse and ordinarily lives in a self-contained domestic establishment in which no person other than himself or his dependent person lives;

(*c*) $6,410 if the individual is not contemplated in subparagraphs *a* and *b* and has a dependent person during the year;

(*d*) $4,000 if the individual

i. has not reached 65 years of age before the end of the year, and

ii. throughout the year, has neither a spouse nor a dependent person and ordinarily lives in a self-contained domestic establishment in which no other person lives; or

(*e*) $0 in other cases."

(2) Subsection 1 applies from the taxation year 1995.

197. (1) Section 1029.8.44 of the said Act is amended by striking out the words "paragraph *a* of" in the first paragraph.

(2) Subsection 1 applies from the taxation year 1995.

198. (1) Section 1029.8.46 of the said Act is replaced by the following section:

"**1029.8.46** No individual may be deemed to have paid to the Minister an amount under section 1029.8.40 for a taxation year if he or his spouse during the year, where applicable, is exempt from tax for that year under section 982 or 983 or subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31)."

(2) Subsection 1 applies from the taxation year 1991.

199. (1) Section 1029.8.47 of the said Act is amended by replacing the second paragraph by the following paragraph:

"Where, for a taxation year, an amount determined in section 1029.8.42, in respect of a person, that a particular individual would, but for this paragraph, be deemed to have paid to the Minister for the year under this Division, is different from an amount determined in that section, in respect of the person, that another individual would, but for this paragraph, be deemed to have paid to the Minister for the year under this Division, the amount that the particular individual would be otherwise deemed to have paid to the Minister for the year, in respect of that person, shall be reduced to such proportion of the amount as is determined in respect of the particular individual by all the individuals who, but for this section, would be so deemed to have paid to the Minister an amount under this Division in respect of that person, and in no case may the aggregate of proportions so determined in respect of the same person exceed 1 for the year."

(2) Subsection 1 applies from the taxation year 1995.

200. (1) Section 1029.8.48 of the said Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) where the individuals referred to in the first paragraph of the said section cannot agree as to what portion of the amount each individual would, but for this paragraph, be deemed to have paid to the Minister for a year under this Division, in respect of the same person, the Minister may determine that portion of the amount for the year;".

(2) Subsection 1 applies from the taxation year 1995.

201. (1) Subdivision 3 of Division II.7 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1995.

202. (1) Section 1029.8.50 of the said Act, amended by section 159 of chapter 1 of the statutes of 1995, is again amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1029.8.50** Where an individual is required to repay all or part of the amount of a benefit which he received under the Act respecting the Québec Pension Plan (chapter R-9) or under a similar plan within the meaning of that Act, or under the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1), and included in computing his income for one or more preceding taxation years, the individual is deemed, except where the amount is repaid under Part VII of the Unemployment Insurance Act, to have paid to the Minister on the day referred to in section 1026.0.1 in respect of a particular taxation year in which he repays such an amount, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, if he is resident in Québec on the last day of that taxation year, as partial payment of his tax payable for the particular year pursuant to this Part, unless an amount is deducted by him for the particular year under paragraph *d* of subsection 1 of section 336 in respect of all or part of the amount to be repaid by him, an amount equal to the product obtained by multiplying by such proportion as the amount repaid by him in the particular year is of the total amount to be repaid by him, the aggregate of all amounts each of which is the amount by which".

(2) Subsection 1 applies from the taxation year 1995.

203. (1) Section 1029.8.57 of the said Act, amended by section 161 of chapter 1 of the statutes of 1995, is again amended by replacing the first paragraph by the following paragraph:

“**1029.8.57** An individual who is resident in Québec on 31 December of a year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the day referred to in section 1026.0.1 in respect of the individual’s taxation year whose end coincides with that date, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, as partial payment of the individual’s tax payable under this Part for that taxation year, an amount equal to $550 for the year in respect of each person who, throughout the period applicable to that person for the year in relation to the individual, is a qualified parent of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment which, throughout that period, is maintained by the individual or his spouse and of which the individual or his spouse is, throughout that period, the owner, lessee or sub-lessee.”

(2) Subsection 1 applies from the taxation year 1995.

204. (1) Sections 1029.8.60 and 1029.8.61 of the said Act are replaced by the following sections:

“**1029.8.60** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.57 for a taxation year in respect of a particular person if the individual himself, or the person who is his spouse during the period applicable to the particular person for the year in relation to the individual, is exempt from tax for the year pursuant to section 982 or 983 or subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

“**1029.8.61** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid to the Minister an amount under section 1029.8.57 for the year in respect of the same person, no amount greater than the amount provided for in that section, for the year, in respect of that person shall be deemed to have been paid to the Minister, for the year, under that section in respect of that person.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine that portion of the amount for the year.”

(2) Subsection 1, where it enacts section 1029.8.60 of the Taxation Act, applies from the taxation year 1992, and where it enacts section 1029.8.61 of that Act, it applies from the taxation year 1995.

205. (1) Section 1029.8.62 of the said Act, enacted by section 162 of chapter 1 of the statutes of 1995, is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

"(*b*) expenses taken into account in computing an amount deducted, under Chapter I.0.3 of Title I of Book V, in computing the tax payable by the individual or the individual's spouse under this Part for the year or a preceding taxation year; or".

(2) Subsection 1 applies from the taxation year 1994.

206. (1) Sections 1029.8.63 to 1029.8.66 of the said Act, enacted by section 162 of chapter 1 of the statutes of 1995, are replaced by the following sections:

"**1029.8.63** An individual who is resident in Québec on 31 December of a year in which he is given a qualifying certificate or in which a qualifying judgment is rendered in his favour, as the case may be, in respect of the adoption of a person by the individual, is deemed to have paid to the Minister, on the day referred to in section 1026.0.1 in respect of his taxation year the end of which coincides with that date, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, as partial payment of his tax payable pursuant to this Part for that taxation year, an amount, for the year, in respect of the adoption of the person by the individual, equal to the lesser of $2,000 and 20% of all of the eligible expenses incurred by the individual and his spouse in respect of the adoption.

For the purposes of this section, an individual who is resident in Québec immediately before his death is deemed to be resident in Québec on 31 December of the year of his death.

"**1029.8.64** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.63 for a taxation year in respect of the adoption of a person by the individual unless the individual files with the Minister, together with the fiscal return he is required to file under section 1000 for the year, or that he would be required to so file if tax were payable by the individual for the year under this Part, a copy of the qualifying certificate or qualifying judgment or, where the qualifying judgment has not been

communicated to the individual, a writing from the Ministère de la Justice confirming the qualifying judgment, as the case may be, in respect of the adoption of the person by the individual.

“**1029.8.65** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.63 for a taxation year in respect of the adoption of a person by the individual if the individual or his spouse is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).

“**1029.8.66** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid to the Minister an amount under section 1029.8.63 for the year in respect of the adoption of the same person by those individuals, no amount greater than the amount provided for in that section, for the year, in respect of the adoption of the person by those individuals, shall be deemed to have been paid to the Minister, for the year, under that section in respect of that adoption.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine that portion of the amount for the year.”

(2) Subsection 1, where it replaces section 1029.8.63 of the Taxation Act, applies from the taxation year 1995. However, where it replaces, in the first paragraph of that section, “$1,000” by “$2,000”, it applies in respect of a qualifying certificate transmitted after 31 December 1994 or a qualifying judgment rendered after that date, as the case may be.

(3) Subsection 1, where it replaces sections 1029.8.64 and 1029.8.65 of the Taxation Act, applies from the taxation year 1994.

(4) Subsection 1, where it replaces section 1029.8.66 of the Taxation Act, applies from the taxation year 1995.

207. (1) Section 1029.8.79 of the said Act, enacted by section 162 of chapter 1 of the statutes of 1995, is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**1029.8.79** An individual who either is resident in Québec on the last day of a taxation year, or is resident in Canada outside Québec on the last day of a taxation year and carried on a business in

Québec at any time in the taxation year, is deemed to have paid to the Minister, on the day referred to in section 1026.0.1 in respect of that taxation year, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, as partial payment of the individual's tax payable for that year under this Part and Part I.2, an amount equal, for the year,".

(2) Subsection 1 applies from the taxation year 1995.

208. (1) Section 1029.8.81 of the said Act, enacted by section 162 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**1029.8.81** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.79 for a taxation year if he is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31)."

(2) Subsection 1 applies from the taxation year 1994.

209. (1) The said Act is amended by inserting, after section 1029.8.82 enacted by section 162 of chapter 1 of the statutes of 1995, the following:

"DIVISION II.14

"CREDIT FOR FIRST-TIME HOME PURCHASES

"§ 1. — *Interpretation*

"**1029.8.83** In this Division,

"building" means a structure containing one or more housing units, including any part of the structure that is used for purposes other than as a dwelling or that serves for the common use of its co-owners or of its occupants;

"eligible housing unit" of an individual means, subject to section 1029.8.87, a housing unit that

(*a*) is part of an immovable situated in Québec;

(*b*) was acquired by the individual at a time during the qualifying period;

(*c*) was never inhabited or occupied, before being acquired by the individual, except for the purposes of its sale or the sale of similar housing units;

(*d*) the individual, or the person who is the individual's spouse at the time at which it is acquired by the individual, began to use as a principal place of residence within six months following that time;

(*e*) has a value, at the time it is acquired by the individual, not exceeding

i. $150,000 if it is situated in the territory of a municipality listed in Schedule A to the Act respecting the Communauté urbaine de Montréal (chapter C-37.2), or

ii. $125,000 in other cases;

(*f*) was built in its entirety by a contractor holding a general contractor's licence that was issued by the Régie du bâtiment du Québec and that was in force throughout the entire duration of the work; and

(*g*) is covered by a new home guaranty plan of the Association provinciale des constructeurs d'habitation du Québec or of the Association de la construction du Québec;

"eligible loan" granted to an individual for the acquisition of a housing unit or of an eligible housing unit means a loan granted to the individual by a recognized financial institution for the acquisition by the individual of the housing unit or of the eligible housing unit, as the case may be, and the repayment of which is secured by a hypothec ranking first, charged on that housing unit or eligible housing unit for the first time;

"first-home program" means the Programme d'accession à la propriété résidentielle PREMIER TOIT (Volet résidence existante) implemented by the Société d'habitation du Québec under Order in Council 892-95 dated 28 June 1995;

"housing unit" means premises intended to be a dwelling for one or more individuals that has a separate exit leading outdoors or to a common corridor, self-contained sanitary facilities and a separate area for the preparation of meals, or that is recognized as a separate housing unit on the real estate assessment roll of a municipality;

"immovable" means land, the main building situated on the land and any other structure or work of a permanent nature situated on the land and that is an appurtenance to the main building;

"qualifying period" means the period that begins on 21 December 1994 and that ends on 31 December 1995;

"reference period" applicable in respect of the acquisition by an individual of an eligible housing unit means the period that begins on the date on which the first payment must be made by the individual as repayment of the eligible loan granted to him for the acquisition of the eligible housing unit, and that ends on the earliest of

(*a*) the day that is seven hundred and thirty days after the day on which the individual must make that first payment;

(*b*) the day on which the individual dies; and

(*c*) the last day on which the individual was resident in Canada;

"recognized financial institution" in respect of the acquisition by an individual of a housing unit or of an eligible housing unit means a financial institution that is recognized by the Société d'habitation du Québec within the scope of the first-home program at the time the individual acquires the housing unit or eligible housing unit, as the case may be;

"value" of a housing unit means

(*a*) the value certified, in relation to the housing unit, by the recognized financial institution that granted an eligible loan to the individual for the acquisition of the housing unit; or

(*b*) the total standardized value of the housing unit that would be determined in accordance with Divisions 2 and 3 of Chapter IV of the first-home program if the program applied, with the necessary modifications, in respect of the housing unit.

For the purposes of the definition of "eligible housing unit" in the first paragraph, the conditions set out in paragraphs *f* and *g* of the definition do not apply in respect of a housing unit that is part of an immovable situated in a region not served by a road referred to in the Roads Act (chapter V-9).

For the purposes of the definition of "eligible loan" in the first paragraph, where repayment of a loan granted to an individual for

the acquisition by the individual of a housing unit or of an eligible housing unit that is a prefabricated house or a mobile home is not secured by a hypothec, the repayment of the loan is deemed to be secured by a hypothec ranking first, charged on that housing unit or eligible housing unit, as the case may be, for the first time.

"**1029.8.84** For the purposes of this Division, the time at which an individual acquires a housing unit or an eligible housing unit is the time at which the amortization period begins in respect of the eligible loan granted to the individual for the acquisition of the housing unit or of the eligible housing unit, as the case may be.

"**1029.8.85** For the purposes of this Division, any part of an eligible housing unit of an individual that is used as a principal place of residence by a person who pays a consideration to the individual for that use is deemed not to be used as a principal place of residence.

"**1029.8.86** Where the time at which an individual acquires a housing unit is later than 31 December 1995 and is earlier than 1 July 1996, and where the housing unit is a fraction of divided co-ownership, the housing unit is deemed to be an eligible housing unit of the individual if the conditions set out in paragraphs *a*, *c* and *e* to *g* of the definition of "eligible housing unit" in the first paragraph of section 1029.8.83 are satisfied, and if

(*a*) the housing unit was the subject of an offer to purchase made by the individual or the individual's spouse that was accepted by the contractor or promoter of the housing unit on or before 31 December 1995;

(*b*) the deed of sale in respect of the acquisition by the individual of the housing unit was made before 1 July 1996; and

(*c*) the individual, or the person who is the individual's spouse at the time at which the housing unit is acquired by the individual, began to use the housing unit as a principal place of residence on or before 31 December 1996.

"**1029.8.87** A prefabricated house or a mobile home acquired by an individual is not considered to be an eligible housing unit of the individual unless the house or home is a housing unit that satisfies the conditions set out in the definition of "eligible housing unit" in the first paragraph of section 1029.8.83 and, in addition,

(*a*) was manufactured in Québec; and

(*b*) is permanently installed and the installation work was carried out in its entirety by a contractor holding a general contractor's licence that was issued by the Régie du bâtiment du Québec and that was in force throughout the entire duration of the work.

For the purposes of subparagraph *b* of the first paragraph, a prefabricated house or a mobile home is not considered to be permanently installed unless it

(*a*) is affixed to permanent foundations;

(*b*) is serviced by a waterworks and sewer network, by an artesian well and a septic tank, or by a combination of such facilities to provide drinking water and wastewater disposal; and

(*c*) is permanently connected to an electricity distribution network.

"**1029.8.88** For the purpose of determining whether a hypothec is charged on a housing unit or eligible housing unit for the first time, no account shall be taken of a legal hypothec in favour of persons who participated in the construction of the housing unit or eligible housing unit, as the case may be, and a hypothec granted, in the course of carrying on his business, by the contractor or the promoter of the housing unit or eligible housing unit, as the case may be.

"§ 2. — *Credit*

"**1029.8.89** An individual who is resident in Québec on the last day of a taxation year is deemed to have paid to the Minister on the day referred to in section 1026.0.1 in respect of that taxation year, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount, for the year, equal to the least of $2,000, the amount determined under the second paragraph in respect of the individual for the year and 20% of the interest paid on an eligible loan granted to the individual for the acquisition of an eligible housing unit, to the extent that the interest was paid in the part of the year within the reference period applicable in respect of the acquisition by the individual of the eligible housing unit and that it may reasonably be attributed to the use of the eligible housing unit as a principal place of residence.

The amount to which the first paragraph refers in respect of an individual for a taxation year is equal to the product obtained by

multiplying $2,000 by such proportion as the number of payments to repay the eligible loan referred to in the first paragraph made in the portion of the year included in the reference period applicable in respect of the acquisition of the eligible housing unit by the individual is of the number of payments to be made in a period of 12 months to repay the eligible loan.

For the purposes of the first paragraph, where the interest on an eligible loan granted to the individual for the acquisition of an eligible housing unit was paid in the part of the individual's taxation year 1994 within the reference period applicable in respect of the acquisition by the individual of the eligible housing unit, the interest is deemed to have been paid in that part of the individual's taxation year 1995 within that period of reference.

For the purposes of this section, where an individual dies or ceases to be resident in Canada in a taxation year, the last day of his taxation year is deemed to be the day of his death or the last day on which he was resident in Canada, as the case may be.

"**1029.8.90** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.89 in respect of the acquisition by the individual of an eligible housing unit if

(*a*) the individual was the owner of a housing unit that he used as a principal place of residence at any time within the period described in the second paragraph; or

(*b*) the person who is the individual's spouse at the time at which the eligible housing unit is acquired by the individual was the owner of a housing unit at any time within the period described in the second paragraph, and the individual used that housing unit as a principal place of residence while married to that person.

The period to which the first paragraph refers is the period that begins on the first day of the fourth calendar year preceding the calendar year that includes the time at which the individual acquires the eligible housing unit and that ends at the time preceding the time of that acquisition.

For the purposes of the first paragraph, "owner" includes a person who is the holder of a right of emphyteusis.

"**1029.8.91** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.89 for a taxation year in respect of the acquisition by the individual of an eligible housing

unit unless the individual files with the Minister, together with the fiscal return he is required to file under section 1000 for the year, or which he would be required to so file if tax were payable by the individual for the year under this Part, the prescribed form furnished to him in respect of the eligible housing unit, for the year, by the recognized financial institution that granted him an eligible loan for the acquisition of the eligible housing unit.

"**1029.8.92** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid to the Minister an amount under section 1029.8.89 for the year in respect of the acquisition of the same eligible housing unit by those individuals, no amount greater than the amount provided for in that section, for the year, in respect of the acquisition of the eligible housing unit by those individuals, shall be deemed to have been paid to the Minister, for the year, under that section in respect of that acquisition.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine that portion of the amount for the year.

"DIVISION II.15

"RENOVATION EXPENSE CREDIT

"§ 1. — *Interpretation*

"**1029.8.93** In this Division,

"acquisition date" has the meaning assigned by the first paragraph of section 2 of the first-home program;

"eligible housing unit" means a housing unit that is eligible under the first-home program;

"first-home program" has the meaning assigned by the first paragraph of section 1029.8.83;

"housing unit" has the meaning assigned by the first paragraph of section 2 of the first-home program;

"owner" means a person referred to in the definition of "owner" in the first paragraph of section 2 of the first-home program, or a person referred to in the second paragraph of that section;

"participating municipality" has the meaning assigned by the first paragraph of section 2 of the first-home program;

"valid certificate" in respect of an eligible housing unit acquired by an individual means a certificate issued to the individual in respect of the eligible housing unit by a participating municipality in accordance with sections 41 and 43 of the first-home program.

"§ 2. — *Credit*

"**1029.8.94** An individual who is resident in Québec on the last day of a taxation year in which a valid certificate in respect of an eligible housing unit acquired by the individual was furnished to him, or is deemed to have been furnished to him under section 1029.8.95 or 1029.8.96, as the case may be, is deemed to have paid to the Minister on the day referred to in section 1026.0.1 in respect of that taxation year, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year, as partial payment of his tax payable for that year pursuant to this Part, an amount, for the year, equal to the lesser of $3,000 and 10% of the amount of the expenses in respect of the eligible housing unit for which that certificate was furnished.

For the purposes of this section, where an individual dies or ceases to be resident in Canada in a taxation year, the last day of his taxation year is deemed to be the day of his death or the last day on which he was resident in Canada, as the case may be.

"**1029.8.95** Where a valid certificate in respect of an eligible housing unit acquired by an individual is furnished to the individual within 60 days after 31 December of a taxation year, the certificate is deemed to have been furnished to him in that taxation year if the individual is resident in Québec on 31 December of that year.

The presumption set out in the first paragraph does not apply in respect of an individual who, at a particular time within 60 days after 31 December of a taxation year, ceases to be resident in Canada if the valid certificate in respect of an eligible housing unit acquired by the individual is furnished to him after that particular time.

"**1029.8.96** Where, at a particular time, an individual dies and the valid certificate in respect of an eligible housing unit acquired by the individual is furnished to him after the particular time, the certificate is deemed to have been furnished to him immediately before his death.

“**1029.8.97** Where, at a particular time, an individual ceases to be resident in Canada and the valid certificate in respect of an eligible housing unit acquired by the individual is furnished to him after the particular time, the individual shall not be deemed to have paid to the Minister an amount under section 1029.8.94 in respect of the eligible housing unit.

“**1029.8.98** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.94 in respect of an eligible housing unit acquired by the individual if

(*a*) the individual was the owner of a housing unit that he used as a principal place of residence at any time within the period described in the second paragraph; or

(*b*) the person who is the individual’s spouse on the date of acquisition by the individual of the eligible housing unit was the owner of a housing unit at any time within the period described in the second paragraph, and the individual used that housing unit as a principal place of residence while married to that person.

The period to which the first paragraph refers is the period that begins on the first day of the fourth calendar year preceding the calendar year that includes the date of acquisition by the individual of the eligible housing unit and that ends at the time preceding that date of acquisition.

“**1029.8.99** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.94 for a taxation year in respect of an eligible housing unit acquired by the individual unless the individual files with the Minister, together with the fiscal return he is required to file under section 1000 for the year, or which he would be required to so file if tax were payable by the individual for the year under this Part, the valid certificate in respect of the eligible housing unit.

“**1029.8.100** Where the same valid certificate is furnished to more than one individual in respect of an eligible housing unit acquired by the individuals and more than one of those individuals could, but for this section, be deemed to have paid to the Minister an amount under section 1029.8.94 in respect of the eligible housing unit, the aggregate of the amounts deemed paid to the Minister by the individuals under that section in respect of the eligible housing unit shall not exceed the amount that would be deemed to have been paid to the Minister under that section in respect of the eligible housing unit if it had been acquired by only one of those individuals.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine that portion of the amount."

(2) Subsection 1 applies from the taxation year 1995.

210. (1) Section 1029.9 of the said Act is repealed.

(2) Subsection 1 applies to taxation years beginning after 29 November 1996. Furthermore, where section 1029.9 of the Taxation Act, repealed by subsection 1, applies to taxation years that begin before 30 November 1996 and include 29 November 1996, the first paragraph of that section shall be read by replacing therein the words "31 December" and "an amount of $500" by the words "29 November" and "an amount equal to the product obtained by multiplying $500 by the proportion that the number of days in the taxation year preceding 30 November 1996 is of the number of days in the taxation year,", respectively.

211. (1) Section 1032 of the said Act, amended by section 166 of chapter 1 of the statutes of 1995, is again amended by replacing the second paragraph by the following paragraph:

"For the purposes of the first paragraph, the tax for the year shall include the tax that is payable owing to the election referred to in section 429."

(2) Subsection 1 has effect from 29 October 1985.

212. (1) Section 1038 of the said Act, amended by section 171 of chapter 1 of the statutes of 1995 and by section 230 of chapter 49 of the statutes of 1995, is again amended by replacing, in subparagraph *a* of the second and third paragraphs, the words "Divisions II to II.4" by the words "Divisions II to II.4 and II.5.1".

(2) Subsection 1 has effect from 10 May 1995.

213. The said Act is amended by inserting, after section 1042.1, the following section:

"**1042.2** Notwithstanding sections 1038 and 1040, any interest payable by a corporation on the corporation's payments to be made before 1 July 1994 in respect of its taxation year beginning before that date and ending after 30 June 1994 shall not exceed the interest that would be payable by the corporation under the said sections 1038 and 1040 for that year in respect of those payments if its tax payable

for that year were computed without reference to paragraph *g* of subsection 1 of section 771 and section 771.1.5.2."

214. (1) Section 1044 of the said Act is amended

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

"**1044.** Where, for a particular taxation year, a taxpayer is entitled to exclude from his income under sections 294 to 298 an amount in respect of an option exercised in a subsequent taxation year, to exclude from his income an amount or to deduct an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections, to deduct an amount relating to a subsequent taxation year and referred to in any of paragraphs *b*, *b*.1 and *c* to *f* of section 1012.1, or to deduct an amount relating to a previous taxation year and referred to in any of sections 727 to 737 where the deduction is claimed after the expiry of the period provided for in section 1000 applicable to the particular taxation year, his tax payable under this Part for the taxation year is deemed, for the purpose of computing interest payable under sections 1037 to 1040, to be equal to the tax that the taxpayer would have been required to pay had he not been entitled to exclude from his income or to deduct any of those amounts.";

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

"(*a*) the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012 and 1054 so as to exclude from his income or to deduct the amount for the particular taxation year;".

(2) Paragraph 1 of subsection 1, where it amends the first paragraph of section 1044 of the Taxation Act to replace the words "in paragraphs *b*, *b*.1 or *b*.2 to *f* of section 1012.1" by the words "in any of paragraphs *b*, *b*.1 and *c* to *f* of section 1012.1", applies in respect of amounts received after 31 December 1990 and, where it amends the first paragraph of section 1044 of that Act to insert the words "to exclude from his income an amount or to deduct an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections,", has effect from 10 May 1995.

(3) Paragraph 2 of subsection 1 has effect from 10 May 1995.

215. (1) The said Act is amended by inserting, after section 1044, the following section:

"**1044.0.1** Where, for a particular taxation year, a taxpayer has included an amount in computing his income by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections, his tax payable under this Part for the particular taxation year is deemed, for the purpose of computing interest payable under sections 1037 to 1040, to be equal to the tax that the taxpayer would have been required to pay had he not been entitled to so include that amount.

However, the amount by which the taxpayer's tax payable under this Part for the particular taxation year is increased by reason of the inclusion of an amount described in the first paragraph is deemed, for the purpose of computing interest payable under sections 1037 to 1040, to have so increased the taxpayer's tax payable under this Part for the particular taxation year, from the day on or before which he is required to file his fiscal return for the subsequent taxation year relating to the disposition and, where the taxpayer is a corporation, referred to in the first paragraph of section 716.0.1, or from the day on or before which he would be required to file such a fiscal return were he required to pay tax under this Part for that subsequent taxation year."

(2) Subsection 1 has effect from 10 May 1995.

216. (1) The said Act is amended by inserting, after section 1045, the following section:

"**1045.0.1** Notwithstanding section 1045, where the failure referred to in that section results solely because of the inclusion, in computing an individual's income for a particular taxation year, of an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 752.0.10.11.1 by a donee referred to in that section, and by reason of the designation of an amount under section 752.0.10.13 for the particular taxation year, section 1045 shall be read by replacing the words "the tax unpaid at the time when the return must be filed" by the words "the tax unpaid on the day on or before which he is required to file a fiscal return for the subsequent taxation year in which the disposition was made, or on or before which he would be required to file such a fiscal return were he required to pay tax for that subsequent taxation year under this Part"."

(2) Subsection 1 has effect from 10 May 1995.

217. (1) Section 1049.15 of the said Act is amended

(1) by inserting, after the first paragraph, the following paragraph:

"Similarly, where the corporation governed by the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (1995, chapter 48), purchases a class "A" share by agreement, under section 9 of that Act, it is liable to a penalty equal to 20% of the amount paid by the first purchaser for the share or for the class "B" share that was exchanged for the class "A" share under section 8 of that Act.";

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

"The first and second paragraphs do not apply, however, to any purchase made by a corporation in a fiscal period, to the extent that the aggregate of the amount of the purchase and of all previous purchases made by the corporation in the fiscal period is less than 2% of the amount of paid-up capital in respect of shares of its capital stock which, under the conditions for their issue, cannot be, either partially or totally, purchased or redeemed by the corporation or purchased by any person, in any manner whatever, directly or indirectly."

(2) Subsection 1 applies from the taxation year 1995.

218. Sections 1049.17 to 1049.19 of the said Act are repealed.

219. (1) Section 1049.32 of the said Act, amended by section 175 of chapter 1 of the statutes of 1995, is again amended

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

"**1049.32** Where a share or debenture, other than a share or debenture in respect of which tax has been paid or is payable under section 1129.14.1, issued as part of a qualified investment in respect of which the corporation having issued the share or debenture is deemed, under section 1029.8.36.2 as it read immediately prior to being repealed, to have paid an amount to the Minister, is assigned or transferred by a qualified investor to a person who is not a qualified investor and it may reasonably be considered that the

qualified investment in the corporation was made primarily to enable it to benefit from the provisions of the said section 1029.8.36.2 in respect of that qualified investment, the qualified investor is liable to a penalty equal to 30% of the amount of the qualified investment.";

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

"In this section, "qualified investor" has the meaning assigned by the Act to promote the capitalization of small and medium-sized businesses (chapter A-33.01), and "qualified investment" means a qualified investment, as defined in that Act, in respect of which a validation certificate has been issued under that Act by the Société de développement industriel du Québec."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995. However, where the first paragraph of section 1049.32 of the Taxation Act, enacted by paragraph 1 of subsection 1, applies in respect of a qualified investment for which the Société de développement industriel du Québec issued a validation certificate before 21 August 1993, it shall be read as if the references therein to section 1029.8.36.2 of that Act were references to section 1029.8.52 of that Act.

220. (1) Section 1053 of the said Act is amended by replacing the portion before paragraph *b* by the following:

"**1053.** For the purposes of section 1052, the portion of any overpayment of the tax payable by a taxpayer for a taxation year resulting from the exclusion from his income under sections 294 to 298 of an amount in respect of an option exercised in a subsequent taxation year, from the exclusion from his income of an amount, or from the deduction of an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections, from the deduction of an amount relating to a subsequent taxation year and referred to in any of paragraphs *b*, *b*.1 and *c* to *f* of section 1012.1, or from the deduction of an amount relating to a previous taxation year and referred to in any of sections 727 to 737 where the deduction is claimed after the expiry of the period provided for in section 1000 applicable to the taxation year, is deemed to have been paid to the Minister on the latest of the following dates:

(*a*) the forty-sixth day following the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012 and

1054 so as to exclude from his income or to deduct the amount for the taxation year;".

(2) Subsection 1, where it amends the portion before paragraph *a* of section 1053 of the Taxation Act to replace the words "in paragraphs *b*, *b*.1 or *b*.2 to *f* of section 1012.1" by the words "in any of paragraphs *b*, *b*.1 and *c* to *f* of section 1012.1", applies in respect of amounts received after 31 December 1990 and, where it amends the portion before paragraph *a* of section 1053 of that Act to insert the words "from the exclusion from his income of an amount, or from the deduction of an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections," and paragraph *a* of section 1053 of that Act, has effect from 10 May 1995.

221. (1) The said Act is amended by inserting, after section 1053, the following section:

"**1053.0.1** Where, for a particular taxation year, a taxpayer has included an amount in computing his income by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections, and an overpayment of tax was refunded to him or was applied to another liability, his tax payable under this Part for the particular taxation year is deemed, for the purpose of computing interest payable under section 1052, to be equal to the tax that the taxpayer would have been required to pay had he not been entitled to so include that amount.

However, the amount by which the taxpayer's tax payable under this Part for the particular taxation year is increased by reason of the inclusion of an amount described in the first paragraph is deemed, for the purpose of computing interest payable under section 1052, to have so increased the taxpayer's tax payable under this Part for the particular taxation year, from the day on or before which he is required to file his fiscal return for the subsequent taxation year relating to the disposition and, where the taxpayer is a corporation, referred to in the first paragraph of section 716.0.1, or from the day on or before which he would be required to file such a fiscal return were he required to pay tax under this Part for that subsequent taxation year."

(2) Subsection 1 has effect from 10 May 1995.

222. (1) The said Act is amended by inserting, after section 1057, the following section:

“**1057.0.1** Where the gross income of a corporation and that of any other corporation to which it is related amount to a total that exceeds $20,000,000 for the taxation year, the corporation shall, to make an objection, specify in the notice of objection the issues in dispute, the amount in dispute for each issue, the reasons for the objection and all the relevant facts.

However, where the notice of objection does not include the information required, the Minister may accept the objection if the corporation provides him with the information in writing within 60 days of the Minister’s request.”

(2) Subsection 1 applies in respect of notices of objection to assessments issued under the Taxation Act, served after 31 December 1994.

223. (1) Section 1060.1 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Similarly, no taxpayer may serve a notice of objection to a reassessment or determination under any of sections 421.8, 716.0.1 and 752.0.10.15, subparagraph i of paragraph *a*.1 of subsection 2 of section 1010 or any of sections 1010.0.1, 1012, 1056.8 and 1079.16, except in respect of the amounts to which those provisions apply.”

(2) Subsection 1 has effect from 10 May 1995.

224. Section 1065 of the said Act is amended, in the French text, by replacing subsection 1 by the following subsection:

“**1065.** 1. La révocation a lieu au moyen de la publication, à la *Gazette officielle du Québec*, d’un avis à cet effet donné par le ministre.”

225. (1) Section 1066 of the said Act is amended by adding the following paragraph:

“Where a corporation has complied with section 1057.0.1, it may appeal only in respect of the issues specified in the notice of objection.”

(2) Subsection 1 applies in respect of notices of objection served after 31 December 1994.

226. (1) Section 1066.2 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1066.2** Notwithstanding section 1066, no taxpayer may appeal from a reassessment or determination under any of sections 421.8, 716.0.1 and 752.0.10.15, subparagraph i of paragraph *a*.1 of subsection 2 of section 1010 or any of sections 1010.0.1, 1012, 1056.8 and 1079.16, except in respect of the amounts to which those provisions apply."

(2) Subsection 1 has effect from 10 May 1995.

227. Section 1086 of the said Act is amended

(1) by inserting, before subparagraph *f* of the first paragraph, the following subparagraph:

"(*e*.2) require any person included in one of the classes of persons it determines to file any return it may prescribe relating to any information necessary for the establishment of an assessment provided for in this Act and to send, where applicable, a copy of the return or of a part thereof to any person to whom the return or part thereof relates and to whom it indicates in the regulation;";

(2) by replacing, in the French text of the second paragraph, the words "dans la *Gazette officielle du Québec*" by the words "à la *Gazette officielle du Québec*".

228. (1) Section 1086.3 of the said Act, amended by section 179 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**1086.3** An individual may deduct from his tax otherwise payable for a taxation year under this Part the amount by which

(*a*) the amount that would have been deductible under sections 772.2 to 772.13 in computing his tax under Part I for the year if the amount by which the amount of tax he would have been required to pay for the year under this Part but for this section and sections 1183 and 1184 had been added to his tax otherwise payable, within the meaning of section 772.2, for that year under Part I, exceeds the amount deductible under section 776.66 in computing his tax payable under Part I for the year, exceeds

(*b*) the amount deductible under sections 772.2 to 772.13 in computing his tax under Part I for the year."

(2) Subsection 1 applies from the taxation year 1993. However, where it applies to the taxation year 1993, paragraph *a* of

section 1086.3 of the Taxation Act, enacted by subsection 1, shall be read as follows:

"(*a*) the amount that would have been deductible under sections 772.2 to 772.13 in computing his tax under Part I for the year if the amount of tax he would have been required to pay for the year under this Part but for this section and sections 1183 and 1184 had been added to his tax otherwise payable, within the meaning of section 772.2, for that year under Part I, exceeds".

229. Section 1119 of the said Act is replaced by the following section:

"**1119.** Section 1103 applies, with the necessary modifications, in respect of a taxation year, to a corporation which was a mutual fund corporation throughout the year and, unless otherwise provided in this Book, Part I applies, with the necessary modifications, to a mutual fund corporation."

230. (1) Section 1129.13 of the said Act, amended by section 185 of chapter 1 of the statutes of 1995, is again amended

(1) by replacing the definition of "qualified investor" by the following definition:

" "qualified investor" has the meaning assigned by section 1049.32;";

(2) by replacing the definition of "qualified investment" by the following definition:

" "qualified investment" has the meaning assigned by section 1049.32."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

231. (1) Section 1129.14 of the said Act, amended by section 186 of chapter 1 of the statutes of 1995, is again amended by replacing the portion before subparagraph *b* of the first paragraph by the following:

"**1129.14** Where a corporation is deemed, under section 1029.8.36.2 as it read immediately before being repealed, to have paid to the Minister an amount, in respect of a qualified investment, as partial payment of its tax payable for a particular taxation year under Part I,

and where the validation certificate issued by the Société de développement industriel du Québec in respect of the qualified investment is revoked in any subsequent taxation year, the corporation shall pay tax for that subsequent year equal to

(*a*) where the validation certificate is revoked by reason of the purchase or redemption by the corporation of a share or debenture issued as part of the qualified investment, the amount that the corporation is deemed, under section 1029.8.36.2, to have paid to the Minister for the particular year in respect of that qualified investment, or".

(2) Subsection 1 applies to taxation years beginning after 9 May 1995. However, where the portion of section 1129.14 of the Taxation Act, enacted by subsection 1, applies in respect of a qualified investment for which the Société de développement industriel du Québec issued a validation certificate before 21 August 1993, it shall be read as if the references therein to section 1029.8.36.2 of that Act were references to section 1029.8.52 of that Act.

232. (1) Section 1129.14.1 of the said Act, enacted by section 187 of chapter 1 of the statutes of 1995, is amended by replacing the first paragraph by the following paragraph:

"**1129.14.1** Where a share or debenture, issued as part of a qualified investment in respect of which the corporation having issued the share or debenture is deemed, under section 1029.8.36.2 as it read immediately before being repealed, to have paid an amount to the Minister as partial payment of its tax payable under Part I for a particular taxation year, is assigned or transferred within two years from the date of the qualified investment by a qualified investor to a person who is not a qualified investor, the qualified investor shall pay tax, for the qualified investor's taxation year in which the assignment or transfer occurred, equal to 30% of the amount of the qualified investment."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

233. (1) Section 1129.36 of the said Act, enacted by section 191 of chapter 1 of the statutes of 1995, is amended by replacing the second paragraph by the following paragraph:

"For the purposes of the first paragraph, the corporation's share of an amount refunded or allocated is equal to such proportion of that amount as the share of the corporation of the income or loss of

the partnership for the fiscal period of the partnership ending in the particular taxation year, is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1 applies in respect of taxation years beginning after 30 January 1995, in respect of the determination of a corporation's share of an amount refunded to a partnership whose fiscal period ends after 9 May 1995, or allocated to a payment such a partnership is required to make.

234. (1) Section 1129.38 of the said Act, enacted by section 191 of chapter 1 of the statutes of 1995, is amended

(1) by inserting, after the definition of "taxation year", the following definition:

" "taxpayer" has the meaning assigned by section 1;";

(2) by adding, after the definition of "fiscal period", the following definition:

" "individual" has the meaning assigned by section 1."

(2) Subsection 1 applies in respect of expenditures made after 9 May 1995 in respect of qualified training periods beginning after that date.

235. (1) Sections 1129.39 and 1129.40 of the said Act, enacted by section 191 of chapter 1 of the statutes of 1995, are replaced by the following sections:

"**1129.39** Every taxpayer who is deemed to have paid to the Minister, under Division II.5.1 of Chapter III.1 of Title III of Book IX of Part I, an amount as partial payment of his tax payable under that Part for a particular taxation year shall, where during a subsequent taxation year, an amount relating to a qualified expenditure or to his share of such an expenditure, in respect of which he is so deemed to have paid an amount is, in whole or in part, directly or indirectly, refunded to the taxpayer or allocated to a payment to be made by the taxpayer, pay for that subsequent year tax equal to 40% of the amount so refunded or allocated where the taxpayer is a corporation and to 20% of that amount in other cases.

However, the first paragraph applies in respect of an amount refunded or allocated only to the extent,

(*a*) where the qualified expenditure to which the amount relates was made by the taxpayer, that the amount of the expenditure exceeds the amount that would be determined if each of the particular amounts taken into account for the purpose of determining that amount were reduced, where applicable, by every amount that, not later than in the subsequent taxation year referred to in the first paragraph, was refunded to the taxpayer, or was allocated to a payment he was required to make, in respect of the particular amount;

(*b*) where the qualified expenditure to which the amount relates was made by a partnership in a fiscal period, that the taxpayer's share of the amount of the expenditure, determined in accordance with sections 1029.8.33.7 and 1029.8.33.7.1, exceeds the share that would have been so determined had the amount of the expenditure been determined on the assumption that each of the particular amounts taken into account for the purpose of determining that amount had been reduced, where applicable, by the amount determined in its respect in accordance with the third paragraph.

The amount referred to in subparagraph *b* of the second paragraph in respect of a particular amount is the quotient obtained by dividing the aggregate of all amounts each of which is an amount relating to the particular amount and which, not later than in the subsequent taxation year referred to in the first paragraph, was refunded to the taxpayer or allocated to a payment he was required to make, by the proportion described in the third paragraph of section 1029.8.33.7 in respect of the qualified expenditure referred to in subparagraph *b*.

"**1129.40** Every taxpayer who is a member of a partnership and who is deemed to have paid to the Minister, under section 1029.8.33.7, an amount as partial payment of his tax payable under Part I for a particular taxation year in respect of his share of the amount of a qualified expenditure made by the partnership in a particular fiscal period of the partnership that ends in that particular year, shall, where during a subsequent fiscal period of the partnership, an amount relating to that expenditure is, in whole or in part, directly or indirectly, refunded to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, tax equal to 40% of

his share of the amount so refunded or allocated where the taxpayer is a corporation and to 20% of that amount in other cases.

For the purposes of the first paragraph, the taxpayer's share of an amount refunded or allocated is equal to such proportion of that amount as the share of the taxpayer of the income or loss of the partnership for the particular fiscal period of the partnership, is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000.

However, the first paragraph applies in respect of an amount refunded or allocated only to the extent that the amount of the qualified expenditure to which the amount relates exceeds the amount that would be determined if each of the particular amounts taken into account for the purpose of determining that amount were reduced, where applicable, by every amount that, not later than in the subsequent fiscal period referred to in the first paragraph, was refunded to the partnership, or was allocated to a payment it was required to make, in respect of the particular amount."

(2) Subsection 1, where it enacts the first paragraph of sections 1129.39 and 1129.40 of the Taxation Act, applies in respect of qualified expenditures made after 9 May 1995 for qualified training periods beginning after that date.

(3) Subsection 1, where it enacts the second and third paragraphs of section 1129.39 of the Taxation Act and the third paragraph of section 1129.40 of that Act, has effect from 1 February 1994.

(4) Subsection 1, where it replaces the second paragraph of section 1129.40 of the Taxation Act, applies to fiscal periods of a partnership ending after 9 May 1995. However, where that paragraph applies in respect of expenditures other than expenditures made after 9 May 1995 for qualified training periods beginning after that date, it shall be read as follows:

"For the purposes of the first paragraph, the corporation's share of an amount refunded or allocated is equal to such proportion of the amount as the share of the corporation of the income or loss of the partnership for the particular fiscal period of the partnership is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that

fiscal period are nil, the partnership's income for the fiscal period is equal to $1,000,000."

236. (1) Sections 1129.43 and 1129.44 of the said Act, enacted by section 191 of chapter 1 of the statutes of 1995, are replaced by the following sections:

"**1129.43** Every corporation that is deemed to have paid to the Minister, under any of sections 1029.8.36.5 to 1029.8.36.7, an amount as partial payment of its tax payable under Part I for a particular taxation year shall, where during a subsequent taxation year, an amount in respect of an expenditure or of its share of such expenditure, in respect of which it is so deemed to have paid an amount is, in whole or in part, directly or indirectly, refunded to the corporation or allocated to a payment to be made by the corporation, pay for that subsequent year tax equal to the amount obtained by applying to the amount so refunded or allocated, the percentage that was applied to the expenditure for the particular taxation year under section 1029.8.36.5 or 1029.8.36.7, or to its share of the expenditure for the particular taxation year under section 1029.8.36.6.

"**1129.44** Every corporation that is a member of a partnership and that is deemed to have paid to the Minister, under section 1029.8.36.6, an amount as partial payment of its tax payable under Part I for a particular taxation year in respect of its share of an expenditure incurred by the partnership in a fiscal period of the partnership, shall, where during a subsequent fiscal period of the partnership, an amount relating to the expenditure is, in whole or in part, directly or indirectly, refunded to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, tax equal to the amount obtained by applying to its share of the amount so refunded or allocated, the percentage that was applied to its share of the expenditure for the particular taxation year under that section.

For the purposes of the first paragraph, the corporation's share of an amount refunded or allocated is equal to such proportion of that amount as the share of the corporation of the income or loss of the partnership for the fiscal period of the partnership ending in the particular taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for the fiscal period is equal to $1,000,000."

(2) Subsection 1 has effect from 1 January 1994. However, where the second paragraph of section 1129.44 of the Taxation Act, enacted

by subsection 1, applies to fiscal periods of a partnership ending before 10 May 1995, it shall be read as follows:

"For the purposes of the first paragraph, the corporation's share of an amount refunded or allocated is equal to such proportion of that amount as the share of the corporation of the profits of the partnership for the fiscal period of the partnership ending in the particular taxation year is of the profits of the partnership for that fiscal period."

237. (1) Section 1130 of the said Act, amended by section 192 of chapter 1 of the statutes of 1995, is again amended

(1) by inserting, after the definition of "farming corporation", the following definition:

" "trust corporation" means a corporation authorized by the legislation of Canada or of a province to provide trustee services;";

(2) by inserting, after the definition of "loan corporation", the following definition:

" "corporation trading in securities" means a corporation registered or licensed under the laws of a province to trade in securities, in the capacity of an agent or principal, without any restriction as to the types or kinds of securities in which that corporation may trade;";

(3) by inserting, after the definition of "establishment", the following definitions:

" "financial statements" means the financial statements submitted to the shareholders of a corporation or to the members of a partnership or joint venture, as the case may be, and prepared in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, such financial statements if they had been prepared in accordance with generally accepted accounting principles;

" "Act establishing a labour-sponsored fund" means an Act establishing a labour-sponsored fund within the meaning of section 1;";

(4) by inserting, after the definition of "Minister", the following definition:

" "long-term debt" means

(*a*) in the case of a bank, its subordinated indebtedness, within the meaning assigned by section 2 of the Bank Act (Statutes of Canada, 1991, chapter 46), evidenced by obligations issued for a term of not less than 5 years; and

(*b*) in the case of a trust corporation, a loan corporation or a corporation trading in securities, its subordinated indebtedness, within the meaning that would be assigned by section 2 of the Bank Act if the definition of that expression in that section were applied with the necessary modifications, evidenced by obligations issued for a term of not less than 5 years;";

(5) by inserting, after the definition of "fishing", the following definition:

" "province" means a province within the meaning assigned by section 1;".

(2) Paragraphs 1, 2 and 4 of subsection 1 apply to taxation years beginning after 9 May 1995.

(3) Paragraph 3 of subsection 1, where it enacts the definition of "financial statements" in section 1130 of the Taxation Act, applies to taxation years ending after 9 May 1995 and, where it enacts the definition of "Act establishing a labour-sponsored fund" in that section, from the taxation year 1995.

(4) Paragraph 5 of subsection 1 has effect from 7 December 1995.

238. (1) Section 1131 of the said Act, replaced by section 193 of chapter 1 of the statutes of 1995, is again replaced by the following section:

"**1131.** Any corporation having an establishment in Québec at any time in a taxation year shall pay, in respect of that year, a tax on its paid-up capital shown in its financial statements for the year."

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

239. (1) Section 1132 of the said Act is amended, in the first paragraph,

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

"(*a*) in the case of a bank, loan corporation, trust corporation or a corporation trading in securities, to 1.28% of its paid-up capital;";

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

"(*c*) in the case of any other corporation, except a corporation that is an insurer within the meaning assigned by the Act respecting insurance (chapter A-32), a savings and credit union within the meaning assigned by section 797, a cooperative governed by the Cooperatives Act (chapter C-67.2) or a cooperative syndicate governed by the Cooperative Syndicates Act (chapter S-38), to 0.64% of its paid-up capital."

(2) Subsection 1 applies to taxation years ending after 9 May 1995. However, where subparagraphs *a* and *c* of the first paragraph of section 1132 of the Taxation Act, enacted by subsection 1, apply to any of such taxation years that include that date,

(*a*) the reference in the said subparagraph *a* to "1.28%" shall be read as a reference to the percentage that is the aggregate of

i. the proportion of 1.12% that the number of days in the year preceding 10 May 1995 is of the number of days in the year, and

ii. the proportion of 1.28% that the number of days in the year following 9 May 1995 is of the number of days in the year;

(*b*) the reference in the said subparagraph *c* to "0.64%" shall be read as a reference to the percentage that is the aggregate of

i. the proportion of 0.56% that the number of days in the year preceding 10 May 1995 is of the number of days in the year, and

ii. the proportion of 0.64% that the number of days in the year following 9 May 1995 is of the number of days in the year.

(3) Furthermore,

(*a*) where, by reason of section 1145 of the Taxation Act, section 1027 of the said Act applies for the purpose of computing the payments that a corporation is required to make after 9 May 1995 in respect of its tax payable under Part IV of the said Act for a taxation year ending after that date, subparagraphs *a* and *c* of the first paragraph of section 1132 of the said Act, enacted by

subsection 1, are deemed, for the purposes of that section 1027, to have been in force for the preceding two taxation years for the purpose of computing the first and second basic provisional accounts of the corporation for the year;

(*b*) the tax estimated and the tax payable under Part I of the Taxation Act by a corporation for a taxation year that ends after 9 May 1995 and includes that date shall, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1027 and subparagraph *a* of the third paragraph of section 1038, respectively, of the said Act, be established

i. in respect of a payment the corporation is required to make before 10 May 1995 for that year under that section 1027, without reference to this section, and

ii. in respect of a payment the corporation is required to make after 9 May 1995 for that year under that section 1027, without reference to subsection 2 of this section.

240. (1) Section 1135 of the said Act is replaced by the following section:

"**1135.** In no case may the tax payable by a corporation other than a farming corporation, a corporation whose activities consist mainly in carrying on a fishing business, a corporation that operates only an international financial centre, a tax-exempt corporation under sections 1143 and 1144 or a corporation governed by an Act establishing a labour-sponsored fund, be less than $250 nor may the tax payable by a farming corporation or a corporation whose activities consist mainly in carrying on a fishing business be less than $125."

(2) Subsection 1 applies from the taxation year 1995.

241. (1) Section 1136 of the said Act is amended

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

"(*d*) the loans and advances granted directly or indirectly to the corporation;";

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

"(3) A corporation having an interest in a partnership or in a joint venture shall include in computing its paid-up capital the

amounts that would be included in computing the paid-up capital of that partnership or joint venture under this section and sections 1137 and 1138, if that partnership or joint venture were a corporation, in the proportion that the share of the corporation of the income or loss of the partnership or the joint venture, for the fiscal period of the partnership or joint venture ending in the corporation's taxation year, is of the income or loss of the partnership or joint venture for that fiscal period, on the assumption that, if the income and loss of the partnership or the joint venture for that fiscal period are nil, the income of the partnership or joint venture for that fiscal period is equal to $1,000,000.

However, the corporation shall not include nor deduct in computing its paid-up capital any amount shown in the financial statements of the partnership or joint venture resulting from an operation between the partnership or the joint venture and its members."

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 9 May 1995.

(3) Paragraph 2 of subsection 1, where it replaces the first paragraph of subsection 3 of section 1136 of the Taxation Act, applies to fiscal periods of partnerships or joint ventures ending after 9 May 1995, and where it replaces the second paragraph of subsection 3 of that section 1136, applies to taxation years ending after that date.

242. (1) Section 1137 of the said Act is amended by replacing paragraph *b*.1 by the following paragraph:

"(*b*.1) the amount of its deferred tax debit shown in its financial statements;".

(2) Subsection 1 applies to taxation years ending after 9 May 1995.

243. (1) Section 1138 of the said Act, amended by section 194 of chapter 1 of the statutes of 1995, is again amended by replacing the portion after paragraph *a* of subsection 3 by the following:

"(*b*) the amount of the assets of a partnership or a joint venture in the proportion that the share of that corporation of the income or loss of the partnership or the joint venture is of the income or loss of the partnership or the joint venture, on the assumption that, if the income and loss of the partnership or joint venture for a fiscal period are nil, the income of the partnership or joint venture for that fiscal

period is equal to $1,000,000, reduced by the amount of the interest of the corporation in the partnership or joint venture shown as an asset in its financial statements.

(4) For the purposes of paragraph *b* of subsection 3, a corporation shall not include in computing the amount of its assets any amount shown in the financial statements of the partnership or joint venture resulting from an operation between the partnership or joint venture and its members."

(2) Subsection 1, where it enacts paragraph *b* of subsection 3 of section 1138 of the Taxation Act, applies to fiscal periods of partnerships ending after 9 May 1995 and, where it enacts subsection 4 of that section 1138, applies to taxation years ending after that date.

244. (1) Section 1138.0.1 of the said Act is amended

(1) by replacing, in the English text, the words "eligible corporation" by the words "qualified corporation";

(2) by adding the following paragraph:

"Notwithstanding the first paragraph, the amount deductible by a qualified corporation in computing its paid-up capital under this section, for its taxation year beginning before 1 July 1994 and ending after 30 June 1994, is equal, where its paid-up capital determined, before the application of this section, for its preceding taxation year or, where the corporation's taxation year is its first fiscal period, on the basis of its financial statements prepared in accordance with generally accepted accounting principles at the beginning of the fiscal period, exceeds $10,000,000, to the proportion of $2,000,000 that the number of days in the year preceding 1 July 1994 is of the number of days in the year."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

245. (1) Section 1138.1 of the said Act is replaced by the following section:

"**1138.1** Every farming corporation or every corporation whose activities consist mainly in carrying on a fishing business may, where it is not contemplated in section 1138.0.1, deduct $400,000 in computing its paid-up capital, following the application of section 1138.

Subject to section 781.1, where the corporation is associated, within the meaning of Chapter IX of Title II of Book I of Part I, in any taxation year, with one or several other corporations contemplated in the first paragraph, the amount it may deduct for the year under this section is nil, unless all the corporations associated with each other during the year have filed with the Minister an agreement in prescribed form whereby they allocate an amount to one or several of them for the year, for the purposes of this section, and the amount or the total of the amounts allocated, as the case may be, does not exceed $400,000, in which case the amount which any of the corporations may deduct for the year under this section is the amount so allocated to it."

(2) Subsection 1 applies to taxation years ending after 9 May 1995. However, where section 1138.1 of the Taxation Act, enacted by subsection 1, applies to any of such taxation years that include that date, the references therein to $400,000 shall be read as references to the amount that is the aggregate of

(*a*) the proportion of $300,000 that the number of days in the year preceding 10 May 1995 is of the number of days in the year ; and

(*b*) the proportion of $400,000 that the number of days in the year following 9 May 1995 is of the number of days in the year.

246. (1) Section 1138.3 of the said Act is replaced by the following section:

"**1138.3** The paid-up capital, for a taxation year, of a corporation governed by an Act establishing a labour-sponsored fund is reduced by an amount equal to its paid-up capital for that year, computed without reference to this section."

(2) Subsection 1 applies from the taxation year 1995.

247. (1) Section 1140 of the said Act is amended by adding, after paragraph *c*, the following paragraph:

"(*d*) long-term debt."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

248. (1) Section 1141 of the said Act is amended by adding, after paragraph *c*, the following paragraph:

"(*d*) long-term debt."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

249. (1) Section 1141.1 of the said Act is amended by adding, after paragraph *d*, the following paragraph:

"(*e*) long-term debt."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

250. (1) Section 1141.1.1 of the said Act is replaced by the following section:

"**1141.1.1** A corporation referred to in any of sections 1140, 1141 and 1141.1 shall also, in computing its paid-up capital for a taxation year, include the following amounts:

(*a*) the amount prescribed for the year in respect of an international financial centre;

(*b*) an amount equal to 50% of the total of all amounts each of which is

i. the value at the end of the year of an asset of the corporation, other than property held by the corporation primarily for the purpose of resale that was acquired by the corporation in the year or the preceding taxation year, as a consequence of another person's default, or anticipated default, in respect of a debt owed to the corporation, that is tangible property used by the corporation, and

ii. the corporation's share, in respect of a partnership of which the corporation is a member at the end of the year, of the value of an asset of the partnership, at the end of the partnership's last fiscal period ending at or before the end of the year, that is tangible property used by the partnership.

For the purposes of subparagraph ii of subparagraph *b* of the first paragraph, the corporation's share of the value of tangible property of a partnership is equal to the proportion of the value that the corporation's share of the income or loss of the partnership, for the fiscal period referred to in that subparagraph ii, is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period

are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

251. (1) Section 1141.2.1 of the said Act is replaced by the following section:

"**1141.2.1** Every corporation contemplated in this Title may, in computing its paid-up capital for a taxation year, deduct the aggregate of the following amounts:

(*a*) the amount of its deferred tax debit shown in its financial statements for the year;

(*b*) the total of all amounts each of which is the value, at the end of the year, of an asset of the corporation that is a share of the capital stock or the long-term debt of another corporation contemplated in this Title to which the corporation is related for the purposes of Part I."

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

252. (1) Section 1141.3 of the said Act is amended

(1) by replacing, in the English text, the words "eligible corporation" by the words "qualified corporation";

(2) by adding the following paragraph:

"Notwithstanding the first paragraph, the amount deductible by a qualified corporation in computing its paid-up capital under this section, for its taxation year beginning before 1 July 1994 and ending after 30 June 1994, is equal, where its paid-up capital determined, before the application of this section, for its preceding taxation year or, where the corporation's taxation year is its first fiscal period, on the basis of its financial statements prepared in accordance with generally accepted accounting principles at the beginning of the fiscal period, exceeds $10,000,000, to the proportion of $2,000,000 that the number of days in the year preceding 1 July 1994 is of the number of days in the year."

(2) Subsection 1 applies to taxation years ending after 30 June 1994.

253. (1) Section 1159.1 of the said Act is amended

(1) by replacing the definition of "corporation trading in securities", the definition of "loan corporation" and the definition of "trust corporation" by the following definitions, respectively:

" "corporation trading in securities" means a corporation trading in securities, within the meaning of section 1130, that is liable to pay tax under Part IV;

" "loan corporation" means a loan corporation, within the meaning of section 1130, that is liable to pay tax under Part IV;

" "trust corporation" means a trust corporation, within the meaning of section 1130, that is liable to pay tax under Part IV;";

(2) by inserting, after the definition of "person", the following definition:

" "professional order" has the meaning assigned by section 1 of the Professional Code (chapter C-26);".

(2) Paragraph 1 of subsection 1 applies to taxation years beginning after 9 May 1995.

(3) Paragraph 2 of subsection 1 applies to taxation years ending after 30 June 1992. However, where the definition of "professional order" in section 1159.1 of the Taxation Act, enacted by paragraph 2, applies before 15 October 1994, it shall be read by replacing the words "professional order" by the words "professional corporation".

254. (1) Section 1159.3 of the said Act is amended

(1) by replacing, in subparagraph i of subparagraph *a* of the first and second paragraphs, "0.35%" by "0.25%";

(2) by replacing, in subparagraphs i and ii of subparagraph *b* of the first and second paragraphs, "0.15%" by "0.35%";

(3) by striking out subparagraph iii of subparagraph *b* of the first and second paragraphs;

(4) by replacing, in subparagraph ii of subparagraph *d* of the first and second paragraphs, "0.15%" by "0.35%";

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

"(*d*.1) in the case of a professional order that has set up an insurance fund, in accordance with section 86.1 of the Professional Code (chapter C-26), to insure its members in respect of professional liability, 0.35% of the amount established for the year in respect of the insurance fund in accordance with subparagraph *p* of the first paragraph of section 86 of that Code;";

(6) by replacing subparagraph *e* of the second paragraph by the following subparagraph:

"(*e*) in the case of any other person, except a professional order that has set up an insurance fund, in accordance with section 86.1 of the Professional Code, to insure its members in respect of professional liability, 1% of the amount paid as wages during the part or parts of the year, as the case may be, during which the person was a financial institution."

(2) Paragraphs 1 to 4 of subsection 1 apply to taxation years beginning after 9 May 1995.

(3) Paragraphs 5 and 6 of subsection 1 apply to taxation years ending after 30 June 1992. However,

(*a*) where subparagraph *d*.1 of the first paragraph of section 1159.3 of the Taxation Act, enacted by paragraph 5, applies to taxation years including 1 July 1992, it shall be read by replacing the words "0.35% of the amount established for the year in respect of the insurance fund in accordance with subparagraph *p* of the first paragraph of section 86 of that Code" by the words "0.35% of the product obtained by multiplying the amount established for the year in respect of the insurance fund in accordance with subparagraph *p* of the first paragraph of section 86 of that Code by the proportion that the number of days in the taxation year after 30 June 1992 is of the number of days in the taxation year";

(*b*) where subparagraph *d*.1 of the first paragraph of section 1159.3 of the Taxation Act, enacted by paragraph 5, and subparagraph *e* of the second paragraph of section 1159.3 of that Act, enacted by paragraph 6, apply before 15 October 1994, they shall be read by replacing the words "professional order" by the words "professional corporation".

255. (1) Sections 1159.11 and 1159.13 to 1159.16 of the said Act are repealed.

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

256. (1) Section 1159.17 of the said Act is amended by replacing "0.15%" by "0.35%".

(2) Subsection 1 applies to taxation years beginning after 9 May 1995.

257. (1) Section 1159.18 of the said Act is replaced by the following section:

"**1159.18** Every person who contravenes section 1159.17 is liable to a penalty equal to twice the amount of the tax payable under that section."

(2) Subsection 1, where it strikes out the words ", upon summary proceedings," in section 1159.18 of the Taxation Act, has effect from 15 June 1993.

258. Section 1172 of the said Act is replaced by the following section:

"**1172.** Every person who contravenes any provision of section 1171 is liable to a penalty equal to twice the amount of the tax payable under that section."

259. (1) Section 1178 of the said Act is amended

(1) by replacing subparagraph vi of paragraph *a* by the following subparagraph:

"vi. when subparagraph iv applies and the taxpayer cuts standing timber outside Québec or acquires forest products derived therefrom, he may deduct from the income resulting from the application of subparagraph iv a portion equal to such proportion that the quantity of such timber cut outside Québec and of the forest products derived therefrom is of the total quantity of standing timber cut and forest products acquired by him during the year;";

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

"(*b*) the share of a taxpayer in the income of a partnership carrying on logging operations of which he is a member is equal to such proportion of the income of the partnership, computed under paragraph *a* as if the partnership were, for the purposes of

paragraph *d* of section 1177 and of this section, a taxpayer and as if paragraphs *a* to *c* and *g* of section 600 applied to this Part, as the share of the taxpayer of the income or loss of the partnership, for the fiscal period of the partnership ending in his taxation year, is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to $1,000,000."

(2) Paragraph 1 of subsection 1 has effect from 21 December 1994.

(3) Paragraph 2 of subsection 1 applies to fiscal periods of partnerships ending after 9 May 1995.

260. (1) Section 1180 of the said Act is amended

(1) 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, the reference in the said subparagraphs to the amount of $10,000 shall be read as a reference to the amount which bears the same proportion to $10,000 that the number of days in the taxation year, period or fiscal period, as the case may be, bears to 365.";

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

"For the purposes of the second paragraph, the period to be determined in respect of a taxpayer for a taxation year, where the taxpayer has only one fiscal period ending in the taxation year, corresponds to that fiscal period or, in other cases, to the period covered by the aggregate of months in the year or in the previous taxation year included in the fiscal periods ending in the taxation year."

(2) Subsection 1 has effect from 9 May 1995.

261. (1) The said Act, amended by chapter 40 of the statutes of 1994 and by chapters 1, 18, 36 and 49 of the statutes of 1995, is again amended

(1) by replacing, in the English text, the words “adapted as required”, “*mutatis mutandis*”, “with such modifications as are required”, “with such modifications as the circumstances require”, “with the necessary adaptations” or “with the required adjustments”, as the case may be, by the words “with the necessary modifications” in the following provisions:

— section 1.3;
— the portion of section 21.9.1 before paragraph *a*;
— the third paragraph of section 78;
— paragraphs *a* and *b* of section 104.2;
— section 117;
— the second paragraph of section 125.3;
— paragraphs *a* and *b* of section 156.4;
— section 359.14;
— the second paragraph of section 406;
— the second paragraph of section 417;
— the second paragraph of section 418.13;
— section 503.0.1;
— the first paragraph of section 560.2;
— the portion of section 726.4.8.16 before paragraph *a*;
— the portion of section 726.4.17.16 before paragraph *a*;
— section 726.20.3;
— section 965.6.7;
— subparagraph *c* of the first paragraph of section 965.9;
— the portion of section 965.9.1 before paragraph *a*;
— paragraph *e* of section 965.9.8.1;
— section 965.20.1.1;
— section 965.20.2.1;
— the portion of section 965.34.3 before paragraph *a*;
— the second paragraph of section 985.5.2;
— section 1035;
— the second paragraph of section 1036.1;
— the first paragraph of section 1079.8;
— section 1086.4;
— section 1086.7;
— section 1129.4;
— section 1129.12;
— section 1129.15;
— section 1129.19;
— section 1129.23;
— section 1129.27;

— the first paragraph of section 1129.33;
— section 1129.37;
— section 1129.41;
— section 1129.45;
— section 1145;
— the first paragraph of section 1159.7;
— section 1175;
— section 1185;

(2) by replacing, in the English text, the words "eligible corporation" by the words "qualified corporation" wherever they occur in the following provisions:

— the first paragraph of section 119.9;
— section 771.7;
— section 1029.2.1;
— section 1053.2;

(3) by replacing, in the French text, the word "émis" by the word "délivré" in the following provisions:

— the third paragraph of section 725.9;
— the first paragraph of section 776.1.5.3;
— subparagraph *b* of the third paragraph of section 776.1.5.4;

(4) by replacing the words "*mutatis mutandis*" by the words "with the necessary modifications" in the following provisions:

— section 280.4;
— section 564;
— the second paragraph of section 1014;
— the first paragraph of section 1174;

(5) by replacing, in the French text, the words "en y faisant les adaptations nécessaires" or "et en faisant les adaptations nécessaires", as the case may be, by the words ", compte tenu des adaptations nécessaires" in the following provisions:

— the second paragraph of section 125.3;
— the first paragraph of section 560.2;

(6) by replacing, in the French text, the word "multi-employeurs" by the word "interentreprises" wherever it occurs in the following provisions:

— subparagraph *g* of the first paragraph of section 38;
— section 43.1;
— section 43.2;
— section 78.6;

(7) by replacing the words "*mutatis mutandis*" by the words ", with the necessary modifications," in the following provisions:

— section 280.2;
— the first paragraph of section 529;
— paragraph *a* of section 540;
— section 586;
— section 761;
— subsection 2 of section 824;
— the first paragraph of section 1007;
— section 1107;
— section 1115;
— section 1129;

(8) by replacing, in the English text, the words "*mutatis mutandis*" by the words ", with the necessary modifications," in the first paragraph of the following provisions:

— section 555;
— section 605;

(9) by replacing, in the English text, the words "personal insurance plan" by the words "plan for the insurance of persons" wherever they occur in the following provisions:

— section 37.0.1.1;
— the portion of section 37.0.1.2 before subparagraph *a* of the first paragraph;
— the portion of section 37.0.1.3 before paragraph *a*;
— the portion of section 37.0.1.4 before subparagraph *a* of the first paragraph;
— the portion of paragraph *b* of section 37.0.1.5 before subparagraph i;
— the portion of section 37.0.1.6 before subparagraph *a* of the first paragraph;
— section 43.1;
— section 43.2;

(10) by replacing the word "municipality" by the words "local municipal territory" in the following provisions:

— paragraph *b* of section 40;
— section 65;
— section 65.1;
— section 66;
— subparagraph *a* of the second paragraph of section 67;

(11) by replacing the words “that municipality” by the words “that territory” in the following provisions:

— section 65.1;
— section 66;

(12) by replacing, in the French text, the words “dans laquelle” by the word “où” in the following provisions:

— paragraph *b* of section 40;
— section 65;
— section 65.1;
— section 66;

(13) by replacing the words “the same municipality” by the words “the same local municipal territory” in the following provisions:

— paragraphs *b* to *e* of the definition of “qualified training costs” in the first paragraph of section 1029.8.22;
— paragraphs *b*, *e*, *f* and *g* of the first paragraph of section 1029.8.22.1.

(2) Paragraph 2 of subsection 1, except where it amends the English text of the first paragraph of section 119.9 of the Taxation Act, applies to taxation years ending after 30 June 1994.

(3) Paragraph 6 of subsection 1 applies from the taxation year 1994.

(4) Paragraph 9 of subsection 1 applies from the taxation year 1993.

ACT RESPECTING THE APPLICATION OF THE TAXATION ACT

262. (1) The Act respecting the application of the Taxation Act (R.S.Q., chapter I-4) is amended by replacing, in the French text of subparagraph *a* of the first paragraph of section 45, paragraph *d* of section 46 and section 96, the word “mauvaises” by the word “irrécouvrables”.

(2) Subsection 1 applies to taxation years ending after 30 November 1991.

263. Section 104 of the said Act is amended by replacing, in the French text, the words "dans la *Gazette officielle du Québec*" by the words "à la *Gazette officielle du Québec*".

LICENSES ACT

264. Section 5 of the Licenses Act (R.S.Q., chapter L-3) is amended by adding, after the second paragraph, the following paragraph:

"Notwithstanding the second paragraph, the regulations made during the year 1996 under this Act in respect of the reduction of the specific duty provided for in subparagraphs *b* and *c* of the first paragraph of section 79.11 may, once published and if they so provide, apply from 10 May 1995."

265. Section 79.10 of the said Act is amended by replacing paragraph *e* by the following paragraph:

"(*e*) "alcoholic beverage" means any alcoholic beverage containing more than 0.5% of alcohol by volume."

266. (1) Section 79.11 of the said Act, amended by section 200 of chapter 1 of the statutes of 1995, is again amended by adding the following paragraph:

"However, in the case of beer made in Québec by a person referred to by regulation, the specific duty provided for in subparagraphs *b* and *c* of the first paragraph is reduced by the percentage determined by regulation, on the terms and conditions provided for by regulation."

(2) Subsection 1 has effect from 10 May 1995.

ACT RESPECTING THE MINISTÈRE DU REVENU

267. (1) Section 2 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31), amended by section 93 of chapter 18 of the statutes of 1995, is again amended by replacing the second paragraph by the following paragraph:

"He also has charge of the application of the fiscal laws, the regulations made under such laws, the Act to facilitate the payment

of support (1995, chapter 18), the International Fuel Tax Agreement and, to the extent specified in an agreement entered into under section 9.0.1, any Act of the Parliament of Canada or any regulation made under such an Act and mentioned in the agreement."

(2) Subsection 1 has effect from 1 January 1996.

268. (1) The said Act is amended by inserting, after section 9.0.3, the following sections:

"**9.0.4** The Minister may, with the authorization of the Government, enter into any agreement with any department or body and with any person, association or partnership, to facilitate the application of the Agreement referred to in section 2.

"**9.0.5** Subject to section 9.0.6, the provisions of this Act that are necessary to implement the Agreement referred to in section 2 apply with the necessary modifications.

"**9.0.6** For the purposes of the Agreement referred to in section 2, the Government may make regulations to

(1) enact any provision necessary to give effect to the Agreement and its amendments ;

(2) specify the provisions of this Act that do not apply ;

(3) specify the provisions of the Agreement, including amendments, that apply ;

(4) take any other measures necessary to implement the Agreement and its amendments."

(2) Subsection 1 has effect from 1 January 1996.

269. Section 17.2 of the said Act is replaced by the following section:

"**17.2** Every person not resident in Québec who does not have a permanent establishment in Québec and who applies or is required to be registered for the purposes of the Act respecting the Québec sales tax (chapter T-0.1) or who applies for the issue of a registration certificate or permit under the Tobacco Tax Act (chapter I-2) or the Fuel Tax Act (chapter T-1) shall, at the request of the Minister, give and thereafter maintain security, in an amount and a form satisfactory

to the Minister, that the person will collect and remit tax as required by any of those Acts."

270. Section 17.3 of the said Act is amended

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

"(*b*.1) is controlled by a director, officer or other person who has failed to pay to the Minister an amount that he was required to pay to him under section 1015 of the Taxation Act or section 23, 24 or 24.0.1 or is controlled by a person one of whose directors or officers has failed to pay such an amount;";

(2) by adding the following paragraph:

"The Minister may also require the person who has held a registration certificate or permit that has been revoked by reason of subparagraph *d* or *f* of the first paragraph of section 17.5 in the 24 months preceding the application to remedy the failure referred to in those subparagraphs."

271. Section 30.1 of the said Act is amended by inserting, after the first paragraph, the following paragraph:

"Similarly, the Minister may require a public body referred to in section 31.1.4 or its paying agency to withhold any amount payable to a person if the latter has not, at the time the amount is to be paid, filed all the returns and reports that he was bound to file under a fiscal law or a regulation made under such a law."

272. (1) The said Act is amended by inserting, after section 30.2, the following section:

"**30.3** Where a person becomes bankrupt within the meaning of the Bankruptcy and Insolvency Act (R.S.C., 1985, chapter B-3) or files a proposal or notice of intention to file such a proposal under that Act, the following rules apply:

(*a*) any refund applied for by the person following the filing of a return or an application, for a reporting period or for a taxation year ending on or before the date of bankruptcy, the date of filing of the proposal or notice of intention to file such a proposal, as the case may be, is equal to zero; and

(*b*) no refund or amount to which the person would have been entitled had the person applied therefor for a period or a taxation

year ending on or before the date of bankruptcy or the date of filing of the proposal or notice of intention to file such a proposal, as the case may be, may be applied for in a return filed for a period or a taxation year ending after that date.

The first paragraph does not apply where, on the day on which the refund or the amount is applied for, the returns and reports to be filed under a fiscal law for the periods or taxation years of the person ending on or before the date of bankruptcy or the date of filing of the proposal or notice of intention to file such a proposal, as the case may be, or in respect of any acquisition of immovables during those periods, were filed and where an amount equal to the amounts payable before that date by the person for those periods or taxation years was paid."

(2) Subsection 1 applies in respect of any application or return filed after 15 December 1995.

273. Sections 31.1.2 to 31.1.5 of the said Act are replaced by the following sections:

"**31.1.2** For the purposes of the second paragraph of section 30.1 and section 31.1.1, where an amount is to be paid to a legal person by a public body, the body or its agent must inform the Minister thereof in accordance with the terms and conditions prescribed under section 31.1.5.

"**31.1.3** The second paragraph of section 30.1 and section 31.1.1 do not apply in respect of an amount or part of an amount declared by law to be exempt from seizure or which constitutes an indemnity or the reimbursement of an insured service or any other charge pertaining to an indemnity.

"**31.1.4** For the purposes of the second paragraph of section 30.1 and section 31.1.1, the term "public bodies" includes the Government and its departments, the general and vocational colleges, the school boards, the Conseil scolaire de l'Île de Montréal and the public institutions and regional health and social services boards within the meaning of the Act respecting health services and social services (chapter S-4.2).

Public bodies also include bodies, including the persons designated by the National Assembly, listed in the additional notes accompanying the financial statements of the Government published yearly under the Financial Administration Act (chapter A-6), but do not include bodies designated therein as administering trust funds

or as being joint stock companies or agencies of the Government, except the Société immobilière du Québec.

"**31.1.5** The Government may make regulations to determine the terms and conditions governing the application of the second paragraph of section 30.1 and section 31.1.1, the information required under section 31.1.2 and the terms and conditions respecting communication of that information."

274. (1) Section 59.2 of the said Act is amended

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

"**59.2** Every person who fails to deduct, withhold or collect an amount he was required to deduct, withhold or collect under a fiscal law incurs a penalty of 15% of that amount.";

(2) by inserting, after the first paragraph, the following paragraph:

"Every person who fails, within the time prescribed by law, to pay or remit an amount he was required to pay or remit under a fiscal law incurs a penalty equal to

(*a*) 7% of that amount, where the delay does not exceed seven days;

(*b*) 11% of that amount, where the delay does not exceed 14 days; or

(*c*) 15% of that amount, in other cases.";

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

"Notwithstanding the second paragraph, every person who contravenes section 512 of the Act respecting the Québec sales tax (chapter T-0.1) incurs a penalty equal to twice the amount of the tax."

(2) Subsection 1 applies to amounts to be deducted, withheld, collected, paid or remitted after 31 July 1995.

275. Section 63 of the said Act is amended by adding, after the second paragraph, the following paragraph:

"Where the offence described in subparagraph *f* of the first paragraph of section 62 has been committed, the fine shall be at least equal to the amount of the refund which the person has obtained or attempted to obtain, plus 25% of that amount, without exceeding an amount that is twice that amount."

276. (1) The said Act is amended by inserting, after section 69, the following section:

"**69.0.1** Notwithstanding the prohibition set out in the first paragraph of section 69, a public servant may, for the purposes of the Agreement referred to in section 2, communicate confidential information to an authority that is a party to the Agreement, to the mandatary or designated agent of such an authority and to any person responsible for the implementation of the Agreement."

(2) Subsection 1 applies from 1 January 1996.

277. Section 69.1 of the said Act, amended by section 13 of chapter 46 of the statutes of 1994, by section 213 of chapter 1 of the statutes of 1995, by section 14 of chapter 36 of the statutes of 1995 and by section 50 of chapter 43 of the statutes of 1995, is again amended, in the second paragraph,

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

"(*a*) the Comptroller of Finance, in respect of an application for striking off of a bad debt submitted to him by the Deputy Minister for the obtaining of a certificate of conformity and in respect of information communicated to him under the second paragraph of section 30.1 and section 31.1.1;";

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

"(*e*) every functionary, employee or agent of a public body within the meaning of section 31.1.4, and every employee or agent of an agent of such a body, in respect of information communicated to him in the performance of his duties under the second paragraph of section 30.1 and sections 31 and 31.1.1;".

278. Section 97 of the said Act, amended by section 18 of chapter 36 of the statutes of 1995, is again amended by replacing, in the French text of the first paragraph, the words "dans la *Gazette officielle du Québec*" by the words "à la *Gazette officielle du Québec*".

279. The said Act, amended by chapter 46 of the statutes of 1994 and by chapters 1, 18, 36, 43 and 49 of the statutes of 1995, is again amended

(1) by replacing, in the English text, the words "adapted as required" or "*mutatis mutandis*", as the case may be, by the words "with the necessary modifications" wherever they occur in the following provisions:

— the fourth paragraph of section 14;
— section 14.5;
— section 14.8;
— section 15.6;
— section 21.1;
— the second paragraph of section 24.0.1;
— the third paragraph of section 24.1;

(2) by replacing the words "*mutatis mutandis*" by the words "with the necessary modifications" in the following provisions:

— the seventh paragraph of section 14;
— the second paragraph of section 17;
— the third paragraph of section 65;
— the second paragraph of section 93.8;
— section 95.

ACT RESPECTING LABOUR STANDARDS

280. (1) Section 39.0.1 of the Act respecting labour standards (R.S.Q., chapter N-1.1), enacted by section 6 of chapter 46 of the statutes of 1994, is amended by adding, after subparagraph 2 of the second paragraph, the following subparagraphs:

"(3) an employee who reports for work at an establishment of his employer,

(*a*) in respect of remuneration subject to contribution that is not described in subparagraph *b*, means an employee who reports for work at that establishment for his regular pay period to which the remuneration subject to contribution relates; and

(*b*) in respect of remuneration subject to contribution that is paid as a premium, an increase with retroactive effect or a vacation pay, that is deemed to be paid under section 979.3 of the Taxation Act or that does not relate to a regular pay period of the employee, means an employee who ordinarily reports for work at that establishment;

"(4) where, during a regular pay period of an employee, the employee reports for work at an establishment of his employer situated in Québec and at an establishment of his employer situated outside Québec, the employee is deemed for that period, in respect of remuneration subject to contribution that is not described in subparagraph *b* of subparagraph 3,

(*a*) except where subparagraph *b* applies, to report for work only at the establishment situated in Québec;

(*b*) to report for work only at the establishment situated outside Québec where, during that period, he reports for work mainly at such an establishment of his employer;

"(5) where an employee ordinarily reports for work at an establishment of his employer situated in Québec and at an establishment of his employer situated outside Québec, the employee is deemed, in respect of remuneration subject to contribution described in subparagraph *b* of subparagraph 3, to ordinarily report for work only at the establishment situated in Québec."

(2) Subsection 1 applies in respect of remuneration paid or deemed to be paid by an employer after 31 December 1993, except where the employer, on 31 December 1994, has ceased to operate his business and except in respect of cases pending on or before 9 August 1995 and notices of objection served on the Minister of Revenue on or before that date, where one of the issues in dispute on that date concerns the manner of computing contributions payable pursuant to Chapter III.1 of the Act respecting labour standards, enacted by section 6 of chapter 46 of the statutes of 1994, and where the grounds, expressly raised on or before that date in the motion for appeal or notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, allege that the employer is not subject to pay such a contribution in respect of remuneration subject to contribution paid to one of his employees for the period during which the employee reports for work at one of his establishments situated outside Québec.

281. (1) Section 39.0.2 of the said Act, enacted by section 6 of chapter 46 of the statutes of 1994, is amended by replacing, in the French text, the word "multi-employeurs" by the word "interentreprises".

(2) Subsection 1 applies in respect of remuneration paid or deemed paid by an employer after 31 December 1993, except where the employer ceased, on or before 31 December 1994, to operate his business.

282. Section 39.0.4 of the said Act, enacted by section 6 of chapter 46 of the statutes of 1994, is amended by replacing, in the English text, the words “adapted as required” by the words “with the necessary modifications”.

ACT RESPECTING THE RÉGIE DE L’ASSURANCE-MALADIE DU QUÉBEC

283. (1) Section 34 of the Act respecting the Régie de l’assurance-maladie du Québec (R.S.Q., chapter R-5), replaced by section 217 of chapter 1 of the statutes of 1995, is amended

(1) by replacing “3.75%” by “4.26%”;

(2) by replacing, in the French text, the word “multi-employeurs” by the word “interentreprises”.

(2) Paragraph 1 of subsection 1 applies in respect of wages paid or deemed paid after 9 May 1995.

(3) Paragraph 2 of subsection 1 applies from the year 1994.

284. (1) The said Act is amended by inserting, after section 34, the following section:

“**34.0.0.1** For the purposes of section 34, the following rules apply:

(*a*) an employee who reports for work at an establishment of his employer means

i. in respect of wages not described in subparagraph ii, an employee who reports for work at that establishment for the employee’s regular pay period to which the wages relate;

ii. in respect of wages that are paid as a premium, an increase with retroactive effect or a vacation pay, or that are paid to a trustee or depositary in respect of the employee, that are deemed to be paid under the second paragraph of section 979.3 of the Taxation Act (chapter I-3) or that do not relate to a regular pay period of the employee, an employee who ordinarily reports for work at that establishment;

(*b*) where, during a regular pay period of an employee, the employee reports for work at an establishment of his employer situated in Québec and at an establishment of his employer situated outside Québec, the employee is deemed for that period, in respect of wages not described in subparagraph ii of subparagraph *a*,

i. except where subparagraph ii applies, to report for work only at the establishment situated in Québec;

ii. to report for work only at the establishment situated outside Québec where, during that period, he reports for work mainly at such an establishment of his employer;

(*c*) where an employee ordinarily reports for work at an establishment of his employer situated in Québec and at an establishment of his employer situated outside Québec, the employee is deemed, in respect of wages described in subparagraph ii of subparagraph *a*, to ordinarily report for work only at the establishment situated in Québec."

(2) Subsection 1 is declaratory, except in respect of judgments rendered before 10 August 1995. In addition, subsection 1 does not apply in respect of cases pending on 9 August 1995 and notices of objection served on the Minister of Revenue on or before that date, where one of the issues in dispute on that date concerns the manner of computing contributions payable pursuant to section 34 of the Act respecting the Régie de l'assurance-maladie du Québec and where the grounds, expressly raised on or before that date in the motion for appeal or in the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, allege that the employer is not subject to pay such a contribution in respect of wages paid to one of his employees for the period during which the employee reports for work at one of his employer's establishments situated outside Québec. However, subparagraph ii of paragraph *a* of section 34.0.0.1 of the said Act, enacted by subsection 1, shall be read by striking out

(*a*) where it applies before 1 January 1984, the words "or that are paid to a trustee or depositary in respect of the employee, that are deemed to be paid under the second paragraph of section 979.3 of the Taxation Act (chapter I-3)";

(*b*) where it applies, after 31 December 1983, in respect of amounts paid to a trustee or depositary before 13 May 1994, the words "or that are paid to a trustee or depositary in respect of the employee,".

285. (1) Section 34.1.4 of the said Act, amended by section 219 of chapter 1 of the statutes of 1995 and by section 243 of chapter 49 of the statutes of 1995, is again amended by adding, after subparagraph v of paragraph *b*, the following subparagraph:

"vi. any other amount not otherwise deductible in computing the individual's total income for the year that the individual has deducted in computing his income for the year under Part I of the Taxation Act as repayment of an amount included in the aggregate determined in his respect under paragraph *a* for a year, or that would be so determined if this section did not apply to that year."

(2) Subsection 1 applies from the year 1993.

286. Section 34.1.7 of the said Act, replaced by section 220 of chapter 1 of the statutes of 1995 and amended by section 244 of chapter 49 of the statutes of 1995, is again amended by replacing, in the English text, the words "adapted as required" by the words "with the necessary modifications".

287. Section 36 of the said Act is amended by replacing, in the French text, the words "dans la *Gazette officielle du Québec*" by the words "à la *Gazette officielle du Québec*".

ACT RESPECTING THE QUÉBEC PENSION PLAN

288. (1) Section 50 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9), amended by section 223 of chapter 1 of the statutes of 1995, is again amended by replacing, in the French text of paragraph *a*, the word "multi-employeurs" by the word "interentreprises".

(2) Subsection 1 applies from the year 1994.

289. Section 63 of the said Act is replaced by the following section:

"**63.** On the dates, for the periods and according to the terms and conditions prescribed in section 1015 of the Taxation Act (chapter I-3), every employer shall pay to the Minister an amount equal to the amount he was required to deduct, together with the amount he is required to pay in respect of each employee and which is equal to the prescribed amount referred to in section 59."

290. Section 76 of the said Act, replaced by section 226 of chapter 1 of the statutes of 1995 and amended by section 245 of chapter 49 of the statutes of 1995, is again amended by replacing, in the English text, the words "adapted as required" by the words "with the necessary modifications".

291. Section 184 of the said Act is amended by replacing, in the English text, the words "adapted as required" by the words "with the necessary modifications".

ACT RESPECTING REAL ESTATE TAX REFUND

292. Section 1.0.1 of the Act respecting real estate tax refund (R.S.Q., chapter R-20.1) is amended by replacing, in the English text, the words "adapted as required" by the words "with the necessary modifications".

293. (1) Section 10 of the said Act, amended by section 228 of chapter 1 of the statutes of 1995, is again amended by replacing the third paragraph by the following paragraph:

"For the purposes of this section, the total income is the amount determined in accordance with subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act."

(2) Subsection 1 applies in respect of the computation of real estate tax refunds for the year 1995 and subsequent years.

294. (1) Section 14.2 of the said Act is repealed.

(2) Subsection 1 applies in respect of the computation of real estate tax refunds for the year 1995 and subsequent years.

ACT RESPECTING INCOME SECURITY

295. (1) Section 49 of the Act respecting income security (R.S.Q., chapter S-3.1.1), amended by section 236 of chapter 1 of the statutes of 1995, is again amended by replacing, in the fourth line of the first paragraph, the words "paragraphs ii and i" by the words "subparagraphs 2 and 1 of subparagraph i".

(2) Subsection 1 applies in respect of the determination of benefits for the year 1995 and subsequent years.

ACT RESPECTING QUÉBEC BUSINESS INVESTMENT COMPANIES

296. (1) Section 13 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) is amended by replacing, in the second line, "$2,500,000" by "$5,000,000".

(2) Subsection 1 applies in respect of investments made after 9 May 1995.

ACT RESPECTING FISCAL INCENTIVES TO INDUSTRIAL DEVELOPMENT

297. Section 27 of the Act respecting fiscal incentives to industrial development (R.S.Q., chapter S-34) is amended by replacing, in the French text of the second paragraph, the words "dans la *Gazette officielle du Québec*" by the words "à la *Gazette officielle du Québec*".

298. Section 28 of the said Act, amended by section 362 of chapter 1 of the statutes of 1995, is again amended

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

"**28.** Sections 2 to 12, the third paragraph of section 18, section 20 and sections 22 to 25 constitute a fiscal law within the meaning of the Act respecting the Ministère du Revenu (chapter M-31).";

(2) by replacing, in the second paragraph , the words "*mutatis mutandis*" by the words "with the necessary modifications".

ACT RESPECTING THE QUÉBEC SALES TAX

299. (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 23 of chapter 23 of the statutes of 1994, by section 247 of chapter 1 of the statutes of 1995 and by section 246 of chapter 49 of the statutes of 1995, is again amended

(1) by striking out the definition of "non-taxable supply";

(2) by replacing the definition of "taxable supply" by the following definition:

" "taxable supply" means a supply that is made in the course of a commercial activity;";

(3) by inserting the following definition, which is to be ordered alphabetically:

" "immovable" includes

(1) a lease pertaining to an immovable;

(2) a mobile home;

(3) a floating home; and

(4) a leasehold or other proprietary interest in a mobile home or a floating home;";

(4) by replacing the definition of "floating home" by the following definition:

" "floating home" means a structure that is composed of a floating platform and a building designed to be occupied as a place of residence for individuals that is permanently affixed to the platform, but does not include any freestanding appliances or furniture sold with the structure or any structure that has means of, or is capable of being readily adapted for, self-propulsion;";

(5) by replacing the definition of "mobile home" by the following definition:

" "mobile home" means a unit that is not less than 3 metres wide and 8 metres long, that is equipped with complete heating, electrical and plumbing facilities and that is designed to be towed on its own chassis on wheels to a site for installation on a foundation and connection to service facilities at that site and to be occupied for residential purposes, but does not include any freestanding appliances or furniture sold with the unit or any travel trailer, motor home, camping trailer or other vehicle for recreational use;";

(6) by inserting the following definition, which is to be ordered alphabetically:

" "month" means a period beginning on a particular day in a calendar month and ending

(1) on the day immediately before the day in the next calendar month that has the same calendar number as the particular day, or

(2) where the next calendar month does not have a day that has the same calendar number as the particular day, the last day of that next calendar month;";

(7) by inserting the following definition, which is to be ordered alphabetically:

" "telecommunication" means any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of

any nature by any wire, cable, radio, optical or other electromagnetic system, or by any similar technical system;";

(8) by replacing the definition of "passenger vehicle" by the following definition:

" "passenger vehicle" has the meaning assigned by section 1 of the Taxation Act;".

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of

(*a*) supplies of movable property or a service for which all of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995;

(*b*) supplies of movable property or a service for which part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995; however, no tax is payable under Chapter II of Title I of the said Act in respect of any part of the consideration that becomes due or is paid before 1 August 1995;

(*c*) supplies of an immovable made under an agreement in writing entered into after 31 July 1995, whereby ownership and possession of the immovable are transferred to the recipient after that date.

(3) Paragraphs 3, 4, 5 and 7 of subsection 1 have effect from 1 July 1992.

(4) Paragraph 6 of subsection 1 comes into force on the date fixed by the Government.

(5) Paragraph 8 of subsection 1 applies in respect of passenger vehicles acquired or brought into Québec by a registrant

(*a*) after 31 July 1995 where the registrant is a small or medium-sized business;

(*b*) after 29 November 1996 where the registrant is a large business.

(6) Furthermore, where the definition of "passenger vehicle" in section 1 of the said Act, replaced by paragraph 8 of subsection 1, applies for a period previous to the period referred to in paragraph *a* or *b* of subsection 5, as the case may be, it shall be read as follows:

" "passenger vehicle" has the meaning assigned by section 1 of the Taxation Act, but does not include a road vehicle in respect of which a registrant, if he acquired it or brought it into Québec for use exclusively in the course of commercial activities of the registrant, would not be entitled to claim an input tax refund by reason of paragraph 1 of section 206.1."

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

"**14.1** A person not resident in Québec is deemed to be resident in Canada at any time if the person is deemed to be resident in Canada at that time under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)."

(2) Subsection 1 has effect from 1 July 1992.

301. (1) Section 17 of the said Act, amended by section 249 of chapter 1 of the statutes of 1995, is again amended

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

"**17.** Every person who brings into Québec corporeal property for consumption or use in Québec by the person or at his expense by another person or for supply in Québec for consideration where the person is a small supplier who is not a registrant shall, immediately after the bringing into Québec of the property, pay to the Minister a tax equal to 6.5% of the value of the property.";

(2) by inserting, after subparagraph 2.1 of the second paragraph, the following subparagraph:

"(2.2) in the case of property supplied by way of sale outside Québec to a person who is a small supplier, other than a registrant, and who brings the property into Québec for supply in Québec for consideration,

(*a*) if the property is property other than a used road vehicle referred to in subparagraph *b*, the value of the consideration, and

(*b*) if the property is a used road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person, the value of the consideration for the supply to the person or, where the supply is made without consideration or for consideration less than the estimated value of the vehicle, that estimated value;";

(3) by striking out subparagraph 3 of the fourth paragraph.

(2) Subsection 1 applies in respect of a bringing into Québec after 31 July 1995.

302. (1) Section 17.0.1 of the said Act, enacted by section 250 of chapter 1 of the statutes of 1995, is amended

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

"**17.0.1** For the purposes of subparagraph 2.1 and subparagraph *b* of subparagraph 2.2 of the second paragraph of section 17, the estimated value of a road vehicle is";

(2) by replacing paragraphs 2 and 3 by the following paragraphs:

"(2) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the *Canadian Motorcycle Dealers Blue Book* published by All Seasons Publications Ltd., that price less an amount of $500;

"(3) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the *Canadian ATV, Snowmobile & Watercraft Dealers Blue Book* published by All Seasons Publications Ltd., that price less an amount of $500; and".

(2) Paragraph 1 of subsection 1 applies in respect of a bringing into Québec after 31 July 1995.

(3) Paragraph 2 of subsection 1 applies in respect of a bringing into Québec after 31 May 1995.

303. (1) Section 17.0.2 of the said Act, enacted by section 250 of chapter 1 of the statutes of 1995, is amended

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

"**17.0.2** Where subparagraph *a* of subparagraph 2.1 or subparagraph *b* of subparagraph 2.2 of the second paragraph of section 17 applies in respect of a road vehicle that is damaged or that shows unusual wear at the time it is supplied to a person, that is brought into Québec by the person immediately after that time and immediately after the bringing of the vehicle into Québec, the person

provides the Minister or a person prescribed for the purposes of section 473 with a written estimate of the vehicle or of the repairs to be carried out in respect of the vehicle, made by the person referred to in the second paragraph of section 55.0.3, the value of the vehicle that corresponds to the estimated value of the vehicle described in section 17.0.1 may be reduced by an amount equal to";

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

"(2) the amount by which the value stated in the written estimate of the repairs to be carried out in respect of the vehicle exceeds $500."

(2) Paragraph 1 of subsection 1 applies in respect of a bringing into Québec after 31 July 1995.

(3) Paragraph 2 of subsection 1 applies in respect of a bringing into Québec after 31 May 1994.

304. (1) Section 17.1 of the said Act is amended

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

"(2) the road vehicle thus given in exchange was a used vehicle and, where tax was paid in respect of that vehicle, the person is not entitled to a rebate of the tax so paid;";

(2) by adding, after paragraph 4, the following paragraph:

"(5) the person is not entitled to a rebate of the tax payable in respect of the road vehicle brought."

(2) Subsection 1 applies in respect of a bringing into Québec after 31 July 1995.

305. (1) Section 17.2 of the said Act is repealed.

(2) Subsection 1 applies in respect of the bringing of a road vehicle into Québec by a registrant after 31 July 1995 where the registrant would be entitled to claim an input tax refund if he paid tax in respect of the vehicle so brought in and, in all other cases, in respect of the bringing of a road vehicle into Québec after 29 November 1996.

306. (1) Section 17.3 of the said Act, amended by section 251 of chapter 1 of the statutes of 1995, is repealed.

(2) Subsection 1 applies in respect of the bringing of fuel into Québec by a registrant after 31 July 1995 where the registrant would be entitled to claim an input tax refund if he paid tax in respect of the fuel so brought in and, in all other cases, in respect of the bringing of fuel into Québec after 31 December 1995.

307. (1) Section 18 of the said Act, amended by section 253 of chapter 1 of the statutes of 1995, is again amended

(1) by striking out subparagraph ii of subparagraph *c* of subparagraph 3 of the first paragraph;

(2) by replacing subparagraph *a* of subparagraph 4 of the first paragraph by the following subparagraph:

"(*a*) the property is delivered or made available, in Québec, to the particular recipient and the particular recipient is not a registrant who is acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the particular recipient, and";

(3) by replacing subparagraph ii of subparagraph *b* of subparagraph 4 of the first paragraph by the following subparagraph:

"ii. the registrant was entitled to claim an input tax refund in respect of the property or was not required to pay tax under this section in respect of the supply solely because he had acquired the property for consumption, use or supply exclusively in the course of commercial activities of the registrant, and".

(2) Paragraph 1 of subsection 1 applies in respect of supplies made to a recipient

(*a*) after 31 July 1995 where the recipient is a small or medium-sized business;

(*b*) after 29 November 1996 where the recipient is a large business.

(3) Paragraph 2 of subsection 1 applies in respect of supplies of property made after 29 November 1996.

(4) Paragraph 3 of subsection 1 has effect from 1 August 1995, except in respect of property in respect of which a registrant was not entitled to claim an input tax refund by reason of section 206.1, in which case paragraph 3 of subsection 1 does not apply.

308. (1) Subdivision 4 of Division I of Chapter II of Title I, enacted by section 254 of chapter 1 of the statutes of 1995, is repealed.

(2) Subsection 1 applies in respect of supplies made after 12 May 1994 or of a bringing into Québec after that date.

309. (1) Section 19 of the said Act is repealed.

(2) Subsection 1 applies in respect of

(*a*) supplies of movable property for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995;

(*b*) supplies of an immovable made under an agreement in writing entered into after 31 July 1995, whereby ownership and possession of the immovable are transferred to the recipient after that date.

310. (1) Section 20 of the said Act is repealed.

(2) Subsection 1 applies in respect of

(*a*) supplies of movable property or a service for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995;

(*b*) supplies of an immovable made under an agreement in writing entered into after 31 July 1995, whereby ownership and possession of the immovable are transferred to the recipient after that date.

311. (1) Section 20.1 of the said Act is replaced by the following section:

"**20.1** A supply made otherwise than in the course of a commercial activity of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply is deemed to be a taxable supply."

(2) Subsection 1 applies in respect of supplies of a road vehicle for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

312. (1) Section 30.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of supplies made after 29 November 1996.

313. (1) Sections 34.1 and 34.2 of the said Act are repealed.

(2) Subsection 1 applies in respect of property or services and other property or services referred to in section 34 of the said Act

(*a*) that the registrant acquires after 31 July 1995, where the registrant is a small or medium-sized business;

(*b*) that the registrant acquires after 29 November 1996, where the registrant is a large business;

(*c*) that the organization acquires after 31 July 1995.

314. (1) The said Act is amended by inserting, after the heading of subdivision 2 of subdivision III of subdivision 1 of Division II of Chapter II of Title I, the following section:

"**41.0.1** Where a registrant (in this section referred to as the "mandatary"), acting as mandatary of another registrant (in this section referred to as the "mandator") in the course of a commercial activity of the mandatary, makes a taxable supply, otherwise than by auction, of property or a service on behalf of the mandator to a recipient and the mandatary does not disclose to the recipient in writing the name of the mandator and the registration number assigned to the mandator under Division I of Chapter VIII, the following rules apply:

(1) the mandator is deemed not to have made the supply to the recipient;

(2) the mandatary is deemed to have made the supply to the recipient;

(3) the mandatary is deemed not to have made a supply to the mandator of a service relating to the supply to the recipient;

(4) the mandator is deemed to have made a supply of the property or service to the mandatary, and the mandatary is deemed to have received that supply from the mandator; and

(5) where a particular amount of consideration for the supply of the property or service to the recipient becomes due or is paid and at one or more times the mandatary remits to, or credits in favour of,

the mandator an amount on account of the particular amount, the mandatary is deemed to have paid, and the mandator is deemed to have received, at the earliest of those times, consideration for the supply deemed under subparagraph 4 to have been made to the mandatary equal to the amount determined by the formula

$$A - B.$$

For the purposes of this formula,

(1) A is the particular amount ; and

(2) B is the consideration that would be determined in respect of the supply of a service relating to the supply to the recipient that, but for this section and subsection 1 of section 177 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), would be made by the mandatary to the mandator and that has become due or been paid or, where the supply to the recipient was made by way of lease, licence or similar arrangement, the portion of that consideration that is reasonably attributable to the period to which the particular amount relates and that has not been attributed to a preceding period."

(2) Subsection 1 applies in respect of supplies made by a registrant on behalf of a mandator after 31 July 1995.

315. (1) Section 41.1 of the said Act, amended by section 259 of chapter 1 of the statutes of 1995, is again amended by replacing the portion before subparagraph 1 of the first paragraph by the following:

"**41.1** Where a registrant (in this section referred to as the "mandatary"), acting as mandatary of a person (in this section referred to as the "mandator") in the course of a commercial activity of the mandatary, makes a supply of movable property, otherwise than by auction, on behalf of the mandator, in the case where the mandator is not required to collect tax in respect of the supply and the mandatary does not disclose to the recipient in writing that the mandatary is making the supply on behalf of another person who is not required to collect tax in respect of the supply, the following rules apply :".

(2) Subsection 1 applies in respect of supplies made by a registrant on behalf of a person after 31 July 1995.

316. (1) Section 41.2 of the said Act is amended

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

"**41.2** Where a registrant (in this section referred to as the "auctioneer"), acting as auctioneer and mandatary for another person (in this section referred to as the "mandator") in the course of a commercial activity of the auctioneer, makes, on behalf of the mandator, a supply by auction of movable property or, where the mandator is a registrant, a taxable supply by auction of an immovable or a service, the following rules apply:";

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

"(2) where at one or more times the auctioneer remits to, or credits in favour of, the mandator an amount in respect of the supply to the recipient, the mandator is deemed to have made a supply of the property or service to the auctioneer, and the auctioneer is deemed to have received that supply from the mandator, for consideration, paid at the earliest of those times, equal to

(*a*) where tax is not payable in respect of the supply deemed to have been made by the mandator, the total of the consideration for the supply to the recipient and of the tax payable by the recipient in respect of that supply, and

(*b*) in any other case, the consideration for the supply to the recipient."

(2) Subsection 1 applies in respect of supplies of property or services made by an auctioneer on behalf of a person after 31 July 1995.

317. (1) Section 41.3 of the said Act is replaced by the following section:

"**41.3** Sections 41.1 and 41.2 do not apply where the supply made by the mandator to the recipient is a supply referred to in section 20.1."

(2) Subsection 1 applies in respect of supplies of property made by a registrant on behalf of a person after 31 July 1995.

(3) Furthermore, where section 41.3 of the said Act, replaced by subsection 1, applies in respect of supplies of property made by a

registrant on behalf of a person before 1 August 1995, it shall be read as follows:

"**41.3** Sections 41.1 and 41.2 do not apply where

(1) the supply made by the mandator to the recipient is a supply referred to in section 20.1; or

(2) the property is property in respect of which an input tax refund may not be claimed by reason of section 206.1."

318. (1) Section 41.4 of the said Act, amended by section 260 of chapter 1 of the statutes of 1995, is again amended

(1) by replacing, in the French text, the portion before subparagraph 1 by the following:

"**41.4** Dans le cas où un inscrit effectue la fourniture d'un bien meuble pour le compte d'une personne dans des circonstances où il est réputé, en vertu des articles 41.1 ou 41.2, avoir reçu une fourniture du bien par la personne et avoir payé une contrepartie égale au montant déterminé en vertu du paragraphe 4° du premier alinéa de l'article 41.1 ou en vertu du paragraphe 2° de l'article 41.2, les règles suivantes s'appliquent:";

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

"(*a*) where section 41.1 applies, the amount determined under subparagraph 4 of the first paragraph of that section, and".

(2) Paragraph 1 of subsection 1 has effect from 1 July 1992.

(3) Paragraph 2 of subsection 1 applies in respect of supplies made after 12 May 1994 by a registrant on behalf of a person.

319. (1) Section 41.5 of the said Act is replaced by the following section:

"**41.5** For the purposes of this subdivision, where a registrant makes a supply of property or a service on behalf of a person by way of sale or in any other manner, any supply of the property or service that is, as a result of that supply, deemed under this subdivision to have been made by the person to the registrant is deemed to have been made in the same manner."

(2) Subsection 1 applies in respect of supplies made by a registrant on behalf of a person after 31 July 1995.

320. (1) Section 42.0.2 of the said Act, enacted by section 261 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**42.0.2** Where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person for the purpose of making taxable supplies in the course of that endeavour."

(2) Subsection 1 applies in respect of property or a service acquired or brought into Québec after 31 July 1995 by a person for consumption or use in the course of an endeavour of the person.

321. (1) Section 42.0.3 of the said Act, enacted by section 261 of chapter 1 of the statutes of 1995, is amended by replacing paragraph 1 by the following paragraph:

"(1) for the purpose of making supplies in the course of that endeavour that are not taxable supplies; or".

(2) Subsection 1 applies in respect of property or a service acquired or brought into Québec after 31 July 1995 by a person for consumption or use in the course of an endeavour of the person.

322. (1) Section 42.0.4 of the said Act, enacted by section 261 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**42.0.4** Where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use is deemed to be in the course of commercial activities of the person, to the extent that the consumption or use is for the purpose of making taxable supplies in the course of that endeavour."

(2) Subsection 1 applies in respect of property or a service consumed or used after 31 July 1995 by a person in the course of an endeavour of the person.

323. (1) Section 42.0.5 of the said Act, enacted by section 261 of chapter 1 of the statutes of 1995, is amended by replacing paragraph 1 by the following paragraph:

"(1) for the purpose of making supplies in the course of that endeavour that are not taxable supplies; or".

(2) Subsection 1 applies in respect of property or a service consumed or used after 31 July 1995 by a person in the course of an endeavour of the person.

324. (1) Section 42.0.6 of the said Act, enacted by section 261 of chapter 1 of the statutes of 1995, is amended by replacing the portion before paragraph 1 by the following:

"**42.0.6** Where a supplier makes a taxable supply (in this section referred to as a "free supply") of property or a service for no consideration or nominal consideration in the course of a particular endeavour of the supplier and it can reasonably be regarded that among the purposes (in this section referred to as the "specified purposes") for which the free supply is made is the purpose of facilitating, furthering or promoting the acquisition, consumption or use of other property or services by any other person, or an endeavour of any person, the following rules apply:".

(2) Subsection 1 applies in respect of

(*a*) supplies of movable property or a service made after 31 July 1995;

(*b*) supplies of an immovable made under an agreement in writing entered into after 31 July 1995, whereby ownership and possession of the immovable are transferred to the recipient after that date.

325. (1) Section 42.0.7 of the said Act, enacted by section 261 of chapter 1 of the statutes of 1995, is amended by replacing the first paragraph by the following paragraph:

"**42.0.7** The methods used by a person in a fiscal year to determine the extent to which properties or services are acquired or brought into Québec by the person for the purpose of making taxable supplies or for other purposes and the extent to which the consumption or use of properties or services is for the purpose of

making taxable supplies or for other purposes shall be fair and reasonable and shall be used consistently by the person throughout the year."

(2) Subsection 1 applies in respect of properties or services acquired or brought into Québec, or consumed or used, as the case may be, after 31 July 1995 by a person.

326. (1) The said Act is amended by inserting, after section 42.6, the following section:

"**42.7** For the purposes of Division I of Chapter VIII and for the purpose of determining an input tax refund, a supply of a financial service by a person is deemed to be made otherwise than in the course of commercial activities of the person, except to the extent that the supply is made in the course of a business carried on by that person."

(2) Subsection 1 has effect from 10 May 1995.

327. (1) Section 51.1 of the said Act is replaced by the following section:

"**51.1** Where a registrant makes a supply of a road vehicle on behalf of another person to a recipient, in the case where the supply is referred to in section 20.1, and section 177 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) applies in respect of the supply, the consideration for the supply of the service relating to the supply of the road vehicle made by the registrant to the recipient is deemed to be equal to the consideration that would be determined were it not for the said section 177."

(2) Subsection 1 applies in respect of supplies of property or a service made by a registrant on behalf of another person after 31 July 1995.

(3) Furthermore, where section 51.1 of the said Act, replaced by subsection 1, applies in respect of a supply made before 1 August 1995, paragraphs 1 and 2 shall be read as follows:

"(1) the consideration for the supply of the property or service to the recipient is deemed to be equal to the consideration that would be determined were it not for the said section 177; and

"(2) the consideration for the supply of the service relating to the supply to the recipient is deemed to be equal to the consideration that would be determined were it not for the said section 177."

328. (1) Section 52.1 of the said Act is amended

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

"(2) the supply of the exchanged road vehicle to the registrant is a non-taxable supply, as the definition of that expression would read were it not struck out.";

(2) by replacing subparagraphs 1 and 2 of the second paragraph by the following subparagraphs:

"(1) the exchanged road vehicle is

(*a*) a vehicle referred to in paragraph 10 of section 178,

(*b*) a vehicle in respect of which the recipient is entitled to a rebate of the tax payable in respect of the vehicle, or

(*c*) a vehicle that the recipient has acquired by way of a non-taxable supply, as the definition of that expression read before it was struck out; or

"(2) the road vehicle supplied by the registrant is a vehicle in respect of which the recipient is entitled to a rebate of the tax payable in respect of the vehicle."

(2) Paragraph 1 of subsection 1 applies in respect of supplies of an exchanged road vehicle for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 2 of subsection 1, except where it enacts subparagraph 2 of the second paragraph of section 52.1 of the said Act, applies in respect of supplies of a road vehicle, other than an exchanged road vehicle, for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(4) Paragraph 2 of subsection 1, where it enacts subparagraph 2 of the second paragraph of section 52.1 of the said Act, applies in respect of supplies of a road vehicle made after 31 July 1995.

329. (1) Section 55 of the said Act is amended by replacing the second paragraph by the following paragraph:

"This section does not apply where the supply is referred to in sections 148 to 152."

(2) Subsection 1 applies in respect of supplies of property or a service in respect of which the supplier, by reason of the repealing of section 206.1 of the said Act, is entitled to include, in determining an input tax refund of the supplier, an amount in respect of the tax payable by him in respect of the acquisition of the property or service or, if the supplier is an organization referred to in section 386 or 386.1 of the said Act, would be entitled to include such an amount were it a registrant who is a small or medium-sized business.

330. (1) Section 55.0.2 of the said Act, enacted by section 263 of chapter 1 of the statutes of 1995, is amended by replacing paragraphs 2 and 3 by the following paragraphs:

"(2) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is supplied, of the *Canadian Motorcycle Dealers Blue Book* published by All Seasons Publications Ltd., that price less an amount of $500;

"(3) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is supplied, of the *Canadian ATV, Snowmobile & Watercraft Dealers Blue Book* published by All Seasons Publications Ltd., that price less an amount of $500; and".

(2) Subsection 1 applies in respect of supplies made after 31 May 1995.

331. (1) Section 55.0.3 of the said Act, enacted by section 263 of chapter 1 of the statutes of 1995, is amended by replacing subparagraph 2 of the first paragraph by the following subparagraph:

"(2) the amount by which the value stated in the written estimate of the repairs to be carried out in respect of the vehicle exceeds $500."

(2) Subsection 1 applies in respect of supplies made after 31 May 1994.

332. (1) Section 61 of the said Act is replaced, in the English text, by the following section:

"**61.** Where, in making a supply of a service, a person incurs an expense for which the person is reimbursed by the recipient of the supply, the amount of the reimbursement is deemed to be part of the consideration for the supply of the service, except to the extent that the expense was incurred by the person as a mandatary of the recipient."

(2) Subsection 1 has effect from 1 July 1992.

333. (1) Section 63 of the said Act is amended by replacing the definition of "taxable portion" by the following definition:

" "taxable portion" of a tour package means all property and services included in the tour package and in respect of which tax under section 16 would be payable if the property or service were supplied otherwise than as part of a tour package;".

(2) Subsection 1 applies from 1 August 1995.

334. (1) Section 67 of the said Act is repealed.

(2) Subsection 1 applies in respect of supplies of tour packages for which all of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

335. (1) Section 68 of the said Act is amended by replacing the second paragraph by the following paragraph:

"This section does not apply in respect of

(1) a supply of an immovable by way of sale; or

(2) a supply of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply."

(2) Subsection 1 has effect from 1 July 1992.

336. (1) Section 69.2 of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995.

337. (1) Section 75.1 of the said Act is amended by striking out subparagraph *d* of paragraph 1.

(2) Subsection 1 applies in respect of supplies of a 1-800 telephone service and supplies of any other telecommunication service related to a 1-800 telephone service for which the consideration becomes payable after 9 May 1995 and is not paid before 10 May 1995.

(3) Subject to subsection 4, subsection 1 applies in respect of the supply or bringing into Québec of property or a service, other than a service referred to in subsection 2, for which the consideration becomes payable after 31 July 1995 and is not paid before 1 August 1995, or that is brought into Québec after 31 July 1995.

(4) Subsection 1 does not apply in respect of the supply or bringing into Québec of property or a service, other than a service referred to in subsection 2, for which the consideration is payable by a large business before 30 November 1996 or is paid by a large business before that date, or that is brought into Québec by a large business before that date.

338. (1) Section 76 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) for the purposes of sections 444 to 446 and 462 to 462.1.1, for the purpose of applying the provisions of this Title in respect of property or a service acquired or brought into Québec by a merged or amalgamated corporation, and for prescribed purposes and provisions, the new corporation is deemed to be the same corporation as, and a continuation of, each merged or amalgamated corporation; and".

(2) Subsection 1 has effect from 1 August 1995.

339. (1) Section 77 of the said Act is amended by replacing paragraph 1 by the following paragraph:

"(1) for the purposes of sections 444 to 446 and 462 to 462.1.1, for the purpose of applying the provisions of this Title in respect of property or a service acquired or brought into Québec by the other corporation as a consequence of the winding-up, and for prescribed purposes and provisions, the other corporation is deemed to be the same corporation as, and a continuation of, the particular corporation; and".

(2) Subsection 1 has effect from 1 August 1995.

340. (1) Section 80.1.1 of the said Act, enacted by section 266 of chapter 1 of the statutes of 1995, is amended by striking out paragraph 3.

(2) Subsection 1 has effect from 1 July 1992.

341. (1) Section 80.2 of the said Act is repealed.

(2) Subsection 1 applies in respect of

(*a*) supplies of a telecommunication service for which all of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995;

(*b*) supplies of a telecommunication service for which part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995; however, no tax is payable under Chapter II of Title I of the said Act in respect of any part of the consideration that becomes due or is paid before 1 August 1995.

(3) Furthermore, where section 80.2 of the said Act, repealed by subsection 1, applies, it shall be read as follows:

"**80.2** No tax is payable in respect of the supply of a telecommunication service to a person operating a telecommunication service if the service is to be used directly and solely for the purpose of making a taxable supply of another telecommunication service by that person."

342. (1) Section 81 of the said Act, amended by section 267 of chapter 1 of the statutes of 1995, is again amended by replacing paragraphs 1 and 2 by the following paragraphs:

"(1) goods that are classified under heading No. 98.01, 98.02, 98.03, 98.04, 98.05, 98.06, 98.07, 98.10, 98.11, 98.12, 98.15, 98.16 or 98.19 or under subheading No. 9823.60, 9823.70, 9823.80 or 9823.90 of Schedule I to the Customs Tariff (Revised Statutes of Canada, 1985, chapter 41, 3rd Supplement), to the extent that the goods are not subject to duty under that Act, but not including goods that are classified under tariff item No. 9804.30.00 of that schedule;

"(2) goods from Canada outside Québec that would be goods classified, with the necessary modifications, under any of the headings

or subheadings mentioned in paragraph 1 if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00, 9804.40.00, 9805.00.00 or 9807.00.00 of Schedule I to the Customs Tariff;".

(2) Subsection 1 applies in respect of the bringing of a road vehicle into Québec by a person after 29 November 1996.

(3) Furthermore, where paragraphs 1 and 2 of section 81 of the said Act, replaced by subsection 1, apply in respect of the bringing of a road vehicle into Québec after 31 July 1995 but before 30 November 1996, they shall be read as follows:

"(1) goods that are classified under heading No. 98.01, 98.02, 98.03, 98.04, 98.05, 98.06, 98.07, 98.10, 98.11, 98.12, 98.15, 98.16 or 98.19 or under subheading No. 9823.60, 9823.70, 9823.80 or 9823.90 of Schedule I to the Customs Tariff (Revised Statutes of Canada, 1985, chapter 41, 3rd Supplement), to the extent that the goods are not subject to duty under that Act, but not including goods that are classified under tariff item No. 9804.30.00 of that schedule and road vehicles, other than pleasure vehicles, classified under heading No. 98.01 of that schedule and brought into Québec by a person who is not a registrant who would be entitled to claim an input tax refund in respect of the vehicles if he acquired them;

"(2) goods from Canada outside Québec that would be goods classified, with the necessary modifications, under any of the headings or subheadings mentioned in paragraph 1 if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00, 9804.40.00, 9805.00.00 or 9807.00.00 of Schedule I to the Customs Tariff and road vehicles, other than pleasure vehicles, that would be classified under heading No. 98.01 of that schedule and are brought into Québec by a person who is not a registrant who would be entitled to claim an input tax refund in respect of the vehicles if he acquired them;".

343. (1) Section 86 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) where the supply is of corporeal movable property by way of sale under which the supplier delivers the property to the recipient on approval, consignment, or other similar terms, the recipient acquires ownership of the property or makes a supply of it to any person, other than the supplier, or".

(2) Subsection 1 has effect from 1 August 1995.

344. (1) Section 108 of the said Act, amended by section 23 of chapter 23 of the statutes of 1994, is again amended by replacing paragraph 1 of the definition of "health care institution" by the following:

"(1) a centre operated by an institution, within the meaning of the Act respecting health services and social services (chapter S-4.2) or within the meaning of the Act respecting health services and social services for Cree Native persons (chapter S-5), for the purpose of providing health or hospital care, acute or chronic care or rehabilitative care, or any other institution operated for the purpose of providing such care;

"(1.1) a centre referred to in paragraph 1 that is primarily for the mentally deficient, or any other institution primarily for the mentally deficient;".

(2) Subsection 1 has effect from 1 July 1992.

345. (1) Section 162 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) a service of procuring a document by a court or filing a document in a court;".

(2) Subsection 1 has effect from 1 July 1992.

346. (1) Section 179 of the said Act is amended by replacing paragraph 4 by the following paragraph:

"(4) the person maintains evidence satisfactory to the Minister of the shipment of the property outside Québec by the recipient or, where the recipient is authorized under section 427.3, the recipient provides the person with a certificate in which the recipient certifies that the property will be shipped outside Québec in the circumstances described in paragraphs 1 to 3."

(2) Subsection 1 has effect from 1 August 1995.

347. (1) The said Act is amended by inserting, after section 189, the following section:

"**189.1** A supply of corporeal movable property made by way of sale to a person operating a duty free shop licensed as such under the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement), where the person acquires the property as inventory

for supply by way of sale at the shop to an individual for export by the individual and the person provides the supplier with the licence number of the shop, is a zero-rated supply."

(2) Subsection 1 applies in respect of supplies of corporeal movable property for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

348. (1) Section 190 of the said Act is replaced, in the French text, by the following section:

"**190.** La fourniture d'un bien meuble corporel effectuée par une personne à un acquéreur si la personne délivre le bien à un transporteur public ou le poste, pour expédition et livraison à l'acquéreur à un endroit hors du Québec est détaxée."

(2) Subsection 1 has effect from 1 July 1992.

349. (1) Section 197 of the said Act is amended by inserting, after paragraph 5, the following paragraph:

"(5.1) a supply of a freight transportation service in respect of the transportation of corporeal movable property between two places outside Québec, and, for the purposes of this paragraph, a place outside Québec includes a place outside Canada;".

(2) Subsection 1 has effect from 1 July 1992.

350. (1) Sections 206.1 to 206.6 of the said Act are repealed.

(2) Subject to subsections 3 and 4, subsection 1, where it repeals section 206.1 of the said Act, applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business in respect of the supply or bringing into Québec of property or a service;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business in respect of the supply or bringing into Québec of property or a service.

(3) Subsection 1, where it repeals section 206.1 of the said Act, applies in respect of tax that becomes payable in respect of the supply of a telecommunication service in respect of which no tax

would have been payable under section 80.2 of the said Act were it not for the repealing of that section 206.1 by this Act.

(4) Subsection 1, where it repeals section 206.1 of the said Act, applies in respect of property or a service the supply of which is received by a registrant who is a large business, which supply would be a non-taxable supply had the definition of that expression not been struck out.

(5) Furthermore,

(*a*) where paragraph 6 of section 206.1 of the said Act, repealed by subsection 1, has effect from 1 July 1992, it shall be read as follows:

"(6) the food, beverages or entertainment in respect of which section 421.1 of the Taxation Act (chapter I-3) applies, or would apply if the registrant were a taxpayer under that Act, during a taxation year of the registrant.";

(*b*) subject to subsection 6, where section 206.1 of the said Act, repealed by subsection 1, has effect from 1 July 1992, it shall be read by adding thereto the following paragraph:

"For the purposes of the first paragraph, "combustibles" does not include motive fuel acquired or brought into Québec to power a propulsion or a stationary engine."

(6) Where the second paragraph of section 206.1 of the said Act, enacted by paragraph *b* of subsection 5, applies in respect of tax that becomes payable after 9 May 1995 and is not paid before 10 May 1995, it shall be read as follows:

"For the purposes of the first paragraph, "combustibles" does not include motive fuel acquired or brought into Québec to power a propulsion engine."

(7) Subject to subsection 8, subsection 1, where it repeals sections 206.2 and 206.3 of the said Act, applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business in respect of the supply or bringing into Québec of a road vehicle, electricity, gas, combustibles or steam;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business in respect of the supply or bringing into Québec of a road vehicle, electricity, gas, combustibles or steam.

(8) Subsection 1, where it repeals sections 206.2 and 206.3 of the said Act, applies in respect of property referred to in subsection 7 the supply of which is received by a registrant who is a large business, which supply would be a non-taxable supply had the definition of that expression not been struck out.

(9) Subject to subsection 10, subsection 1, where it repeals section 206.3.1 of the said Act, applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by the organizer or sponsor of a convention who is a small or medium-sized business in respect of electricity, a telephone service, a telecommunication service or any telecommunication acquired by the organizer or sponsor of the convention as related convention supplies;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by the organizer or sponsor of a convention who is a large business in respect of electricity, a telephone service, a telecommunication service or any telecommunication acquired by the organizer or sponsor of the convention as related convention supplies.

(10) Subsection 1, where it repeals section 206.3.1 of the said Act, applies in respect of electricity, a telephone service, a telecommunication service or any telecommunication the supply of which is received by an organizer or sponsor of a convention who is a large business as a related convention supply, which supply would be a non-taxable supply had the definition of that expression not been struck out.

(11) Subject to subsection 12, subsection 1, where it repeals sections 206.4 and 206.5 of the said Act, applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business in respect of the supply or bringing into Québec of property or a service relating to a road vehicle;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business

in respect of the supply or bringing into Québec of property or a service relating to a road vehicle.

(12) Subsection 1, where it repeals sections 206.4 and 206.5 of the said Act, applies in respect of property or a service relating to a road vehicle the supply of which is received by a registrant who is a large business, which supply would be a non-taxable supply had the definition of that expression not been struck out.

(13) Subsection 1, where it repeals section 206.6 of the said Act, applies in respect of tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by the registrant in respect of the supply.

351. (1) The said Act is amended by inserting, after section 206.6, the following section:

"**206.7** Paragraph 5 of section 206.1 does not apply in respect of the supply of a 1-800 telephone service or in respect of the supply of a telecommunication service related to a 1-800 telephone service."

(2) Subsection 1 applies in respect of tax that becomes payable after 9 May 1995 and is not paid before 10 May 1995 in relation to the supply of a 1-800 telephone service or another telecommunication service related to a 1-800 telephone service.

352. (1) Section 206.7 of the said Act, enacted by subsection 1 of section 351, is repealed.

(2) Subsection 1 applies in respect of tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 in respect of a supply.

353. (1) Section 209 of the said Act is amended

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

"(*a*) to have made, immediately before that time, a supply of each property of the person, other than capital property, that immediately before that time was held by the person for consumption, use or supply in the course of commercial activities of the person and to have collected, immediately before that time, tax in respect of the supply, calculated on the fair market value of the property at that time, and

"(*b*) to have received, at that time, a supply of the property by way of sale and to have paid, at that time, tax in respect of the supply equal to the amount determined under subparagraph *a*; and";

(2) by striking out the second paragraph.

(2) Paragraph 1 of subsection 1 has effect from 1 August 1995.

(3) Paragraph 2 of subsection 1 applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business in respect of the supply or bringing into Québec of property, except where the registrant, in determining the net tax of the registrant, was not entitled to include an amount of tax payable by the registrant in respect of the property by reason of section 206.1 of the said Act, repealed by this Act, in which case paragraph 2 of subsection 1 does not apply;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business in respect of the supply or bringing into Québec of property, except where the registrant, in determining the net tax of the registrant, was not entitled to include an amount of tax payable by the registrant in respect of the property by reason of section 206.1 of the said Act, repealed by this Act, in which case paragraph 2 of subsection 1 does not apply.

354. (1) Section 210.1 of the said Act is amended by replacing the second paragraph by the following paragraph:

"Section 209 does not apply to property held by a person immediately before the person ceases to be a registrant where sections 297.2, 297.7.1, 297.7.5 and 297.7.6 applied in respect of that property at an earlier time."

(2) Subsection 1 has effect from 1 August 1995.

355. (1) Section 210.4 of the said Act is amended by replacing subparagraphs *a* and *b* of subparagraph 1 of the first paragraph by the following subparagraphs:

"(*a*) to have made, immediately before that time, a supply of each property of the person, other than capital property, that was held immediately before that time for consumption, use or supply in

the course of those other activities and to have collected, immediately before that time, tax in respect of the supply, calculated on the fair market value of the property at that time, and

"(*b*) to have received, at that time, a supply of the property by way of sale and to have paid, at that time, tax in respect of the supply equal to the amount determined under subparagraph *a*;".

(2) Subsection 1 has effect from 1 August 1995.

356. (1) Section 210.5 of the said Act is repealed.

(2) Subsection 1 applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business in respect of the supply or bringing into Québec of property, except where the registrant, in determining the net tax of the registrant, was not entitled to include an amount of tax payable by the registrant in respect of the property by reason of section 206.1 of the said Act, repealed by this Act, in which case subsection 1 does not apply;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business in respect of the supply or bringing into Québec of property, except where the registrant, in determining the net tax of the registrant, was not entitled to include an amount of tax payable by the registrant in respect of the property by reason of section 206.1 of the said Act, repealed by this Act, in which case subsection 1 does not apply.

357. (1) The said Act is amended by inserting, after section 210.6, enacted by section 8 of chapter 47 of the statutes of 1995, the following:

"§ 1.3 — *Supplier of alcoholic beverages*

"**210.7** Sections 210.2 to 210.5 apply, with the necessary modifications, to every small supplier who is required to register pursuant to section 407.3."

(2) Subsection 1 has effect from 1 August 1995.

358. (1) Section 211 of the said Act, amended by section 280 of chapter 1 of the statutes of 1995, is again amended by striking out the third paragraph.

(2) Subsection 1 applies in respect of allowances relating to

(*a*) supplies in respect of which tax becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business;

(*b*) supplies in respect of which tax becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business.

359. (1) Section 214 of the said Act is amended

(1) by striking out paragraph 1;

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

"(2) a road vehicle exempt from registration pursuant to paragraph 1 or 2 of section 15 of the Highway Safety Code (chapter C-24.2); or";

(3) by adding the following paragraph:

"(3) property by way of a non-taxable supply made by another registrant, in respect of which tax under Chapter II of the Retail Sales Tax Act (chapter I-1) has applied or would have applied were it not for an exemption under Division III of that Chapter."

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 3 of subsection 1 has effect from 1 July 1992. However, paragraph 3 of section 214 of the said Act, enacted by paragraph 3 of subsection 1, is struck out in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

360. (1) Section 216 of the said Act is amended

(1) by replacing subparagraphs *a* and *b* of subparagraph 2 of the first paragraph by the following subparagraphs:

"(*a*) an amount equal to the tax that would be payable in respect of the supply if the supply were a supply made in Québec, other than a zero-rated supply; and

"(*b*) an amount equal to the tax that was paid or deemed under section 213 to have been paid by the registrant or that the registrant would, but for sections 75.1, 80 and 334, have been required to pay in respect of the acquisition of the property.";

(2) by striking out the second paragraph.

(2) Paragraph 1 of subsection 1 has effect from 1 August 1995.

(3) Paragraph 2 of subsection 1 applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business.

361. (1) Section 217 of the said Act is amended

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

"**217.** Where a registrant makes a zero-rated supply or a supply outside Québec by way of sale of used specified corporeal movable property that the registrant acquired by way of purchase for consideration that exceeds the prescribed amount in respect of the property and the registrant paid tax or would, but for sections 75.1, 80 and 334, have been required to pay tax in respect of the acquisition of the property, the following rules apply:";

(2) by replacing subparagraphs *a* and *c* of paragraph 2 by the following subparagraphs:

"(*a*) an amount equal to the tax that would be payable in respect of the supply if the supply were a supply made in Québec, other than a zero-rated supply,";

"(*c*) an amount equal to the prescribed percentage of the tax, if any, that was paid, other than tax deemed to have been paid under section 213, or the tax that would, but for sections 75.1, 80 and 334, have been required to be paid by the registrant in respect of the acquisition of the property."

(2) Paragraph 1 of subsection 1 and paragraph 2 of that subsection, where it enacts subparagraph *c* of paragraph 2 of section 217 of the said Act, have effect from 1 August 1995, except

where a registrant makes a supply of used specified corporeal movable property acquired by the registrant by way of a non-taxable supply, in which case they do not apply.

(3) Paragraph 2 of subsection 1, where it enacts subparagraph *a* of paragraph 2 of section 217 of the said Act, has effect from 1 August 1995.

362. (1) Section 219 of the said Act is amended by replacing the second paragraph by the following paragraph:

"Where an election under the first paragraph is made in respect of property, any supply of the property by the registrant is deemed to be a taxable supply."

(2) Subsection 1 applies in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

363. (1) Section 222 of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995, except in respect of an immovable that a person has acquired by way of a non-taxable supply, in which case it does not apply.

364. (1) Section 236 of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995 in respect of a supply by way of sale of an immovable where

(*a*) the agreement in writing relating to the acquisition of the immovable is entered into after 31 July 1995; and

(*b*) ownership and possession of the immovable are transferred after 31 July 1995 pursuant to the terms of the agreement.

365. (1) Section 237.1 of the said Act is amended by replacing the portion before paragraph 1 by the following:

"**237.1** Except for the purposes of sections 294 to 297 and 462 to 462.1.1, a residential complex is deemed not to be, at a particular time, capital property of a builder of the complex unless".

(2) Subsection 1 has effect from 1 August 1995.

366. (1) Section 237.2 of the said Act is amended by replacing the portion before paragraph 1 by the following:

"**237.2** Except for the purposes of sections 294 to 297 and 462 to 462.1.1, an addition to a multiple unit residential complex is deemed not to be, at a particular time, capital property of a builder of the addition unless".

(2) Subsection 1 has effect from 1 August 1995.

367. (1) Section 241 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

368. (1) Section 243 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

369. (1) Section 243.1 of the said Act is repealed.

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

370. (1) Section 244 of the said Act is replaced by the following section:

"**244.** Notwithstanding section 42.1, where a registrant makes a supply by way of sale of movable property that is capital property of the registrant and, before the earlier of the time ownership of the property is transferred to the recipient of the supply and the time

possession of the property is transferred to the recipient under the agreement for the supply, the registrant was last using the property otherwise than primarily in commercial activities of the registrant, the supply is deemed to be made in the course of activities of the registrant that are not commercial activities."

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

371. (1) Section 246 of the said Act is amended by striking out paragraph 3.

(2) Subsection 1 applies in respect of road vehicles acquired or brought into Québec by a registrant

(*a*) after 31 July 1995 where the registrant is a small or medium-sized business;

(*b*) after 29 November 1996 where the registrant is a large business.

(3) Subsection 1 applies in respect of an improvement to a road vehicle in respect of which subsection 2 applies.

(4) Furthermore, where paragraph 3 of section 246 of the said Act, struck out by subsection 1, has effect from 1 July 1992, it shall be read as follows:

"(3) a road vehicle, or any improvement to such a vehicle, in respect of which a registrant, if he acquired it or brought it into Québec for use exclusively in the course of commercial activities of the registrant, could not claim an input tax refund by reason of paragraph 1 of section 206.1."

372. (1) Section 249 of the said Act is amended

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

"**249.** Where a registrant, at any time in a reporting period of the registrant, makes a taxable supply by way of sale of a passenger

vehicle that, immediately before that time, was used as capital property in commercial activities of the registrant, the registrant may, notwithstanding sections 203 to 206, paragraph 1 of section 240 and sections 241 and 248, claim an input tax refund for that period equal to the lesser of";

(2) by replacing subparagraph 4 of the second paragraph by the following subparagraph:

"(4) D is the lesser of the value of the consideration for the taxable supply and the amount determined under subparagraph 5; and";

(3) by striking out the third paragraph.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of supplies made by way of sale, by a registrant, of a passenger vehicle for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 3 of subsection 1 applies in respect of passenger vehicles acquired or brought into Québec by a registrant

(*a*) after 31 July 1995 where the registrant is a small or medium-sized business;

(*b*) after 29 November 1996 where the registrant is a large business.

373. (1) Section 251 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of an improvement to a passenger vehicle acquired or brought into Québec by a registrant

(*a*) after 31 July 1995 where the registrant is a small or medium-sized business;

(*b*) after 29 November 1996 where the registrant is a large business.

374. (1) Section 252 of the said Act is amended by striking out the third paragraph.

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

375. (1) Section 253 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

376. (1) Section 253.1 of the said Act is repealed.

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

377. (1) Section 255 of the said Act is replaced by the following section:

"**255.** Notwithstanding section 42.1 and subject to section 20.1, where a registrant who is an individual or a partnership makes, at a particular time, a supply by way of sale of a passenger vehicle or an aircraft that is capital property of the registrant, and at any time after the individual or partnership became a registrant and before the particular time, the registrant did not use the vehicle or aircraft exclusively in commercial activities of the registrant, the supply is deemed not to be a taxable supply, except where, in the case of a passenger vehicle, the vehicle is a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply."

(2) Subsection 1 has effect

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

378. (1) Section 278 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of supplies of property acquired by a person and given to a competitor for which consideration becomes due after 31 July 1995 and is not paid before 1 August 1995, except where part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995, in which case it has effect only in respect of the part of the fair market value of the property that may reasonably be attributed to the part of the consideration having become due after 31 July 1995 and not paid before 1 August 1995.

379. (1) Section 286 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) except where the supply is an exempt supply, the registrant is deemed to have collected, at that time, tax in respect of the supply calculated on that consideration."

(2) Subsection 1 applies in respect of property or a service appropriated after 31 July 1995 by a registrant that is a corporation, trust, partnership, charity or non-profit organization to or for the benefit of a shareholder, partner, beneficiary or member of the corporation, trust, partnership, charity or non-profit organization or any individual related thereto.

380. (1) Section 287 of the said Act is amended by replacing paragraph 1 by the following paragraph:

"(1) the registrant was, by reason of section 203, 205 or 206, not entitled to claim an input tax refund in respect of the last acquisition or bringing into Québec of the property or service by the registrant; or".

(2) Subsection 1 applies in respect of

(*a*) supplies of property or a service last acquired or brought into Québec in respect of which tax becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business;

(*b*) supplies of property or a service last acquired or brought into Québec in respect of which tax becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business.

381. (1) Sections 288.1 and 288.2, amended by sections 286 and 287 of chapter 1 of the statutes of 1995, and sections 289 and 289.1 of the said Act are repealed.

(2) Subsection 1, where it repeals section 288.1 of the said Act, applies in respect of

(*a*) property or services that a registrant who is a small or medium-sized business begins, after 31 July 1995, to consume or use for any purpose not referred to in the definition of "non-taxable supply", as it read before it was struck out;

(*b*) property or services that a registrant who is a large business begins, after 29 November 1996, to consume or use for any purpose not referred to in the definition of "non-taxable supply", as it read before it was struck out.

(3) However, in applying section 288.1 of the said Act, repealed by subsection 1, in respect of a registrant who is a large business for the period beginning on 1 August 1995 and ending on 29 November 1996, where the registrant is entitled to claim an input tax refund in respect of property or services that would be referred to in section 206.1 of the said Act, had that section not been repealed and had the registrant acquired the property or services for use exclusively in the course of commercial activities of the registrant, the supply of the property or services would have been a non-taxable supply, had the definition of that expression not been struck out, and the property or services are used or consumed for any purpose not referred to in the definition of "non-taxable supply", as it read before it was struck out, the property or services are deemed to have been received by way of a non-taxable supply, as the definition of that expression read before it was struck out.

(4) Subsection 1, where it repeals section 288.2 of the said Act, applies in respect of

(*a*) a road vehicle that a registrant who is a small or medium-sized business uses after 31 July 1995 for any purpose not referred to in the definition of "non-taxable supply", as it read before it was struck out;

(*b*) a road vehicle that a registrant who is a large business uses after 29 November 1996 for any purpose not referred to in the definition of "non-taxable supply", as it read before it was struck out.

(5) However, in applying section 288.2 of the said Act, repealed by subsection 1, in respect of a registrant who is a large business for the period beginning on 1 August 1995 and ending on 29 November 1996, where the registrant is entitled to claim an input tax refund in respect of a road vehicle that would be referred to in section 206.1 of the said Act, had that section not been repealed and had the registrant acquired the road vehicle for use exclusively in the course of commercial activities of the registrant, the supply of the road vehicle would have been a non-taxable supply, had the definition of that expression not been struck out, and the road vehicle is used for any purpose not referred to in the definition of "non-taxable supply", as it read before it was struck out, the road vehicle is deemed to have been received by way of a non-taxable supply, as the definition of that expression read before it was struck out.

(6) Furthermore, where section 288.2 of the said Act, repealed by subsection 1, has effect from 1 July 1992, it shall be read as follows:

"**288.2** Where a prescribed registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (R.S.Q., chapter I-1), or has acquired such a vehicle by way of a non-taxable supply, and, at any time, the registrant uses it for any purpose not referred to in the definition of "non-taxable supply" which, by reason of section 206.1, would not entitle the registrant to claim an input tax refund in respect of the vehicle if he acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed to have made, on the last day of each month ending after that time, a supply of the vehicle for consideration paid on that last day equal to the amount that is 2.5% of the prescribed value of the vehicle; and

(2) the registrant is deemed to have collected, on the last day of each month ending after that time, tax in respect of the supply calculated on that consideration."

(7) Subsection 1, where it repeals section 289 of the said Act, applies in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(8) Subsection 1, where it repeals section 289.1 of the said Act, has effect

(*a*) from 1 August 1995 where the person is a small or medium-sized business;

(*b*) from 30 November 1996 where the person is a large business.

382. (1) Section 290 of the said Act is amended

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

"**290.** Where a registrant makes a supply, other than an exempt supply, to a person of property or a service, and an amount (in this paragraph referred to as the "benefit amount") in respect of the property or service is required under section 37, 41, 41.1.1, 41.1.2 or 111 of the Taxation Act (chapter I-3) to be included in computing the person's income for a taxation year of the person, the following rules apply:";

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

"i. in the case of a supply of property or a service in respect of which an amount is required under section 37, 41, 41.1.1 or 41.1.2 of the Taxation Act to be included in computing the person's income for a particular taxation year of the person, on the last day of February of the year following the particular taxation year, and";

(3) by adding, in subparagraph 2 of the first paragraph, the following subparagraph:

"(*c*) where the benefit amount is an amount that is or would, if the person were an employee of the registrant, be required under section 41.1.1 or 41.1.2 of the Taxation Act to be included in computing the person's income, the tax calculated on the adjusted benefit is deemed to be equal to the prescribed percentage of the adjusted benefit.";

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

"This section does not apply where the registrant is, by reason of section 203, 205 or 206, not entitled to include, in determining an input tax refund, an amount in respect of the tax payable by the

registrant in respect of the last acquisition or bringing into Québec of the property or service."

(2) Subsection 1 applies in respect of supplies made by a registrant of property or a service in respect of which section 206.1 of the said Act applies, or would apply had that section not been repealed, from

(*a*) the taxation year 1996 where the registrant is a small or medium-sized business;

(*b*) the taxation year 1997 where the registrant is a large business.

383. (1) Section 292 of the said Act is amended by striking out paragraph 4.

(2) Subsection 1 applies in respect of supplies made by a registrant of property or a service in respect of which section 206.1 of the said Act applies, or would apply had that section not been repealed, from

(*a*) the taxation year 1996 where the registrant is a small or medium-sized business;

(*b*) the taxation year 1997 where the registrant is a large business.

384. (1) Sections 294 and 295 of the said Act, amended by sections 288 and 289 of chapter 1 of the statutes of 1995, respectively, are replaced by the following sections:

"**294.** A person is a small supplier throughout a particular calendar quarter and the first month immediately following the particular calendar quarter if the total referred to in paragraph 1 does not exceed the sum of the total referred to in paragraph 2 and $30,000:

(1) the total of all amounts each of which is the value of the consideration, other than consideration referred to in section 75.2 that is attributable to goodwill of a business, that became due in the four calendar quarters immediately preceding the particular calendar quarter, or that was paid in those four calendar quarters without having become due, to the person or an associate of the person at the beginning of the particular calendar quarter for taxable supplies, other than supplies by way of sale of capital property of the person

or of the associate, made inside or outside Québec by the person or the associate in the course of commercial activities;

(2) where, in the four calendar quarters immediately preceding the particular calendar quarter, the person or an associate of the person at the beginning of the particular calendar quarter made a taxable supply of a right to participate in a game of chance or is deemed, under section 60, to have made a supply in respect of a bet and the supply is a taxable supply, the total of all amounts each of which is

(*a*) an amount of money paid or payable by the person or the associate as a prize or winnings in the game or in satisfaction of the bet, or

(*b*) consideration paid or payable by the person or the associate for property or a service that is given as a prize or winnings in the game or in satisfaction of the bet.

"**295.** Notwithstanding section 294, where at any time in a calendar quarter the total referred to in paragraph 1 exceeds the sum of the total referred to in paragraph 2 and $30,000:

(1) the total of all amounts each of which is the value of the consideration, other than consideration referred to in section 75.2 that is attributable to goodwill of a business, that became due in the calendar quarter or was paid in that calendar quarter without having become due, to a person or an associate of the person at the beginning of the calendar quarter for taxable supplies, other than supplies by way of sale of capital property of the person or of the associate, made inside or outside Québec by the person or the associate in the course of commercial activities;

(2) where, in the calendar quarter, the person or an associate of the person at the beginning of the calendar quarter made a taxable supply of a right to participate in a game of chance or is deemed, under section 60, to have made a supply in respect of a bet and the supply is a taxable supply, the total of all amounts each of which is

(*a*) an amount of money paid or payable by the person or the associate as a prize or winnings in the game or in satisfaction of the bet, or

(*b*) consideration paid or payable by the person or the associate for property or a service that is given as a prize or winnings in the game or in satisfaction of the bet;

the person is not a small supplier throughout the period beginning immediately before that time and ending on the last day of the calendar quarter."

(2) Subsection 1 has effect from 1 August 1995. However, where sections 294 and 295 of the said Act, enacted by subsection 1, apply in respect of a person or an associate of the person who has made a supply for which all of the consideration has become due or is paid before 1 August 1995,

(*a*) paragraph 1 of section 294 and paragraph 1 of section 295 of the said Act shall be read as if the reference therein to "taxable supplies" were a reference to "taxable or non-taxable supplies";

(*b*) paragraph 2 of section 294 and paragraph 2 of section 295 of the said Act shall be read as if the reference therein to "taxable supply" were a reference to "taxable or non-taxable supply".

385. (1) The said Act is amended by inserting, after section 296, the following section:

"**296.1** Section 294 does not apply to a person not resident in Québec who makes a supply in Québec of admissions in respect of an activity, a seminar, an event or a place of amusement and whose only business carried on in Québec is the making of such supplies."

(2) Subsection 1 has effect from 1 July 1992.

386. (1) Section 297.0.1 of the said Act, enacted by section 290 of chapter 1 of the statutes of 1995, is amended by replacing subparagraph *a* of subparagraph 1 of the first paragraph by the following subparagraph:

"(*a*) a gift that is received or becomes receivable depending on the method (in this section referred to as the "accounting method") followed by the person in determining the person's revenue for the fiscal year, by the person during the fiscal year,".

(2) Subsection 1 has effect from 1 April 1993.

387. (1) Section 297.1 of the said Act is amended by striking out the definition of "collection officer".

(2) Subsection 1 has effect from 1 August 1995.

(3) Furthermore,

(*a*) in applying Division III.1 of Chapter VI of Title I of the said Act after 31 July 1995, every direct seller or distributor of a direct seller to whom that Division applied before 1 August 1995 is deemed to have filed an application with the Minister under section 297.1.1 or 297.1.2, as the case may be, and the application is deemed to have been approved in writing by the Minister and to have become effective on 1 August 1995 under section 297.1.3 or 297.1.4, as the case may be ; and

(*b*) any amount collected before 1 August 1995 under Division III.1 of Chapter VI of Title I of the said Act is deemed to have been collected under that Division as it reads after 31 July 1995.

388. (1) The said Act is amended by inserting, after section 297.1, the following sections :

“**297.1.1** A direct seller who is a registrant may file an application in prescribed form containing prescribed information, with and as prescribed by the Minister, to have sections 297.2 to 297.7 apply in respect of the direct seller.

“**297.1.2** Where a direct seller and a distributor of the direct seller are registrants, they may file a joint application in prescribed form containing prescribed information, with and as prescribed by the Minister, to have sections 297.7.1 to 297.7.4 apply in respect of the distributor.

“**297.1.3** Where the Minister receives an application under section 297.1.1 from a direct seller, the Minister may approve the application in writing, and the Minister shall, in writing, notify the direct seller of the approval and the day on which it becomes effective.

“**297.1.4** Where the Minister receives a joint application under section 297.1.2 from a direct seller and a distributor of the direct seller, the Minister may approve the application in writing, and the Minister shall, in writing, notify both the direct seller and the distributor of the approval and the day on which it becomes effective.

“**297.1.5** Where, at a time when an approval granted under section 297.1.3 in respect of a direct seller would not, but for this section, be in effect, an approval granted under section 297.1.4 in respect of a distributor of the direct seller becomes effective and no other approval granted under section 297.1.4 in respect of a distributor of the direct seller is in effect at that time, the direct seller is deemed, for the purposes of this Division, to have been

granted an approval under section 297.1.3 that becomes effective immediately before that time.

"**297.1.6** The Minister may revoke an approval granted under section 297.1.3 in respect of a direct seller where an approval granted under section 297.1.4 in respect of a distributor of the direct seller is not in effect and

(1) the direct seller fails to comply with any provision of this Title; or

(2) except in the case of an approval deemed under section 297.1.5 to have been granted, the direct seller requests, in writing, the Minister to revoke the approval.

The Minister shall, in writing, notify the direct seller of the revocation of the approval and the day on which it becomes effective.

"**297.1.7** The Minister may revoke an approval granted under section 297.1.4 in respect of a distributor of a direct seller where

(1) the distributor fails to comply with any provision of this Title; or

(2) the distributor and the direct seller, in writing, jointly request the Minister to revoke the approval.

The Minister shall, in writing, notify both the distributor and the direct seller of the revocation of the approval and the day on which it becomes effective.

"**297.1.8** An approval granted under section 297.1.3 in respect of a direct seller ceases to have effect on the earliest of

(1) the day the direct seller ceases to be a registrant;

(2) the day an approval granted under section 297.1.4 in respect of any distributor of the direct seller ceases to have effect and no other approval granted under that section in respect of any distributor of the direct seller is in effect; and

(3) the day a revocation of the approval under section 297.1.6 becomes effective.

"**297.1.9** An approval granted under section 297.1.4 ceases to have effect on the earliest of

(1) the day the direct seller ceases to be a registrant;

(2) the day the distributor ceases to be a registrant; and

(3) the day a revocation of the approval under section 297.1.7 becomes effective."

(2) Subsection 1 has effect from 1 August 1995.

389. (1) Section 297.2 of the said Act is replaced by the following section:

"**297.2** Where, at any time when an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect, the direct seller makes in Québec a taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller to an independent sales contractor of the direct seller who is not a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, the following rules apply:

(1) the supply is deemed to have been made for consideration, that becomes due and is paid at the particular time that is the earlier of the time when any part of the consideration for the supply becomes due and the time when any part of that consideration is paid, equal to the suggested retail price of the exclusive product at the time the supply is made;

(2) tax is deemed not to be payable by the contractor in respect of the supply;

(3) the contractor is not entitled to any rebate under sections 400 to 402.0.2 in respect of the supply; and

(4) in determining the net tax of the direct seller for the reporting period of the direct seller that includes the particular time, there shall be added an amount equal to tax calculated on the suggested retail price of the product at the time the supply is made."

(2) Subsection 1 has effect from 1 August 1995.

390. (1) Sections 297.3 and 297.4 of the said Act are repealed.

(2) Subsection 1 has effect from 1 August 1995.

391. (1) Section 297.5 of the said Act is replaced by the following section:

"**297.5** Subject to the second paragraph, where, at any time when an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect, a particular independent sales contractor of the direct seller, other than a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, makes in Québec a particular taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller, the following rules apply:

(1) if the recipient of the particular taxable supply is another independent sales contractor of the direct seller, the particular taxable supply is deemed, except for the purposes of section 297.1 and sections 297.2 to 297.7, not to have been made by the particular contractor and not to have been received by the other contractor; and

(2) if the recipient of the particular taxable supply is a person other than the direct seller or another independent sales contractor of the direct seller,

(*a*) the particular taxable supply is deemed, except for the purposes of sections 297.1, 297.7 and 297.11, to be a taxable supply made by the direct seller, and not by the particular contractor, for consideration equal to the lesser of the actual consideration for the supply and the suggested retail price of the product at the time the particular taxable supply is made,

(*b*) any tax in respect of the particular taxable supply that is collected by the particular contractor is deemed to have been collected on behalf of the direct seller, and

(*c*) tax in respect of the particular taxable supply shall not be included in determining the net tax of the direct seller for any reporting period.

This section applies where section 297.2 applied in respect of a supply of an exclusive product made at an earlier time or where section 297.7.5 applied at an earlier time in respect of the exclusive product."

(2) Subsection 1 has effect from 1 August 1995.

392. (1) Section 297.6 of the said Act is replaced by the following section:

"**297.6** Where a direct seller has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.2 to be added in determining the net tax of the direct seller and an independent sales contractor of the direct seller subsequently supplies the product to the direct seller in a particular reporting period of the direct seller, the following rules apply:

(1) the contractor is deemed not to have supplied the product; and

(2) the direct seller may deduct that amount in determining the net tax of the direct seller for the particular reporting period or for any subsequent period ending on or before the day that is four years after the day the particular reporting period ends."

(2) Subsection 1 has effect from 1 August 1995.

393. (1) Section 297.7 of the said Act is amended

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

"(1) at a particular time the direct seller makes a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.2 to be added in determining the net tax of the direct seller;";

(2) by replacing, in subparagraph 2 of the first paragraph, the portion before subparagraph *a* by the following:

"(2) the independent sales contractor";

(3) by replacing subparagraphs *b* and *c* of subparagraph 2 of the first paragraph by the following subparagraphs:

"(*b*) makes a supply of the product to a person other than an independent sales contractor of the direct seller for consideration that is less than the suggested retail price of the product at the particular time and more than nominal, and on which was calculated tax that was paid by the person, or

"(*c*) makes a supply of the product to a person other than an independent sales contractor of the direct seller for no consideration or for nominal consideration or appropriates the product for the consumption, use or enjoyment of the particular contractor or that of an individual related thereto; and";

(4) by replacing subparagraph *a* of subparagraph 3 of the first paragraph by the following subparagraph:

"(*a*) where subparagraph *a* of subparagraph 2 applies, tax calculated on the suggested retail price of the product at the particular time, and";

(5) by replacing subparagraph 1 of the second paragraph by the following subparagraph:

"(1) A is the tax calculated on the suggested retail price of the product at the particular time; and";

(6) by replacing subparagraphs *a* and *b* of subparagraph 2 of the second paragraph by the following subparagraphs:

"(*a*) where subparagraph *b* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product by the contractor, and

"(*b*) where subparagraph *c* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product to the contractor, determined without reference to paragraph 1 of section 297.2."

(2) Subsection 1 has effect from 1 August 1995.

394. (1) The said Act is amended by inserting, after section 297.7, the following sections:

"**297.7.1** Where, at any time when an approval granted by the Minister under section 297.1.4 in respect of a distributor of a direct seller is in effect, the distributor makes in Québec a taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller to an independent sales contractor of the direct seller who is not a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, the following rules apply:

(1) the supply is deemed to have been made for consideration, that becomes due and is paid at the particular time that is the earlier of the time when any part of the consideration for the supply becomes due and the time when any part of that consideration is paid, equal to the suggested retail price of the product at the time the supply is made;

(2) tax is deemed not to be payable by the contractor in respect of the supply;

(3) the contractor is not entitled to any rebate under sections 400 to 402.0.2 in respect of the supply; and

(4) in determining the net tax of the distributor for the reporting period of the distributor that includes the particular time, there shall be added an amount equal to tax calculated on the suggested retail price of the product at the time the supply is made.

“**297.7.2** Subject to the second paragraph, where, at any time when an approval granted by the Minister under section 297.1.4 in respect of a distributor of a direct seller is in effect, a particular independent sales contractor of the direct seller, other than a distributor, makes in Québec a particular taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller, the following rules apply:

(1) if the recipient of the particular taxable supply is a person who is an independent sales contractor of the direct seller, other than a distributor, the particular taxable supply is deemed, except for the purposes of section 297.1 and sections 297.7.1 to 297.7.4, not to have been made by the particular contractor and not to have been received by the person; and

(2) if the recipient of the particular taxable supply is a person other than a distributor or another independent sales contractor of the direct seller,

(*a*) the particular taxable supply is deemed, except for the purposes of sections 297.1, 297.7.4 and 297.11, to be a taxable supply made by the distributor, and not by the particular contractor, for consideration equal to the lesser of the actual consideration for the supply and the suggested retail price of the product at the time the particular taxable supply is made,

(*b*) any tax in respect of the particular taxable supply that is collected by the particular contractor is deemed to have been collected on behalf of the distributor, and

(*c*) tax in respect of the particular taxable supply shall not be included in determining the net tax of the distributor for any reporting period.

This section applies where section 297.7.1 applied in respect of a supply of an exclusive product made at an earlier time by an independent sales contractor of the direct seller or where section 297.7.6 applied at an earlier time in respect of the exclusive product.

"**297.7.3** Where a distributor of a direct seller has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.7.1 to be added in determining the net tax of the distributor and another independent sales contractor of the direct seller subsequently supplies the product to the distributor in a particular reporting period of the distributor, the following rules apply:

(1) the other contractor is deemed not to have supplied the product; and

(2) the distributor may deduct that amount in determining the net tax of the distributor for the particular reporting period or for any subsequent period ending on or before the day that is four years after the day the particular reporting period ends.

"**297.7.4** A distributor of a direct seller may deduct the amount determined under subparagraph 3 in determining the net tax of the distributor for the particular reporting period of the distributor in which the amount is paid to, or credited by the distributor in favour of, an independent sales contractor of the direct seller, other than a distributor, or for any subsequent reporting period ending on or before the day that is four years after the day the particular reporting period ends where

(1) at a particular time the distributor makes a supply of an exclusive product of the direct seller in circumstances in which an amount is required under paragraph 4 of section 297.7.1 to be added in determining the net tax of the distributor;

(2) the independent sales contractor

(*a*) makes a supply of the product that is

i. a zero-rated supply,

ii. a supply made outside Québec, or

iii. a supply in respect of which the recipient is not required to pay tax by reason of the law of Canada or a province,

(*b*) makes a supply of the product to a person other than an independent sales contractor of the direct seller for consideration that is less than the suggested retail price of the product at the particular time and more than nominal, and on which was calculated tax that was paid by the person, or

(*c*) makes a supply of the product to a person other than an independent sales contractor of the direct seller for no consideration or for nominal consideration or appropriates the product for the consumption, use or enjoyment of the particular contractor or that of an individual related thereto; and

(3) the distributor pays to, or credits in favour of, the particular contractor, an amount in respect of the product equal to

(*a*) where subparagraph *a* of subparagraph 2 applies, tax calculated on the suggested retail price of the product at the particular time, and

(*b*) where subparagraph *b* or *c* of subparagraph 2 applies, the amount determined by the formula

$$A - B.$$

For the purposes of this formula,

(1) A is the tax calculated on the suggested retail price of the product at the particular time; and

(2) B is

(*a*) where subparagraph *b* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product by the particular contractor, and

(*b*) where subparagraph *c* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product to the particular contractor, determined without reference to paragraph 1 of section 297.7.1.

"**297.7.5** Where an approval granted under section 297.1.3 in respect of a direct seller becomes effective at any time after 31 July 1995 and a registrant who is an independent sales contractor of the direct seller, other than a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, has at that time in inventory an exclusive product of the direct seller, the registrant is deemed, except for the purposes of sections 294, 295, 297, 462 and 462.1,

(1) to have made, immediately before that time, a supply of the product for consideration, that becomes due and is paid immediately before that time, equal to the suggested retail price of the product at that time; and

(2) to have collected, immediately before that time, tax in respect of the supply calculated on that consideration.

"**297.7.6** Subject to the second paragraph, where, at the time an approval granted under section 297.1.4 in respect of a distributor of a direct seller ceases to have effect, the distributor has in inventory an exclusive product of the direct seller, the distributor is deemed, except for the purposes of sections 294, 295, 297, 462 and 462.1,

(1) to have made, immediately before that time, a supply of the product for consideration, that becomes due and is paid immediately before that time, equal to the suggested retail price of the product at that time; and

(2) to have collected, immediately before that time, tax in respect of the supply calculated on that consideration.

This section applies where an approval granted under section 297.1.3 in respect of the direct seller does not cease to have effect at that time.

"**297.7.7** Where an approval granted under section 297.1.4 in respect of a distributor of a direct seller ceases to have effect at the same time as an approval granted under section 297.1.3 in respect of the direct seller ceases to have effect, each independent sales contractor of the direct seller, other than a distributor in respect of whom an approval granted under section 297.1.4 ceases to have effect at that time, is deemed

(1) to have received, immediately after that time, a supply of each exclusive product of the direct seller that the contractor has in inventory at that time for consideration, that becomes due and is

paid immediately after that time, equal to the suggested retail price of the product at that time; and

(2) to have paid, immediately after that time, tax in respect of the supply calculated on that consideration.

"**297.7.8** Where at any time an approval granted under section 297.1.3 in respect of a direct seller ceases to have effect and section 297.7.7 does not apply, each independent sales contractor of the direct seller is deemed

(1) to have received, immediately after that time, a supply of each exclusive product of the direct seller that the contractor has in inventory at that time for consideration, that becomes due and is paid immediately after that time, equal to the suggested retail price of the product at that time; and

(2) to have paid, immediately after that time, tax in respect of the supply calculated on that consideration."

(2) Subsection 1 has effect from 1 August 1995.

395. (1) Sections 297.8 and 297.9 of the said Act are repealed.

(2) Subsection 1 has effect from 1 August 1995.

396. (1) Section 297.10 of the said Act is replaced by the following section:

"**297.10** Where an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect and the direct seller or an independent sales contractor of the direct seller makes in Québec a taxable supply by way of sale of a sales aid of the direct seller or of the contractor, as the case may be, to an independent sales contractor of the direct seller, the supply is deemed not to be a supply."

(2) Subsection 1 has effect from 1 August 1995.

397. (1) The said Act is amended by inserting, after section 297.10, the following section:

"**297.10.1** Where an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect and an amount is paid or payable by the direct seller or an independent sales contractor of the direct seller to an independent sales contractor of

the direct seller because of the volume of purchases or sales of exclusive products of the direct seller or of sales aids and otherwise than as consideration for a supply of such a product or sales aid, the amount is deemed not to be consideration for a supply."

(2) Subsection 1 has effect from 1 August 1995.

398. (1) Section 297.11 of the said Act is replaced by the following section:

"**297.11** Where, at any time when an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect, an independent sales contractor of the direct seller, who is not a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective after that time, makes a supply of property to a person as consideration for the supply by the person of a service of acting as a host at an occasion that is organized for the purpose of the distribution, promotion or sale by the contractor of exclusive products of the direct seller, the person is deemed not to have made a supply of the service and the service is deemed not to be consideration for a supply."

(2) Subsection 1 has effect from 1 August 1995.

399. (1) Section 297.12 of the said Act is amended

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

"**297.12** Where a registrant who is a direct seller in respect of whom an approval granted under section 297.1.3 is in effect or who is a distributor of such a direct seller acquires or brings into Québec property, other than an exclusive product of the direct seller, or a service for supply to an independent sales contractor of the direct seller or an individual related thereto for no consideration or for consideration that is less than the fair market value of the property or service and the contractor or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the contractor or individual, the following rules apply:";

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

"(2) in determining an input tax refund of the registrant, no amount shall be included in respect of tax that becomes payable, or is paid without having become payable, by the registrant in respect of the property or service.";

(3) by striking out paragraph 3.

(2) Subsection 1 has effect from 1 August 1995.

400. (1) Sections 297.13 to 297.15 of the said Act are replaced by the following sections:

"**297.13** Where a registrant who is a direct seller in respect of whom an approval granted under section 297.1.3 is in effect or who is a distributor of such a direct seller appropriates, at any time, property, other than an exclusive product of the direct seller, that was acquired, manufactured or produced, or any service acquired or performed, in the course of commercial activities of the registrant, to or for the benefit of an independent sales contractor of the direct seller, or any individual related thereto, otherwise than by way of supply for consideration equal to the fair market value of the property or service, and the contractor or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the contractor or individual, the registrant is deemed

(1) to have made a supply of the property or service for consideration, paid at that time, equal to the fair market value of the property or service at that time; and

(2) except where the supply is an exempt supply, to have collected, at that time, tax in respect of the supply calculated on that consideration.

This section does not apply to property or a service appropriated by a registrant where the registrant is not entitled to claim an input tax refund in respect of the property or service because of section 203, 205 or 206.

"**297.14** Where, at any time when an approval granted under section 297.1.3 in respect of a direct seller is in effect, an independent sales contractor of the direct seller ceases to be a registrant, paragraph 1 of section 209 does not apply to sales aids supplied to the contractor by the direct seller or another independent sales contractor of the direct seller at any time when the approval was in effect.

"**297.15** Section 55 does not apply to a supply described in subparagraph *b* or *c* of subparagraph 2 of the first paragraph of section 297.7, in subparagraph *b* or *c* of subparagraph 2 of the first paragraph of section 297.7.4 or in section 297.11."

(2) Subsection 1 has effect from 1 August 1995, except where it enacts the second paragraph of section 297.13 of the said Act, in which case it applies in respect of property or a service acquired, manufactured, produced or performed, as the case may be,

(*a*) from 1 August 1995 where the registrant is a small or medium-sized business;

(*b*) from 30 November 1996 where the registrant is a large business.

401. (1) Section 300 of the said Act is amended by replacing the portion before paragraph 1 by the following:

"**300.** Where at any time an insurer to whom an immovable has been transferred, in circumstances in which section 298 applies, begins to use the immovable otherwise than in the making of a supply of the immovable, the insurer is deemed to have made a supply of the property at that time and, except where the supply is an exempt supply,".

(2) Subsection 1 applies in respect of supplies of an immovable deemed to have been made after 31 July 1995.

402. (1) Section 300.1 of the said Act is amended by replacing the portion of paragraph 2 before subparagraph *a* by the following:

"(2) where tax would have been payable had the property been purchased in Québec from the person for consideration at the time it was transferred, the insurer is deemed".

(2) Subsection 1 has effect from 1 August 1995, except in the case of property the ownership of which was transferred to an insurer and that would have been purchased by way of a non-taxable supply had the property been purchased in Québec from the person, in which case subsection 1 does not apply.

403. (1) Section 300.2 of the said Act is amended by replacing the portion of paragraph 2 before subparagraph *a* by the following:

"(2) where tax would have been payable had the property been purchased in Québec from the person at the time it was transferred, the insurer is deemed".

(2) Subsection 1 has effect from 1 August 1995, except in the case of property the ownership of which was transferred to an

insurer and that would have been purchased by way of a non-taxable supply had the property been purchased in Québec from the person, in which case subsection 1 does not apply.

404. (1) Section 301 of the said Act is amended

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

"(1) an insurer to whom movable property has been transferred from a person in circumstances in which section 298 applies makes at any time a taxable supply of the property by way of sale, other than a supply deemed, under any provision of this Act other than sections 41.0.1 to 41.6, to have been made;";

(2) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

"(3) no tax would have been payable by the insurer had the insurer purchased the property in Québec from the person at the time the property was transferred; and";

(3) by striking out subparagraph 4 of the first paragraph;

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

"(2) B is the total of all amounts each of which is an input tax refund or a rebate under Division I of Chapter VII that the insurer was entitled to claim in respect of the property or an improvement thereto."

(2) Paragraph 1 of subsection 1 applies in respect of supplies of movable property for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 August 1995, except in the case of property that would have been purchased by an insurer by way of a non-taxable supply had the property been purchased in Québec, in which case paragraph 2 of subsection 1 does not apply.

(4) Paragraph 3 of subsection 1 has effect from 1 August 1995, except in respect of property acquired by a person at the time of the last acquisition of the property by that person before 1 August 1995, in which case paragraph 3 of subsection 1 does not apply.

(5) Paragraph 4 of subsection 1 has effect from 1 July 1992.

405. (1) Section 301.2 of the said Act is amended

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

"(1) at any time an insurer to whom movable property has been transferred from a person in circumstances in which section 298 applies makes a taxable supply of the property by way of lease, licence or similar arrangement;";

(2) by adding the word "and" at the end of subparagraph 2 of the first paragraph and by replacing subparagraph 3 of the first paragraph by the following subparagraph:

"(3) no tax would have been payable had the property been purchased in Québec from the person at the time the property was transferred;";

(3) by striking out subparagraph 4 of the first paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of a supply of movable property for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 August 1995, except in the case of property that would have been purchased by an insurer by way of a non-taxable supply had the property been purchased in Québec, in which case paragraph 2 of subsection 1 does not apply.

(4) Paragraph 3 of subsection 1 has effect from 1 August 1995, except in respect of property acquired by a person at the time of the last acquisition of the property by that person before 1 August 1995, in which case paragraph 3 of subsection 1 does not apply.

406. (1) Section 323.1 of the said Act is amended by replacing the portion before paragraph 1 by the following:

"**323.1** Where a creditor who has seized or repossessed an immovable in circumstances in which section 320 applies or would, but for section 324.6, apply, begins at any time to use the immovable otherwise than in the making of a supply of the property, the creditor is deemed to have made a supply of the property at that time and, except where the supply is an exempt supply, the following rules apply:".

(2) Subsection 1 applies in respect of supplies deemed to be made after 31 July 1995.

407. (1) Section 323.2 of the said Act is amended by replacing the portion of paragraph 2 before subparagraph *a* by the following:

"(2) where tax would have been payable had the property been purchased in Québec from the person at the time it was seized or repossessed, the creditor is deemed".

(2) Subsection 1 has effect from 1 August 1995, except in the case of property seized or repossessed by a creditor that would have been purchased by way of a non-taxable supply had the property been purchased in Québec, in which case subsection 1 does not apply.

408. (1) Section 323.3 of the said Act is amended by replacing the portion of paragraph 2 before subparagraph *a* by the following:

"(2) where tax would have been payable had the property been purchased in Québec from the person at the time it was seized or repossessed, the creditor is deemed".

(2) Subsection 1 has effect from 1 August 1995, except in the case of property seized or repossessed by a creditor that would have been purchased by way of a non-taxable supply had the property been purchased in Québec, in which case subsection 1 does not apply.

409. (1) Section 324 of the said Act is amended, in the first paragraph,

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

"(1) a creditor makes at any time a taxable supply by way of sale, other than a supply deemed under any provision of this Act other than sections 41.0.1 to 41.6 to have been made, of movable property seized or repossessed from a person in circumstances in which section 320 applies;";

(2) by replacing subparagraph 3 by the following subparagraph:

"(3) no tax would have been payable by the creditor had the property been purchased in Québec by the creditor from the person at the time it was seized or repossessed.";

(3) by striking out subparagraph 4.

(2) Paragraph 1 of subsection 1 applies in respect of supplies of movable property for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 August 1995, except in the case of property seized or repossessed by a creditor that would have been purchased by way of a non-taxable supply had the property been purchased in Québec, in which case paragraph 2 of subsection 1 does not apply.

(4) Paragraph 3 of subsection 1 has effect from 1 August 1995, except in respect of property acquired by a person at the time of the last acquisition of the property by that person before 1 August 1995, in which case paragraph 3 of subsection 1 does not apply.

410. (1) Section 324.2 of the said Act is amended, in the first paragraph,

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

"(1) a creditor makes at any time a taxable supply by way of lease, licence or similar arrangement of movable property seized or repossessed from a person in circumstances in which section 320 applies;";

(2) by replacing subparagraph 3 by the following subparagraph:

"(3) no tax would have been payable had the property been purchased in Québec from the person at the time it was seized or repossessed.";

(3) by striking out subparagraph 4.

(2) Paragraph 1 of subsection 1 applies in respect of a supply of movable property for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 August 1995, except in the case of property seized or repossessed by a creditor that would have been purchased by way of a non-taxable supply had the property been purchased in Québec, in which case paragraph 2 of subsection 1 does not apply.

(4) Paragraph 3 of subsection 1 has effect from 1 August 1995, except in respect of property acquired by a person at the time of the last acquisition of the property by that person before 1 August 1995, in which case paragraph 3 of subsection 1 does not apply.

411. (1) Section 327 of the said Act, replaced by section 292 of chapter 1 of the statutes of 1995, is again replaced by the following section:

"**327.** For the purposes of this Division, "non-resident person" means a person not resident in Québec who is not registered under Division I of Chapter VIII."

(2) Subsection 1 applies in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

412. (1) Section 327.1 of the said Act, enacted by section 293 of chapter 1 of the statutes of 1995, is amended by replacing the second paragraph by the following paragraph:

"This section does not apply if the non-resident person is a consumer of the property or service supplied by the registrant under the agreement."

(2) Subsection 1 applies in respect of supplies made after 29 November 1996.

413. (1) Section 327.3 of the said Act, enacted by section 293 of chapter 1 of the statutes of 1995, is amended by replacing subparagraph v of subparagraph *b* of subparagraph 3 of the first paragraph by the following subparagraph:

"v. the registrant maintains evidence satisfactory to the Minister of the shipping of the property outside Québec or, where the shipper is authorized under section 427.3, the shipper provides the registrant with a certificate in which the shipper certifies that the property will be shipped outside Québec in the circumstances described in subparagraphs ii to iv."

(2) Subsection 1 has effect from 1 August 1995.

414. (1) Section 334 of the said Act is amended by striking out subparagraph 3 of the second paragraph.

(2) Subsection 1 applies in respect of

(*a*) supplies in respect of which tax becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business;

(*b*) supplies in respect of which tax becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business.

415. (1) Section 341.1 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) except where the supply is an exempt supply, to have collected, immediately before that time, tax in respect of the supply equal to the total of all input tax refunds in respect of the property that the body was entitled to claim at or before that time."

(2) Subsection 1 applies in respect of supplies deemed to have been made after 31 July 1995.

416. (1) Section 341.4 of the said Act is amended

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

"(1) that consideration or part thereof, as the case may be, shall not be included in calculating the tax payable in respect of the supply nor in determining the threshold amount of the body under sections 462 to 462.1.1;";

(2) by striking out paragraph 2.

(2) Subsection 1 has effect from 1 August 1995.

417. (1) Section 341.7 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) except where the supply is an exempt supply, to have collected, immediately before that time, tax in respect of the supply equal to the total of all input tax refunds in respect of the property that the body was entitled to claim at or before that time."

(2) Subsection 1 applies in respect of supplies deemed to have been made after 31 July 1995.

418. (1) Section 341.8 of the said Act is amended by replacing the portion of the second paragraph before subparagraph 1 by the following:

"The public service body is deemed to have received a supply of the property and to have paid, at that time, tax in respect of the supply equal to the lesser of".

(2) Subsection 1 applies in respect of supplies of property deemed to have been received after 31 July 1995.

419. (1) Section 343 of the said Act is amended by striking out subparagraph 2 of the second paragraph.

(2) Subsection 1 applies in respect of

(*a*) supplies in respect of which tax becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a person who is a small or medium-sized business;

(*b*) supplies in respect of which tax becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a person who is a large business.

420. (1) Section 346 of the said Act is amended by replacing paragraph 2 by the following paragraph:

"(2) sections 41.0.1 to 41.6 do not apply in respect of a supply referred to in paragraph 1; and".

(2) Subsection 1 applies in respect of supplies made by an operator on behalf of a co-venturer after 31 July 1995.

421. (1) Section 346.1 of the said Act is amended by replacing the portion before paragraph 1 by the following:

"**346.1** Paragraph 1 of section 346 does not apply to the acquisition or bringing into Québec of property or a service by an operator on behalf of a co-venturer where the property or service is so acquired or brought into Québec for consumption, use or supply in the course of activities that are not commercial activities and the operator".

(2) Subsection 1 applies in respect of supplies of a 1-800 telephone service and supplies of any other telecommunication service related to a 1-800 telephone service for which the consideration becomes payable after 9 May 1995 and is not paid before 10 May 1995.

(3) Subject to subsection 4, subsection 1 applies in respect of the supply or bringing into Québec of property or a service, other

than a service referred to in subsection 2, for which the consideration becomes payable after 31 July 1995 and is not paid before 1 August 1995, or which was brought into Québec after 31 July 1995.

(4) Subsection 1 does not apply in respect of the supply or bringing into Québec of property or a service, other than a service referred to in subsection 2, for which the consideration becomes payable by a large business before 30 November 1996 or is paid by it before that date, or which is brought into Québec by a large business before that date.

422. (1) Section 350.6 of the said Act, amended by section 298 of chapter 1 of the statutes of 1995, is again amended

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

"**350.6** Where a registrant makes a taxable supply in Québec of property or a service, other than a zero-rated supply, a particular person acquires the property or service, either from the registrant or from another person, the registrant pays, at any time, a rebate in respect of the property or service to the particular person and therewith provides written indication that a portion of the rebate is an amount on account of tax, and section 449 does not apply to the rebate, the following rules apply:";

(2) by striking out the third paragraph.

(2) Subsection 1 applies in respect of supplies of property or a service for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

423. (1) Section 350.13 of the said Act is amended

(1) by replacing the definition of "original supplier" by the following definition:

" "original supplier" of corporeal movable property or a service means a person who makes a taxable supply of the property or service to another person who, in turn, supplies the property or service by way of a pass-through supply;";

(2) by replacing the definition of "pass-through supply" by the following definition:

" "pass-through supply" means a taxable supply of corporeal movable property or a service made by a person for consideration that is equal to the consideration paid or payable by the person to the supplier who supplied the property or service to the person;".

(2) Subsection 1 applies in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

424. (1) Section 350.17 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of supplies for which all or part of the consideration becomes due after 31 July 1995 and is not paid before 1 August 1995.

425. (1) Section 350.19 of the said Act is amended by striking out the third paragraph.

(2) Subsection 1 has effect from 1 July 1992.

426. (1) Section 350.24 of the said Act is amended by striking out the definition of "specified registrant".

(2) Subsection 1 has effect from 1 August 1995.

427. (1) Section 350.28 of the said Act is replaced by the following section:

"**350.28** Sections 350.26 and 350.27 do not apply to a registrant in respect of a supply of a returnable container of a particular class made by or to the registrant where, at the time tax in respect of the supply becomes payable, the usual practice of the registrant is

(1) to charge consideration for supplies of filled and sealed containers of that class that exceeds the consideration the registrant pays to other registrants for supplies of filled and sealed containers of that class;

(2) to charge consideration for supplies of empty containers of that class made to other registrants that exceeds the consideration the registrant pays or would pay to other registrants for supplies of empty containers of that class;

(3) to pay consideration for supplies of empty containers of that class received from persons who are not registrants that is less than

the total of the consideration that the registrant charges for supplies of empty containers of that class and tax calculated on that consideration;

(4) to bring into Québec filled and sealed containers of that class;

(5) to engage other persons to fill and seal containers of that class for the registrant; or

(6) to manufacture, produce or fill and seal returnable containers of any class."

(2) Subsection 1 applies from 1 August 1995.

(3) Furthermore, in applying Division XIX of Chapter VI of Title I of the said Act after 31 July 1995, any amount of tax collected before 1 August 1995 under that Division is deemed to have been collected under that Division as it reads after 31 July 1995.

428. (1) Subdivision 3 of Division XIX of Chapter VI of Title I of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995.

429. (1) Section 350.39 of the said Act is amended

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

"(1) at any time section 350.26 ceases to apply to a registrant in respect of a returnable container owned by the registrant at that time; and

"(2) in respect of the last acquisition of the container by the registrant, the registrant was not entitled, by reason of section 350.27, to claim an input tax refund.";

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

"(2) to have paid at that time tax in respect of the supply equal to the tax that was payable in respect of the last acquisition of the container by the registrant."

(2) Subsection 1 has effect from 1 August 1995.

430. (1) Section 350.40 of the said Act is amended

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

"(1) at any time section 350.26 begins to apply to a registrant in respect of a returnable container owned by the registrant at that time; and

"(2) in respect of the last acquisition of the container by the registrant, the registrant was entitled to claim an input tax refund.";

(2) by replacing subparagraphs 1 and 2 of the second paragraph by the following subparagraphs:

"(1) to have made immediately before that time a supply of the container and to have collected at that time tax in respect of the supply equal to the tax that was payable by the registrant in respect of the last acquisition of the container by the registrant; and

"(2) to have received at that time a supply of the container and to have paid at that time tax in respect of the supply equal to the tax referred to in subparagraph 1.";

(3) by striking out the third paragraph.

(2) Subsection 1 has effect from 1 August 1995.

431. (1) Section 350.43 of the said Act, enacted by section 301 of chapter 1 of the statutes of 1995, is repealed.

(2) Subsection 1 has effect from 1 August 1995.

432. (1) Section 350.44 of the said Act, enacted by section 301 of chapter 1 of the statutes of 1995, is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

"(1) the operator shall file with the Minister in prescribed form containing prescribed information a list of occupants, for a particular month, on or before the fourteenth day of the month following that month; and".

(2) Subsection 1 has effect from 1 June 1995.

433. The said Act is amended by inserting, after section 350.46, the following section:

“**350.47** Every occupant who fails to furnish to the operator on his request the information referred to in subparagraph 1 of the first paragraph of section 350.44, or who furnishes the operator with false information, shall incur a penalty of $100 for each day he occupies space.”

434. (1) Section 351 of the said Act is amended by adding, after subparagraph 4 of the third paragraph, the following subparagraph:

“(5) property referred to in subparagraph 60.1 of the first paragraph of section 677 in respect of which the person takes advantage of the method for determining the tax provided for in sections 677R11 to 677R39 of the Regulation respecting the Québec Sales Tax (Order in Council 1607-92 (1992, G.O. 2, 4952)) and any present and future amendments.”

(2) Subsection 1 has effect from 1 July 1992. However, subparagraph 5 of the third paragraph of section 351 of the said Act, enacted by subsection 1, is struck out where, after 31 July 1995, a registrant would be entitled to claim an input tax refund if the registrant paid tax in respect of the property and, in all other cases, in respect of the bringing of the property into Québec after 29 November 1996 or the supply of the property in respect of which the tax becomes payable after 29 November 1996 and is not payable before 30 November 1996.

435. (1) Section 352 of the said Act is amended

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

“(1) the property, in the case of a road vehicle, is such a vehicle primarily adapted for the transportation of persons or property and was not registered in Québec in the person’s name or was so registered for a maximum period of 10 days under a temporary registration certificate and, in other cases, has not been used in Québec;”;

(2) by adding the following paragraph:

“A person is not entitled to a rebate under the first paragraph unless he files an application for a rebate

(1) where the property is a road vehicle primarily adapted for the transportation of persons or property, within four years after the day on which the tax was paid; and

(2) in other cases, within 60 days after the day on which the tax was paid."

(2) Subsection 1 has effect from 1 July 1992.

436. (1) Section 353 of the said Act is amended by striking out the third paragraph.

(2) Subsection 1 applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a person who is a small or medium-sized business in relation to the supply of fuel;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a person who is a large business in relation to the supply of fuel.

437. (1) Section 358 of the said Act, amended by section 306 of chapter 1 of the statutes of 1995, is again amended by striking out subparagraph 2 of the third paragraph.

(2) Subsection 1 applies in respect of rebates that relate to

(*a*) a supply by way of sale of a motor vehicle acquired after 31 July 1995 or a bringing of such a vehicle into Québec after that date;

(*b*) property, other than property referred to in paragraph *a*, or a service acquired or brought into Québec, in respect of which tax becomes payable after 31 July 1995 and is not paid before 1 August 1995.

438. (1) Subdivision 2.1 of Division I of Chapter VII of Title I of the said Act is repealed.

(2) Subsection 1 applies in respect of all or part of the consideration for an admission to a convention acquired from a person by an individual or a public service body that is payable after 31 July 1995 and is not paid before 1 August 1995 and that relates to food or beverages in respect of which the tax payable by the person is not referred to in paragraph 6 of section 206.1 of the said Act.

439. (1) Section 383 of the said Act is amended by replacing the definition of "municipality" by the following definition:

" "municipality" includes a person designated by the Minister, for the purposes of this subdivision, to be a municipality, but only in respect of activities, specified in the designation, that involve the making of supplies, other than taxable supplies, by the person of municipal services;".

(2) Subsection 1 has effect from 1 August 1995, except in respect of activities specified in a designation that involve the making of non-taxable supplies of municipal services, in which case subsection 1 does not apply.

440. (1) Section 386 of the said Act is amended by replacing subparagraphs 2 to 4 of the first paragraph by the following subparagraphs:

"(2) 43% for a municipality;

"(3) 47% for a school authority, a public college or a university;

"(4) 51.5% for a hospital authority."

(2) Subsection 1 applies in respect of tax that becomes payable after 9 May 1995 and is not paid before 10 May 1995.

441. (1) Section 386.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**386.1** Subject to section 387, a person who, on the last day of a claim period of the person or of the fiscal year of the person that includes that claim period, is designated, for the purposes of this subdivision, to be a municipality in respect of activities (in this section referred to as "designated activities") specified in the designation, is entitled to a rebate in respect of property or a service, other than a prescribed property or service, equal to the amount determined by the formula

$$43\% \times A \times B."$$

(2) Subsection 1 applies in respect of tax that becomes payable after 9 May 1995 and is not paid before 10 May 1995.

442. (1) Section 402.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by the registrant who is a small or medium-sized business with regard to the supply of fuel;

(*b*) tax that becomes payable after 31 December 1995 and is not paid before 1 January 1996 by a person referred to in subparagraph vii of paragraph *a* or subparagraph ii of paragraph *b* of section 10 of the Fuel Tax Act (R.S.Q., chapter T-1) and is not referred to in paragraph *a*, with regard to the supply of fuel.

443. (1) Section 402.2 of the said Act is repealed.

(2) Subsection 1 applies in respect of

(*a*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a public carrier who is a small or medium-sized business with regard to the supply, or bringing into Québec, of fuel in respect of which the public carrier may claim an input tax refund;

(*b*) tax that becomes payable after 29 November 1996 and is not paid before 30 November 1996 by a public carrier who is a large business with regard to the supply, or bringing into Québec, of fuel in respect of which the public carrier may claim an input tax refund;

(*c*) tax that becomes payable after 31 July 1995 and is not paid before 1 August 1995 by a public carrier with regard to the supply, or bringing into Québec, of fuel in respect of which the public carrier may apply for a rebate under sections 386 and 386.1 of the said Act.

444. (1) Section 402.3 of the said Act, enacted by section 324 of chapter 1 of the statutes of 1995, is amended

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

"**402.3** Subject to section 402.5, a person is entitled to a rebate, determined in accordance with section 402.4, in respect of the tax paid by the person under section 16 in respect of a supply by way of sale of a used road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person, or under section 17 in respect of such a vehicle brought into Québec immediately after the time of the supply by way of sale outside Québec and used within 12 months after the supply or brought into Québec by the person being a small supplier who is not a registrant in order to make a supply of the vehicle for consideration, if";

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

"(2) the tax paid by the person was calculated on the estimated value of the vehicle for the purposes either of section 55.0.1 or of subparagraph *a* of subparagraph 2.1 or subparagraph *b* of subparagraph 2.2 of the second paragraph of section 17; and".

(2) Subsection 1 applies in respect of rebates that relate to the bringing of a road vehicle into Québec after 31 July 1995.

445. (1) Section 402.4 of the said Act, enacted by section 324 of chapter 1 of the statutes of 1995, is amended

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

"(2) B is the tax that would have been payable by the person if it had been calculated on the estimated value of the vehicle, for the purposes either of section 55.0.1 or of subparagraph *a* of subparagraph 2.1 or subparagraph *b* of subparagraph 2.2 of the second paragraph of section 17, reduced by";

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

"(*b*) the amount by which the value of the repairs to be made in respect of the vehicle as shown on the written estimate referred to in paragraph 3 of section 402.3 exceeds $500."

(2) Paragraph 1 of subsection 1 applies in respect of rebates that relate to the bringing of a road vehicle into Québec after 31 July 1995.

(3) Paragraph 2 of subsection 1 applies in respect of rebates that relate to supplies made after 31 May 1994 or to a bringing into Québec after that date.

446. (1) Section 407 of the said Act is amended

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

"**407.** Every person who makes a taxable supply in Québec in the course of a commercial activity engaged in by the person in Québec is required to be registered, except where";

(2) by striking out subparagraph 4 of the first paragraph;

(3) by striking out the second paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of supplies made after 31 July 1995.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 1 August 1995. However, where section 407 of the said Act, amended by subsection 1, applies before 1 August 1995, subparagraph 4 of the first paragraph of that section shall be read as follows:

"(4) the person is an independent sales contractor of a direct seller who is a registrant and the only business operated by the person consists in selling exclusive products of the direct seller to another independent sales contractor of the direct seller or to a purchaser."

447. (1) The said Act is amended by inserting, after section 407.2, enacted by section 9 of chapter 47 of the statutes of 1995, the following section:

"**407.3** Notwithstanding section 407, every small supplier who makes a supply of alcoholic beverages is required to be registered in respect of that activity.

The first paragraph does not apply to a small supplier who, while being the holder of a valid reunion permit issued under the Act respecting liquor permits (chapter P-9.1), makes a supply of alcoholic beverages that is authorized under that permit.

Sections 411.1, 415.1 and 417.1 apply, with the necessary modifications, to every small supplier who is required to be registered under this section."

(2) Subsection 1 has effect from 1 August 1995.

448. (1) The said Act is amended by inserting, after section 409, the following section:

"**409.1** Every person, other than a small supplier, who is not resident in Québec but is resident in Canada, who does not carry on a business in Québec and who, in the course of a business carried on by the person in Canada, solicits orders in Québec for the taxable supply, other than a zero-rated supply, by the person of corporeal movable property, other than prescribed property for the purposes

of section 24.1, to be delivered in Québec to a consumer is required to be registered and shall apply to the Minister for registration before the day the person first makes such a supply.”

(2) Subsection 1 has effect from 10 May 1995.

449. (1) Section 410.1 of the said Act, amended by section 10 of chapter 47 of the statutes of 1995, is replaced by the following section:

“**410.1** A person required under section 407, 407.1, 407.2 or 407.3 to be registered shall apply to the Minister for registration before

(1) in the case of a person required under section 407.1 to be registered in respect of a taxi business, the day the person first makes a taxable supply in Québec in the course of that business;

(1.1) in the case of a person required under section 407.2 to be registered in respect of the retail sale of tobacco, the day the person first engages in the retail sale of tobacco;

(1.2) in the case of a person required under section 407.3 to be registered in respect of the supply of alcoholic beverages, the day the person first makes a taxable supply of alcoholic beverages in Québec; and

(2) in any other case, the day the person first makes a taxable supply in Québec, otherwise than as a small supplier, in the course of a commercial activity engaged in by the person in Québec.”

(2) Subsection 1, except where it enacts paragraph 2 of section 410.1 of the said Act, has effect from 1 August 1995.

(3) Subsection 1, where it enacts paragraph 2 of section 410.1 of the said Act, applies in respect of supplies made after 31 July 1995.

450. (1) Section 411 of the said Act, amended by section 11 of chapter 47 of the statutes of 1995, is again amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

“**411.** A person who is not required under sections 407 to 407.3 and 409 to 410 to be registered may make an application for registration to the Minister if the person”.

(2) Subsection 1 has effect from 10 May 1995. However, where the portion before subparagraph 1 of the first paragraph of section 411 of the said Act, enacted by subsection 1, applies

(*a*) for the period from 10 May 1995 to 21 June 1995, "to 407.3" therein shall be read as ", 407.1";

(*b*) for the period from 22 June 1995 to 31 July 1995, "407.3" therein shall be read as "407.2".

451. (1) Section 411.0.1 of the said Act, enacted by section 325 of chapter 1 of the statutes of 1995, is amended by striking out paragraph 4.

(2) Subsection 1 applies in respect of supplies made after 29 November 1996.

452. (1) The said Act is amended by inserting, after section 416, the following section:

"**416.1** The Minister shall, after giving a person reasonable notice,

(1) cancel the person's registration where

(*a*) the person is not required to be registered under this Title, and

(*b*) the person is not registered under section 240 of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) vary the person's registration so that the registration apply only in respect of the taxi business of the person, the retail sale of tobacco or the supply of alcoholic beverages by the person where

(*a*) the present registration of the person applies to an activity other than an activity in respect of which the person is required to be registered, and

(*b*) the person is not registered under section 240 of Part IX of the Excise Tax Act in respect of that other activity.

Section 209 or paragraph 1 of section 210.4, as the case may be, does not apply in respect of a cancellation or variation of registration provided for in subparagraphs 1 and 2 of the first paragraph.

The first paragraph does not apply where the person applies to the Minister of National Revenue for registration or for a variation of registration under subsection 3.1 of section 240 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of an activity other than an activity in respect of which the person is required to be registered and such registration or variation of registration is effective before the time the cancellation or variation provided for in the first paragraph becomes effective."

(2) Subsection 1 has effect from 1 August 1995. However, where section 416.1 of the said Act, enacted by subsection 1, applies to a person who is a small supplier solely by reason of the fact that all or substantially all of the amounts referred to in paragraph 1 of section 294 do not relate to the supply of incorporeal movable property, immovables or services, the portion of the first paragraph before subparagraph 1 of section 416.1 of the said Act, enacted by subsection 1, shall be read as follows:

"**416.1** The Minister shall, after giving reasonable notice to a person or following a request in prescribed form containing prescribed information, filed as prescribed by the Minister, by a person who is registered solely by reason of the fact that all or substantially all of the amounts referred to in paragraph 1 of section 294 do not relate to the supply of incorporeal movable property, immovables or services,".

453. (1) Section 417 of the said Act, amended by section 12 of chapter 47 of the statutes of 1995, is again amended

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

"**417.** The Minister shall cancel the registration of a person who is a small supplier who, as the case may be, does not carry on a taxi business, does not engage in the retail sale of tobacco or does not make supplies of alcoholic beverages where

(1) the person has filed with and as prescribed by the Minister a request, in prescribed form containing prescribed information, to do so and has been registered for at least one year on the last day of a fiscal year of the person within the meaning of section 458.1; and";

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

"The cancellation provided for in the first paragraph becomes effective on the same date as the date on which the cancellation of the person's registration under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) becomes effective."

(2) Subject to subsections 3 and 4, subsection 1 has effect from 1 July 1992. However, where the portion before subparagraph 1 of the first paragraph of section 417 of the said Act, enacted by paragraph 1 of subsection 1, applies

(*a*) before 21 June 1995, that portion shall be read as follows:

"**417.** The Minister shall cancel the registration of a person who is a small supplier who does not carry on a taxi business where";

(*b*) for the period from 22 June 1995 to 31 July 1995, that portion shall be read as follows:

"**417.** The Minister shall cancel the registration of a person who is a small supplier who does not carry on a taxi business or does not engage in the retail sale of tobacco where".

(3) Where the portion of the first paragraph before subparagraph 2 of section 417 of the said Act, enacted by paragraph 1 of subsection 1, applies in respect of a person who is a small supplier at any time in the period from 1 July 1992 to 24 November 1992 and throughout the period following that time by reason of the inclusion of the words "incorporeal movable property, immovables or" in subparagraph 2 of the first paragraph of section 294 of the said Act, replaced by subsection 1 of section 384,

(*a*) subparagraph 1 of the first paragraph shall be read by replacing the word "and" at the end by the word "or";

(*b*) subparagraph 1 of the first paragraph shall be read without reference to the words "and has been registered for at least one year on the last day of a fiscal year of the person within the meaning of section 458.1".

(4) Where the second paragraph of section 417 of the said Act, enacted by paragraph 2 of subsection 1, applies to a person referred to in subsection 3, it shall be read as follows:

"The cancellation provided for in the first paragraph becomes effective

(1) for the purposes of subparagraph 1 of that paragraph, not earlier than 25 November 1992; and

(2) for the purposes of subparagraph 2 of that paragraph, on the same date as the date on which the cancellation of the person's registration under Part IX of the Excise Tax Act becomes effective but not earlier than 25 November 1992."

454. (1) Section 417.2 of the said Act is replaced by the following section:

"**417.2** Where, at any time when an approval granted under section 297.1.3 in respect of a direct seller is in effect, an independent sales contractor, within the meaning of section 297.1, of the direct seller would be a small supplier if the approval had been in effect at all times before that time and the contractor files with the Minister in prescribed manner a request, in prescribed form containing prescribed information, to have the registration of the contractor cancelled, the Minister shall cancel the registration of the contractor."

(2) Subsection 1 has effect from 1 August 1995.

455. (1) The said Act is amended by inserting, after section 418, the following section:

"**418.1** Where a request is filed under section 417 or 417.1 by a person who is a small supplier on 1 August 1995 by reason of the fact that all or substantially all of the amounts referred to in paragraph 1 of section 294 do not relate to the supply of incorporeal movable property, immovables or services and the request is the first request filed after 1 August 1995, section 209 or paragraph 1 of section 210.4, as the case may be, does not apply to the person if the request is filed with the Minister before 1 August 1996."

(2) Subsection 1 has effect from 1 August 1995.

456. (1) Section 422 of the said Act is replaced by the following section:

"**422.** Every person who makes a taxable supply shall, as a mandatary of the Minister, collect the tax payable by the recipient under section 16 in respect of the supply.

This section does not apply where

(1) the supply is a supply referred to in section 20.1; or

(2) the person is a small supplier who in the course of a commercial activity makes a supply of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply."

(2) Subsection 1 has effect from 1 July 1992.

457. (1) The said Act is amended by inserting, after section 427, the following:

"DIVISION II.1

"SHIPPING CERTIFICATE

"**427.1** Where a registrant who makes a taxable supply of corporeal movable property is provided with a certificate referred to in section 179 by the recipient of the supply and, at or before the time tax in respect of the supply becomes payable, the registrant did not know and could not reasonably be expected to have known that the property would not be shipped outside Québec by the recipient in the circumstances described in that section, the registrant is not required to collect tax in respect of the supply.

"**427.2** For the purposes of this Division,

"fiscal year" has the meaning assigned by section 458.1;

"inventory" of a person means corporeal movable property of the person acquired in Québec or brought into Québec by the person for supply by way of sale in the ordinary course of a business carried on by the person in Québec.

"**427.3** The Minister may, on the application of a person who is registered under Division I of Chapter VIII, authorize the person to use, on or after a particular day in a fiscal year of the person and subject to such conditions as the Minister may from time to time specify, a certificate (in this Division referred to as a "shipping certificate") for the purposes of section 179, where it can reasonably be expected

(1) that at least 90% of the total of all consideration for supplies to the person of items of inventory acquired in Québec by the person in the twelve-month period commencing immediately after the particular day will be attributable to supplies that would be included in that section if it were read without reference to paragraph 4 thereof; and

(2) that the total of all consideration, included in determining the income of a business of the person for the year, for supplies made outside Québec by the person of items of inventory of the person that are not consumed, used, processed, transformed or altered after having been acquired in Québec or brought into Québec by the person and before being so supplied by the person will equal or exceed 90% of the total of all consideration, included in determining that income, for supplies made by the person of items of inventory of the person.

"**427.4** An application for authority to use a shipping certificate shall be made in prescribed form containing prescribed information and be filed with and as prescribed by the Minister.

"**427.5** Where the Minister authorizes a registrant to use a shipping certificate, the Minister shall notify the registrant in writing of the authorization and the effective date of the authorization.

"**427.6** The Minister may revoke, as of a particular day, an authorization granted under section 427.3 to a registrant where

(1) the registrant fails to comply with any condition attached to the authorization or any provision of this Title; or

(2) it can reasonably be expected that the requirements of paragraphs 1 and 2 of section 427.3 would not be met if the period referred to in paragraph 1 of that section commenced on that particular day.

Where the Minister revokes the authorization, the Minister shall notify the registrant in writing of the revocation and the effective date of the revocation.

"**427.7** An authorization granted to a registrant at any time under section 427.3 is deemed to have been revoked, effective after the last day of a fiscal year of the registrant ending after that time, where the fraction determined in subparagraph 1 exceeds the fraction determined in subparagraph 2:

(1) the fraction determined by the formula

$$\frac{A}{B};$$

(2) the fraction determined by the formula

$$\frac{C}{D}.$$

For the purposes of these formulas,

(1) A is the total of all consideration paid or payable by the registrant for items of inventory that were acquired in Québec by the registrant in the fiscal year in the course of a business of the registrant and in respect of which the registrant provided to the suppliers thereof a shipping certificate;

(2) B is the total of all consideration paid or payable by the registrant for items of inventory that were acquired in Québec by the registrant in the fiscal year in the course of that business;

(3) C is the total of all consideration, included in determining the income from that business for the fiscal year, for supplies made outside Québec by the registrant of items of inventory of the registrant that were not consumed, used, processed, transformed or altered after having been acquired in Québec or brought into Québec by the registrant and before being so supplied by the registrant; and

(4) D is the total of all consideration, included in determining that income, for supplies made by the registrant of items of inventory of the registrant.

"**427.8** An authorization granted under section 427.3 to a registrant ceases to have effect on the earlier of

(1) the day on which a revocation of the authorization becomes effective; and

(2) the day that is three years after the day on which the authorization, or its renewal, became effective.

"**427.9** Where an authorization granted to a registrant under section 427.3 is revoked, effective on a particular day, the Minister shall not grant to the registrant another authorization under that section that becomes effective before

(1) where the authorization was revoked in circumstances described in subparagraph 1 of the first paragraph of section 427.6, the day that is two years after the particular day; and

(2) in any other case, the first day of the second fiscal year of the registrant commencing after the particular day."

(2) Subsection 1 has effect from 1 August 1995.

458. (1) Section 429.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of applications or returns filed after 15 December 1995.

459. (1) Section 439 of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995, except in respect of any of the following property or services, in which case it does not apply:

(*a*) corporeal movable property or services acquired by a person by way of a non-taxable supply;

(*b*) a road vehicle exempted from registration under the Highway Safety Code (R.S.Q., chapter C-24.2) by reason of the use made of it by the person and acquired by the person by way of a supply otherwise than in the course of a commercial activity

i. before 1 August 1995, where the person is a small or medium-sized business,

ii. before 30 November 1996, where the person is a large business.

460. (1) Section 451 of the said Act is amended by replacing subparagraph 3 of the second paragraph by the following subparagraph:

"(3) C is the total value of all consideration that became due, or was paid without having become due, in the immediately preceding fiscal year of the person for taxable supplies, other than supplies by way of sale of capital property of the person, made in Québec by the person; and".

(2) Subsection 1 has effect from 1 August 1995. However, where subparagraph 3 of the second paragraph of section 451 of the said Act, enacted by subsection 1, applies in respect of consideration all of which became due, or was paid without having become due, before 1 August 1995, it shall be read as if the reference therein to "taxable supplies" were a reference to "taxable or non-taxable supplies".

461. (1) Section 456 of the said Act is amended by replacing subparagraph 2 of the second paragraph by the following subparagraph:

"(2) B is the tax paid or payable in respect of that supply, other than tax that, by reason of section 203 or 206, may not be included in determining an input tax refund of the registrant; and".

(2) Subsection 1 has effect from 1 July 1992.

462. (1) The said Act is amended by inserting, after section 457, the following section:

"**457.1** Where a registrant is the recipient of, or pays an allowance in respect of, a supply of food, beverages or entertainment and section 421.1 of the Taxation Act (chapter I-3) applies, or would apply if the registrant were a taxpayer under that Act, in respect of the supply or allowance, 50% of the total of all amounts each of which is an input tax refund claimed in a return for a reporting period in a fiscal year of the registrant in respect of the supply or allowance shall be added in determining the net tax

(1) where the registrant ceases in or at the end of that fiscal year to be registered under Division I, for the last reporting period of the registrant in that fiscal year;

(2) where the reporting period of the registrant is a fiscal year of the registrant, for that reporting period; and

(3) in any other case, for the reporting period of the registrant beginning immediately after the end of that fiscal year.

For the purposes of this section, the fiscal year of a person is the fiscal year of that person within the meaning of section 458.1.

The first paragraph does not apply to charities."

(2) Subsection 1 applies in respect of supplies of food, beverages or entertainment, or allowances paid in respect of such supplies, in respect of which tax becomes payable

(*a*) after 31 July 1995 and is not paid before 1 August 1995 by a registrant who is a small or medium-sized business;

(*b*) after 29 November 1996 and is not paid before 30 November 1996 by a registrant who is a large business.

463. (1) The said Act is amended by adding, after subdivision 7 of Division III of Chapter VIII of Title I, the following subdivision:

"§ 8.—*Instalments*

"**458.0.1** Where the reporting period of a registrant is a fiscal year within the meaning of section 458.1 or a period determined under section 461.1, the registrant shall, within one month after the end of each fiscal quarter of the registrant ending in the reporting period, pay to the Minister an amount equal to 1/4 of the registrant's instalment base for that reporting period.

"**458.0.2** A registrant's instalment base for a particular reporting period of the registrant is the lesser of

(1) an amount equal to

(*a*) in the case of a reporting period determined under section 461.1, the amount determined by the formula

$$A \times \frac{365}{B} \text{ ; and}$$

(*b*) in any other case, the net tax for the particular reporting period; and

(2) the amount determined by the formula

$$C \times \frac{365}{D}.$$

For the purposes of these formulas,

(1) A is the net tax for the particular reporting period;

(2) B is the number of days in the particular reporting period;

(3) C is the total of all amounts each of which is the net tax for a reporting period of the registrant ending in the twelve-month period immediately preceding the particular reporting period; and

(4) D is the number of days in the period commencing on the first day of the first of those preceding reporting periods and ending on the last day of the last of those preceding reporting periods.

“**458.0.3** For the purposes of section 458.0.1, where a registrant’s instalment base for a reporting period is less than $1,500, it is deemed to be nil.

“**458.0.4** Where a person fails to pay an amount referred to in section 458.0.1 within the specified time, the person shall pay, on the amount not paid, interest at the rate prescribed under section 28 of the Act respecting the Ministère du Revenu (chapter M-31) and incur a penalty of 6% per year, compounded daily, for the period beginning on the first day following the day on or before which the amount was required to be paid and ending on the earlier of the day the amount is paid and the day on or before which the tax on account of which the instalment was payable is required to be remitted.

For the purposes of this section, the interest and penalty to be paid are added at the end of each day to the amount to be paid.

“**458.0.5** Notwithstanding section 458.0.4, the interest and penalty payable by a person under that section shall not exceed the amount by which the total of the interest and penalty that would be payable by the person if no amount were paid by the person on account of instalments payable in the period exceeds the amount obtained by calculating on each instalment paid, interest plus 6% per year compounded daily where the penalty under section 458.0.4 has been applied, until the day on or before which the tax on account of which the instalment was payable is required to be remitted.”

(2) Subsection 1 applies to a person whose fiscal year, within the meaning of section 458.1 of the said Act, begins after 31 July 1995. However, where section 458.0.2 of the said Act, enacted by subsection 1, applies to a person who is a registrant for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and whose fiscal year begins before 1 August 1996,

(*a*) subparagraph 2 of the first paragraph of that section shall be read as follows:

“(2) the instalment base determined in accordance with subsection 2 of section 237 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”;

(*b*) the second paragraph of that section shall be read as follows:

“For the purposes of this formula,

(1) A is the net tax for the particular reporting period; and

(2) B is the number of days in the particular reporting period.”

464. (1) Section 458.1 of the said Act is replaced by the following section:

“**458.1** For the purposes of this Division,

(1) the fiscal year of a person is

(*a*) where the person has made an election under section 458.4 that is in effect, the period that the person elected to be the fiscal year of the person,

(*b*) where the fiscal year of the person is determined in accordance with section 458.2, the fiscal year determined in accordance with that section, and

(*c*) in all other cases, the taxation year of the person within the meaning of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) the fiscal quarter of a person is the period determined under sections 458.1.1, 458.2 and 458.2.1 to be the fiscal quarter of the person;

(3) the fiscal month of a person is the period determined under sections 458.1.2, 458.2 and 458.2.1 to be the fiscal month of the person.

Notwithstanding the first paragraph, the fiscal year, fiscal quarter and fiscal month, at a particular time, of a person who is a registrant under Part IX of the Excise Tax Act are deemed to be the fiscal year, fiscal quarter and fiscal month of the person for the purposes of Part IX of that Act at that particular time.”

(2) Subsection 1 has effect from 1 August 1995. However, where the second paragraph of section 458.1 of the said Act, enacted by subsection 1, applies for the period beginning on 1 August 1995 and ending on the date fixed by the Government, it shall be read as follows:

“Notwithstanding the first paragraph, where a person is a registrant under Part IX of the Excise Tax Act, the following rules apply:

(1) the fiscal year and fiscal quarter of the person, at a particular time, are deemed to be the fiscal year and fiscal quarter of the person for the purposes of Part IX of that Act at that particular time;

(2) the fiscal month of the person, at a particular time, where it is not the calendar month, is deemed to be the fiscal month of the person for the purposes of Part IX of that Act at that particular time if the person notified the Minister in accordance with section 458.2."

465. (1) The said Act is amended by inserting, after section 458.1, the following sections:

"**458.1.1** The fiscal quarters in a fiscal year of a person shall be determined in accordance with the following rules:

(1) there shall not be more than four fiscal quarters in the year;

(2) the first fiscal quarter in the year shall begin on the first day of that year, and the last fiscal quarter in the year shall end on the last day of that year;

(3) each fiscal quarter shall be shorter than 120 days; and

(4) except for the first and last fiscal quarters in the year, each fiscal quarter shall be longer than 83 days.

"**458.1.2** The fiscal months in a fiscal year of a person shall be determined in accordance with the following rules:

(1) the first fiscal month in each fiscal quarter in the year shall begin on the first day of that fiscal quarter, and the last fiscal month in each fiscal quarter shall end on the last day of that fiscal quarter;

(2) each fiscal month shall be shorter than 36 days except that the Minister may, on request in writing made in prescribed form containing prescribed information and filed with the Minister in prescribed manner, allow the person to have one fiscal month that is longer than 35 days in a fiscal quarter, and

(3) each fiscal month shall be longer than 27 days unless

(*a*) that fiscal month is the first or last fiscal month in a fiscal quarter, or

(*b*) the Minister, on request in writing made in prescribed form containing prescribed information and filed with the Minister in prescribed manner, allows the person to have that fiscal month shorter than 28 days."

(2) Subsection 1 has effect from 1 August 1995.

466. (1) Section 458.2 of the said Act is replaced by the following section:

"**458.2** Where a person is a registrant at any time in a fiscal year of the person, the person shall notify the Minister of the first and last days of each of the fiscal quarters and fiscal months in the year in prescribed form containing prescribed information and filed with and as prescribed by the Minister on or before the day that is

(1) where the person becomes a registrant in that fiscal year, the later of

(*a*) the day the person files an application for registration or, where the person was required under section 410 or 410.1 to file that application, the day the person was so required to file that application, and

(*b*) the effective date of the registration; and

(2) in any other case, the first day of that fiscal year.

The first paragraph does not apply in cases where section 458.6 applies."

(2) Subsection 1 has effect from 1 August 1995. However, where the second paragraph of section 458.2 of the said Act, enacted by subsection 1, applies for the period beginning on 1 August 1995 and ending on the date fixed by the Government, it shall be read as follows:

"The first paragraph does not apply where

(1) section 458.6 applies; or

(2) the reporting period of the person is the fiscal month of the person which is the calendar month, except where

(*a*) the reporting period of the person for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)

is the fiscal month of the person which is not the calendar month, and

(*b*) the person notifies the Minister so as to have reporting periods that are fiscal months of the person which are not calendar months."

467. (1) The said Act is amended by inserting, after section 458.2, the following section:

"**458.2.1** Where a person fails to determine the fiscal quarters or fiscal months in a fiscal year of the person in accordance with the rules set out in section 458.1.1 or 458.1.2, or fails to satisfy the requirements of section 458.2, the following rules apply:

(1) if the fiscal year of the person is the calendar year, the fiscal quarters and fiscal months of the person are deemed to be the calendar quarters and calendar months; and

(2) notwithstanding section 458.4, if the fiscal year of the person is not the calendar year, the fiscal year of the person is deemed to be the calendar year and the fiscal quarters and fiscal months of the person are deemed to be the calendar quarters and calendar months."

(2) Subsection 1 has effect from 1 August 1995.

468. (1) Section 458.3 of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995.

469. (1) Section 458.4 of the said Act is amended

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

"**458.4** A person may make an election under the second paragraph as prescribed by the Minister, in prescribed form containing prescribed information.";

(2) by adding, at the end, the following paragraph:

"The first paragraph does not apply in cases where section 458.6 applies."

(2) Subsection 1 has effect from 1 August 1995.

470. (1) Section 458.6 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**458.6** For the purposes of this Division and notwithstanding section 459.0.1, the reporting period of a person who is a registrant at a particular time in the fiscal year of the person is deemed to be the reporting period of the person at that time in the fiscal year of the person for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), where the person is a registrant under Part IX of that Act, at the time that reporting period becomes effective under that Act."

(2) Subsection 1 applies in respect of reporting periods of a registrant beginning after 31 July 1995. However, where the first paragraph of section 458.6 of the said Act, enacted by subsection 1, applies in respect of reporting periods beginning after 31 July 1995 but before the date fixed by the Government, it shall be read as follows:

"**458.6** For the purposes of this Division and notwithstanding section 459.0.1, the reporting period of a person who is a registrant at a particular time in the fiscal year of the person is deemed to be the reporting period of the person at that time in the fiscal year of the person for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) at the time that reporting period becomes effective under that Act where the person is a registrant under Part IX of that Act and where

(1) the reporting period of the person is the fiscal year or the fiscal quarter of the person; or

(2) the reporting period of the person is the fiscal month of the registrant, the fiscal month of the person is not the calendar month and the person notified the Minister in accordance with section 458.2."

471. (1) The said Act is amended by inserting, after section 458.6, the following section:

"**458.7** Section 458.6 does not apply to a listed financial institution that made an election under section 459.2, 459.2.1, 459.4 or 460 and whose reporting period is not the reporting period of the listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)."

(2) Subsection 1 applies in respect of the reporting period of a listed financial institution beginning after 31 July 1995.

472. (1) Section 459 of the said Act is replaced by the following section:

"**459.** Subject to sections 459.2 to 459.5, 466 and 467,

(1) the reporting period of a person who is neither a registrant nor a listed financial institution is a calendar month; and

(2) the reporting period of a listed financial institution that is not a registrant is the fiscal year of the institution."

(2) Subsection 1 has effect from 1 August 1995.

473. (1) The said Act is amended by inserting, after section 459, the following section:

"**459.0.1** Subject to sections 461.1, 466 and 467, the reporting period of a registrant at a particular time in a fiscal year of the registrant is

(1) the fiscal year of the registrant that includes that time

(*a*) where the registrant has made an election under section 460 that is effective at that time, or

(*b*) where

i. the registrant has not made an election under section 459.2, 459.2.1 or 459.4 that is effective at that time,

ii. an election under section 460 by the registrant would be effective at that time if the registrant had made such an election at the beginning of the fiscal year of the registrant that includes that time, and

iii. except where the reporting period of the registrant that includes that time is deemed under section 466 to be a separate reporting period of the registrant ending before that time was a fiscal year of the registrant;

(2) the fiscal month of the registrant that includes that time where

(*a*) the threshold amount of the registrant for the fiscal year or fiscal quarter of the registrant that includes that time exceeds $6,000,000 and the registrant is not a listed financial institution,

(*b*) the last reporting period of the registrant ending before that time was the fiscal month of the registrant and the registrant has not made an election under section 459.4 or 460 that is effective at that time, or

(*c*) the registrant has made an election under section 459.2 or 459.2.1 that is effective at that time;

(3) the fiscal year of the registrant that includes that time where the registrant is a listed financial institution and has not made an election under section 459.2, 459.2.1 or 459.4; and

(4) the fiscal quarter of the registrant that includes that time, in all other cases."

(2) Subsection 1 has effect from 1 August 1995.

474. (1) Subdivision 1 of subdivision II of subdivision 1 of Division IV of Chapter VIII of Title I of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995.

475. (1) Section 459.2 of the said Act is amended by adding, at the end, the following paragraph:

"An election under the first paragraph shall take effect

(1) where the person is a registrant, on the first day of the fiscal year of the person; or

(2) on the day the person becomes a registrant."

(2) Subsection 1 has effect from 1 August 1995.

476. (1) The said Act is amended by inserting, after section 459.2, the following section:

"**459.2.1** Where a person has made an election under section 460 and the election ceases to have effect at the beginning of a fiscal quarter of the person specified in paragraph 2 of section 461, the person may make an election to have reporting periods that are fiscal months of the person.

An election under the first paragraph shall take effect on the first day of that fiscal quarter."

(2) Subsection 1 has effect from 1 August 1995.

477. (1) Section 459.3 of the said Act is replaced by the following section:

"**459.3** Elections made under sections 459.2 and 459.2.1 by a person shall remain in effect until the beginning of the day an election by that person under section 459.4 or 460 takes effect."

(2) Subsection 1 has effect from 1 August 1995.

478. (1) Sections 459.4 and 459.5 of the said Act, amended respectively by sections 332 and 333 of chapter 1 of the statutes of 1995, are replaced by the following sections:

"**459.4** Where the threshold amount of a person for a particular fiscal year does not exceed $6,000,000, the person may make an election to have reporting periods that are fiscal quarters of the person.

An election under the first paragraph shall take effect on the first day of the fiscal year of the person.

"**459.5** An election made under section 459.4 by a person shall remain in effect until the earliest of

(1) the beginning of the day an election by the person under section 459.2 or 460 takes effect;

(2) the beginning of the first fiscal quarter of the person for which the threshold amount of the person exceeds $6,000,000; and

(3) the beginning of the first fiscal year of the person for which the threshold amount of the person exceeds $6,000,000."

(2) Subsection 1 has effect from 1 August 1995.

479. (1) Section 460 of the said Act, amended by section 334 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**460.** Where the threshold amount for a particular fiscal year of a person does not exceed $500,000, the person may make an election to have reporting periods that are fiscal years of the person.

An election under the first paragraph shall take effect on the first day of the fiscal year of the person."

(2) Subsection 1 has effect from 1 August 1995.

480. (1) Section 461 of the said Act, amended by section 335 of chapter 1 of the statutes of 1995, is replaced by the following section:

"**461.** An election made under section 460 by a person shall remain in effect until the earliest of

(1) the beginning of the day an election by the person under section 459.2 or 459.4 takes effect;

(2) where the threshold amount of the person for the second or third fiscal quarter of the person in a fiscal year of the person exceeds $500,000, the beginning of the first fiscal quarter of the person for which the threshold amount exceeds that amount; and

(3) where the threshold amount of the person for a fiscal year of the person exceeds $500,000, the beginning of that fiscal year."

(2) Subsection 1 has effect from 1 August 1995.

481. (1) The said Act is amended by inserting, after section 461, the following section:

"**461.1** Where a person has made an election under section 460 and the election ceases to have effect on the beginning of a fiscal quarter specified in paragraph 2 of section 461 of the person, the period beginning on the first day of the fiscal year of the person that includes that fiscal quarter and ending immediately before the beginning of that fiscal quarter is deemed to be a reporting period of the person."

(2) Subsection 1 has effect from 1 August 1995.

482. (1) Section 462 of the said Act is amended

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

"**462.** For the purposes of sections 459.0.1, 459.4, 459.5, 460 and 461, the threshold amount of a person in respect of a particular fiscal year of the person is an amount equal to the total of";

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

"(1) A is the total of all consideration, other than consideration referred to in section 75.2 that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services, supplies by way of sale of immovables that are capital property of the person and supplies included in Part V of Schedule VI to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), made in Canada by the person in the course of commercial activities that became due to the person in the fiscal year immediately preceding the particular fiscal year of the person or that was paid to the person in that preceding fiscal year without having become due;";

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

"(3) C is the total of all consideration, other than consideration referred to in section 75.2 that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services, supplies by way of sale of immovables that are capital property of the associate and supplies included in Part V of Schedule VI to the Excise Tax Act, made in Canada by the associate in the course of commercial activities that became due to the associate in the fiscal year of the associate or that was paid to the associate in that fiscal year without having become due; and".

(2) Subsection 1 has effect from 1 August 1995. However, where subparagraph 1 or subparagraph 3 of the second paragraph of section 462 of the said Act, enacted by paragraphs 2 and 3 of subsection 1, applies in respect of the determination of the threshold amount of a person who or whose associate made a supply for which all of the consideration became due or was paid without becoming due before 1 August 1995, it shall be read

(*a*) as if the reference therein to "taxable supplies" were a reference to "taxable or non-taxable supplies"; and

(*b*) as if the reference therein to "all consideration" were a reference to "all consideration, excluding tax paid or payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15),".

483. (1) Section 462.1 of the said Act is replaced by the following section:

“**462.1** For the purposes of sections 459.0.1, 459.4, 459.5, 460 and 461, the threshold amount of a person for a particular fiscal quarter of the person at any time in a fiscal year of the person is an amount equal to the total of

(1) the total of all consideration for taxable supplies, other than supplies of financial services, supplies by way of sale of immovables that are capital property of the person and supplies included in Part V of Schedule VI to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), made in Canada by the person in the course of commercial activities that became due to the person in the fiscal quarters of the person ending in the fiscal year which immediately precede the particular fiscal quarter or that was paid to the person in those preceding fiscal quarters without having become due; and

(2) the total of all amounts each of which is an amount in respect of an associate of the person at the beginning of the particular fiscal quarter equal to the total of all consideration for taxable supplies, other than supplies of financial services, supplies by way of sale of immovables that are capital property of the associate and supplies included in Part V of Schedule VI to the Excise Tax Act, made in Canada by the associate in the course of commercial activities that became due to the associate in the fiscal quarters of the associate that end in the fiscal year of the person before the beginning of the particular fiscal quarter or that was paid to the associate in those fiscal quarters of the associate without having become due.”

(2) Subsection 1 has effect from 1 August 1995. However, where section 462.1 of the said Act, enacted by subsection 1, applies in respect of the determination of the threshold amount of a person who or whose associate made a supply for which all of the consideration became due or was paid without becoming due before 1 August 1995, it shall be read

(*a*) as if the reference therein to “taxable supplies” were a reference to “taxable or non-taxable supplies”; and

(*b*) as if the reference therein to “consideration” were a reference to “consideration, excluding tax paid or payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15),”.

484. (1) The said Act is amended by inserting, after section 462.1, the following section:

"**462.1.1** For the purposes of sections 462 and 462.1, the following rules apply:

(1) notwithstanding section 52, the consideration does not include tax paid or payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) "supply made in Canada" means a supply made in Canada for the purposes of Part IX of the Excise Tax Act."

(2) Subsection 1 has effect from 1 August 1995.

485. (1) Section 462.2 of the said Act is repealed.

(2) Subsection 1 has effect from 1 August 1995.

486. (1) Section 462.3 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**462.3** An election made under section 459.2, 459.2.1, 459.4 or 460 by a person shall be made in prescribed form containing prescribed information, be filed with the Minister in prescribed manner, and specify the first fiscal year in respect of which it applies."

(2) Subsection 1 has effect from 1 August 1995.

487. (1) Sections 464 and 465 of the said Act are repealed.

(2) Subsection 1 has effect from 1 August 1995.

488. (1) Section 468 of the said Act is amended

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

"(1) where the reporting period is the fiscal year of the registrant, within three months after the end of the fiscal year; and

"(2) in every other case, within one month after the end of the reporting period.";

(2) by striking out the second paragraph.

(2) Subsection 1 comes into force on the date fixed by the Government.

489. (1) Section 472 of the said Act, amended by section 336 of chapter 1 of the statutes of 1995, is again amended

(1) by replacing subparagraphs 1 and 2 of the second paragraph by the following subparagraphs:

"(1) where the reporting period to which the return relates is the fiscal year of the taxpayer, the day that is three months after the end of the reporting period; and

"(2) in any other case, the day that is one month after the end of the reporting period to which the return relates.";

(2) by adding, at the end, the following paragraph:

"For the purposes of this section and notwithstanding section 459, the reporting period of a taxpayer who is not a registrant is the calendar quarter."

(2) Paragraph 1 of subsection 1 comes into force on the date fixed by the Government.

(3) Paragraph 2 of subsection 1 has effect from 1 August 1995.

490. (1) Section 473 of the said Act is replaced by the following section:

"**473.** Every person who is liable to pay tax under section 17 (in this section referred to as the "taxpayer") shall, at the time the tax becomes payable, file a return with the Minister or a prescribed person, in prescribed form containing prescribed information, and at the same time remit to the Minister or prescribed person the tax payable.

Notwithstanding section 17, where a taxpayer is required to file a return under section 468, the taxpayer shall, except where tax under section 17 is to be collected by a prescribed person, furnish in the return information relating to the bringing of the property into Québec and pay the tax upon filing the return under section 468."

(2) Subsection 1, where it strikes out the reference to section 17.2 in section 17 of the said Act, applies in respect of the bringing of a road vehicle into Québec by a registrant after 31 July 1995 where the registrant would be entitled to claim an input tax refund if he paid tax in respect of the vehicle so brought into Québec and, in all

other cases, in respect of the bringing of a road vehicle into Québec after 29 November 1996.

(3) Subsection 1, where it strikes out the reference to section 17.3 in section 17 of the said Act, applies in respect of the bringing of fuel into Québec by a registrant after 31 July 1995 where the registrant would be entitled to claim an input tax refund if he paid tax in respect of the fuel so brought into Québec and, in all other cases, in respect of the bringing of fuel into Québec after 31 December 1995.

491. (1) Section 473.1 of the said Act, amended by section 337 of chapter 1 of the statutes of 1995, is again amended by replacing the first paragraph by the following paragraph:

"**473.1** Every person who is liable to pay tax under section 16 in respect of a supply referred to in section 20.1 or of a supply by a small supplier in the course of a commercial activity of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person (in this section referred to as the "taxpayer") shall, at the time of the supply, remit to the Minister or a prescribed person the tax payable in respect of the supply."

(2) Subsection 1 has effect from 1 July 1992. However, where the first paragraph of section 473.1 of the said Act, enacted by subsection 1, applies in respect of supplies made before 1 June 1994, that paragraph shall be read as follows:

"**473.1** Every person who is liable to pay tax under section 16 in respect of a supply referred to in section 20.1 or of a supply by a small supplier in the course of a commercial activity of a road vehicle that must be registered under the Highway Safety Code (R.S.Q., chapter C-24.2) following an application by the person shall, at the time of the supply, remit to the Minister or a prescribed person the tax payable in respect of the supply."

492. (1) Section 473.2 of the said Act, enacted by section 338 of chapter 1 of the statutes of 1995, is amended by adding, after the definition of "designated reporting period", the following definition:

" "fiscal year" of a registrant is the fiscal year of the registrant within the meaning of section 458.1;".

(2) Subsection 1 applies in respect of reporting periods beginning after 31 March 1994.

493. (1) The said Act is amended by inserting, after section 477, the following section:

"**477.1** Notwithstanding sections 474 to 477, where a registrant obtains authorization under section 239 of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) to file separate returns in relation to a division or branch in respect of which an application may be filed under sections 474 and 475, the following rules apply:

(1) the registrant is not required to file the application provided for in section 474;

(2) the authorization granted under section 239 of Part IX of the said Act, including any conditions to which the authorization is subject, is deemed to be an authorization granted under section 475;

(3) a notice of revocation issued under section 239 of Part IX of the said Act of the authorization obtained under that section is deemed to be a revocation issued under section 476 of the authorization granted under section 475 and the effective date of the notice is deemed to be the effective date of the revocation.

For the purposes of the first paragraph, the Minister may require that the registrant inform the Minister in prescribed form containing prescribed information and in the manner and within the time prescribed by the Minister of the authorization obtained under section 239 of Part IX of the said Act or of any revocation of such authorization, or require that the registrant transmit to the Minister the authorization or notice of revocation issued pursuant to the said section 239."

(2) Subsection 1 has effect from 1 August 1995.

494. (1) Section 485 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**485.** On receipt of a request made by a person under section 483, the Minister shall, with all due dispatch, consider the request and, notwithstanding the second paragraph of section 25 of the Act respecting the Ministère du Revenu (chapter M-31), make an assessment with respect to the person."

(2) Subsection 1 has effect from 1 July 1992.

495. (1) Section 489 of the said Act, amended by section 341 of chapter 1 of the statutes of 1995, is again amended by replacing the second paragraph by the following paragraph:

"However, the first paragraph does not apply in respect of an alcoholic beverage purchased or produced in Québec if it is taken or shipped out of Québec for use or consumption as part of the carrying on of the person's undertaking."

(2) Subsection 1 has effect from 1 July 1992.

496. (1) The said Act is amended by inserting, after section 489, the following section:

"**489.1** In the case of beer produced in Québec by a prescribed 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 has effect from 10 May 1995.

497. Section 490 of the said Act is amended by replacing subparagraph 5 of the first paragraph by the following subparagraph:

"(5) the sale of an alcoholic beverage containing not more than 0.5% of alcohol by volume."

498. (1) Section 493 of the said Act is amended by adding the following paragraph:

"However, the requirement imposed by the first paragraph does not apply to a person who is not required to be registered under Title I at the time of the sale of alcoholic beverages."

(2) Subsection 1 has effect from 1 July 1992. However, for the period beginning on 1 July 1992 and ending on 31 July 1995, the second paragraph of section 493, enacted by subsection 1, shall be read as follows:

"However, the requirement imposed by the first paragraph does not apply to a person who is not required to be registered under Title I at the time of the sale of alcoholic beverages, provided that the person is at that time the holder of a valid reunion permit issued under the Act respecting liquor permits (R.S.Q., chapter P-9.1) and the sale of alcoholic beverages at that time is authorized under the permit."

499. (1) Section 500 of the said Act is replaced by the following section:

"**500.** No person may sell any alcoholic beverage in Québec to a collection officer or a vendor unless the collection officer or the vendor is, subject to the second paragraph of section 493, the holder of the registration certificate referred to in the first paragraph of that section."

(2) Subsection 1 has effect from 1 July 1992.

500. (1) Section 526 of the said Act is replaced by the following section:

"**526.** Every person required to remit the tax provided for in this Title to the Minister, with the exception of a person referred to in section 528, is required to register and hold a registration certificate issued in accordance with section 526.1."

(2) Subsection 1 has effect from 1 August 1995.

501. (1) The said Act is amended by inserting, after section 526, the following sections:

"**526.1** Every person required to be registered under section 526 shall apply for registration to the Minister before the day the person is first required to collect the tax provided for in this Title.

Sections 412 and 415 apply to the application, with the necessary modifications.

"**526.2** The Minister may cancel the registration of a person referred to in section 526.

Sections 416 and 418 apply to the cancellation, with the necessary modifications."

(2) Subsection 1 has effect from 1 August 1995.

502. (1) Section 527 of the said Act is replaced by the following section:

"**527.** On or before the last day of each calendar month, every person who holds or who is required to hold a registration certificate shall act as a mandatary of the Minister, keep an account of the tax he has collected or should have collected under this Title for the

preceding calendar month, render an account to the Minister in prescribed form containing prescribed information, file the account with and as prescribed by the Minister even if no payment of any insurance premium subject to the tax has been received during that calendar month and, at the same time, remit to the Minister the amount of such tax."

(2) Subsection 1 has effect from 1 August 1995.

503. (1) Section 528 of the said Act is replaced by the following section:

"**528.** Where the tax provided for in this Title is not collected from the person subject to the tax at the time of payment of the premium, the person shall, at that time, render an account to the Minister in prescribed form containing prescribed information, file the account with and as prescribed by the Minister, including the invoice or statement where necessary and any information the Minister may require, and remit to the Minister the tax payable on or before

(1) where the person is registered under Part I, the day on which the person is required to file a return for the reporting period determined under subdivision 1 of Division IV of Chapter VIII of Title I in which the premium was paid, in accordance with the provisions of subdivision 2 of Division IV of Chapter VIII of Title I; and

(2) in any other case, the last day of the calendar month following the calendar month in which the premium was paid."

(2) Subsection 1 has effect from 1 August 1995.

504. (1) The said Act is amended by inserting, after section 528, the following section:

"**528.1** Every person required to remit to the Minister the tax provided for in this Title who, on 31 July 1995, holds a registration certificate issued under Title I is deemed, for the purposes of this Title, to hold, on 1 August 1995, a registration certificate issued under section 526.1."

(2) Subsection 1 has effect from 1 August 1995.

505. (1) The said Act is amended by inserting, after section 541, the following:

"TITLE IV.1

"TAX ON THE USE OF THE ROAD SYSTEM

"CHAPTER I

"DEFINITIONS

"**541.1** For the purposes of this Title and the regulations made thereunder, unless the context indicates a different meaning,

"axle" has the meaning assigned by section 17 of the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments;

"owner" in respect of a truck means the person in whose name the truck is registered, or is required to be registered, under the laws of the jurisdiction where the truck is registered or is required to be registered;

"person" means a natural person, legal person, partnership, trust or succession or a body that is an association, club, commission, union or other organization of any kind;

"principal place of business" in respect of an owner means

(1) in the case of a natural person, the address of the owner's principal residence that is communicated to the Société as information forming the registration of the truck in accordance with the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments; and

(2) in any other case, the address of the owner's principal establishment that is communicated to the Société as information forming the registration of the truck in accordance with the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments;

"province" means a province of Canada and includes the Northwest Territories and the Yukon Territory;

"public highway" has the meaning assigned by section 4 of the Highway Safety Code (chapter C-24.2);

"road vehicle" has the meaning assigned by section 4 of the Highway Safety Code (chapter C-24.2);

"Société" means the Société de l'assurance automobile du Québec;

"taxable period" in respect of a truck means

(1) in the case of a truck whose licence plate is issued under the Highway Safety Code (chapter C-24.2), the period of 12 months for which sums payable so that the owner, within the meaning of the said Code, may obtain or retain the right to operate the truck in Québec are calculated in accordance with the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments;

(2) in the case of a truck whose licence plate is not issued under the Highway Safety Code (chapter C-24.2) but under the laws of a province other than Québec and for which registration fees are payable in Québec, the period of 12 months for which sums payable so that the owner, within the meaning of the said Code, may obtain or retain the right to operate the truck in that province are calculated in accordance with the laws of that province; and

(3) in any other case, the period of 12 months referred to in paragraph 1, as though the licence plate of the truck were issued under the Highway Safety Code (chapter C-24.2);

"truck" means a road vehicle designed solely for the transportation of goods or of machinery with which it is permanently equipped, or of both, and the number of axles of which, calculated as prescribed by Division VII of Chapter I of the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments, is three or more.

"CHAPTER II

"IMPOSITION OF TAX

"**541.2** Every owner shall, for each taxable period in respect of a truck that is operated on a public highway in Québec, pay a tax the amount of which may not exceed $800, determined in accordance with the prescribed rules and according to the number of axles, calculated as prescribed by Division VII of Chapter I of the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments.

For the purpose of determining the amount of the tax provided for in the first paragraph, consideration may be given, in prescribed manner, to the fact that the owner is required to pay a tax of the same nature imposed under a law of a province other than Québec.

"**541.3** The following rules apply to the payment of the tax payable by an owner under section 541.2 in respect of a truck for a taxable period:

(1) in the case of a truck whose licence plate is issued under the Highway Safety Code (chapter C-24.2), the tax is payable at the time and in the manner prescribed by sections 24 and 25 of the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments, applicable to the payment of the fees and charges payable for the registration of, and the right to operate, the truck during the taxable period;

(2) in the case of a truck whose licence plate is issued under the laws of a province other than Québec and for which registration fees are payable in Québec, the tax is payable at the time and in the manner applicable to the truck, in respect of registration for the taxable period, under the Canadian Agreement on Vehicle Registration, approved by Order in Council 3030-80 dated 24 September 1980, and any present and future amendments; and

(3) in the following cases, the tax is payable to the Société at or before the time when an application in respect of the truck for the issue of the certificate referred to in section 541.12 is to be filed in accordance with that section:

(*a*) a truck whose licence plate is issued under the laws of a country other than Canada;

(*b*) a truck which has, concurrently, a licence plate issued under the laws of a country other than Canada and a licence plate issued under the Highway Safety Code (chapter C-24.2), if the principal place of business of the owner is outside Canada.

"**541.4** Where an owner operates a truck for the first time on a public highway in Québec, at any time in a particular taxable period, the amount of tax payable under section 541.2 in respect of the truck for the particular taxable period is the amount determined by the formula

$$A \times \frac{B}{12}.$$

For the purposes of this formula,

(1) A is the amount of tax that, but for this section, would be payable under section 541.2 for the particular taxable period in respect of the truck; and

(2) B is the number of full months, plus one, to elapse between that time and the last day of the month preceding the month in which the taxable period following the particular taxable period begins.

“**541.5** The owner of a truck the number of axles of which is increased at any time in a taxable period is required to report the increase to the Société on or before the last day of the month following the month that includes that time.

The first paragraph does not apply in respect of a truck that, immediately before that time, has a number of axles equal to or greater than the prescribed number of axles.

“**541.6** The owner of a truck the number of axles of which is increased at any time in a particular taxable period shall pay a tax the amount of which is the amount determined by the formula

$$(A - B) \times \frac{C}{12}.$$

For the purposes of this formula,

(1) A is the amount of the tax provided for in section 541.2 that would be payable by the owner in respect of the truck if the number of axles so increased had been taken into account in determining the amount of the tax for the particular taxable period;

(2) B is the amount of tax paid by the owner for the particular taxable period; and

(3) C is the number of full months, plus one, to elapse between that time and the last day of the month preceding the month in which the taxable period following the particular taxable period begins.

“**541.7** The tax payable under section 541.6 by an owner in respect of a truck is payable to the Société on or before the day the owner is required to report the increase in the number of axles to the Société in accordance with section 541.5.

“CHAPTER III

“EXEMPTIONS AND REDUCTION OF TAX

“**541.8** An owner is exempted from payment of the tax provided for in sections 541.2 and 541.6 in respect of a truck for a taxable period where

(1) in respect of the truck, the tax provided for in those sections would, but for this section, be payable in accordance with paragraph 2 or 3 of section 541.3; and

(2) the number of kilometres travelled by the truck in Québec in the taxable period is less than the prescribed number of kilometres.

“**541.9** An owner is exempted from payment of the tax provided for in sections 541.2 and 541.6 in respect of a truck

(1) whose licence plate bears the prefix “C” pursuant to the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments;

(2) whose licence plate bears the prefix “V” pursuant to the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments;

(3) owned by a member of a farmers’ association certified under a law of Québec or of another jurisdiction or by a person holding a registration card for an agricultural operation issued by the Ministère de l’Agriculture, des Pêcheries et de l’Alimentation under Order in Council 54-85 (1985, G.O. 2, 1035); or

(4) owned by the following persons, except where the truck requires a permit of the Commission des transports du Québec or the Régie des marchés agricoles et alimentaires du Québec:

(*a*) a school board;

(*b*) a person operating a hospital centre within the meaning of the Act respecting health services and social services (chapter S-4.2) or within the meaning of the Act respecting health services and social services for Cree Native persons (chapter S-5);

(*c*) an institution exclusively devoted to charitable works that was established as a non-profit corporation and is recognized as such under its constituting Act;

(*d*) a fabrique or a parish trustee.

The first paragraph does not apply in respect of a truck owned by a person referred to in subparagraph 3 of the first paragraph if the truck cannot be registered as a farm vehicle by reason of the application of section 54 of the Regulation respecting road vehicle registration (Order in Council 1420-91 (1991, G.O. 2, 4111)) and any present and future amendments.

"**541.10** The following are exempted from payment of the tax provided for in sections 541.2 and 541.6:

(1) the Government of Québec or a public agency as defined in section 1 of the Act respecting land use planning and development (chapter A-19.1), except prescribed persons;

(2) a foreign government to the extent that the same privilege is accorded by that government to the Government of Québec.

"**541.11** An owner is entitled to a reduction, of a prescribed percentage, of the amount of tax payable under sections 541.2 and 541.6 in respect of a truck for a taxable period if, in respect of that truck, the tax provided for in those sections is payable in accordance with paragraph 3 of section 541.3.

"CHAPTER IV

"CERTIFICATE

"**541.12** Where, in respect of a truck, the tax provided for in sections 541.2 and 541.6 is payable in accordance with paragraph 3 of section 541.3, the owner must be the holder of a certificate issued by the Société attesting payment of the tax in respect of the truck for a taxable period.

The Société shall issue such a certificate if

(1) the owner files an application with the Société in prescribed form containing prescribed information on or before the first day the truck is operated on a public highway in Québec in that taxable period; and

(2) the tax provided for in sections 541.2 and 541.6 has been paid to the Société for that taxable period.

The certificate shall be carried in the truck.

"CHAPTER V

"REBATES

"**541.13** An owner is entitled to a rebate of part of the tax paid by him under sections 541.2 and 541.6 in respect of a truck for a taxable period where

(1) the truck ceases to be operated on public highways in Québec at any time in that taxable period and is not put back into operation during that taxable period; and

(2) the owner notifies the Société that the truck is no longer to be operated in Québec.

"**541.14** The amount of the rebate provided for in section 541.13 in respect of tax paid under sections 541.2 and 541.6 for a particular taxable period is the amount determined by the formula

$$\left(A \times \frac{B}{12}\right) + \left(C \times \frac{B}{D}\right).$$

For the purposes of this formula,

(1) A is the amount of tax paid under section 541.2 for the particular taxable period;

(2) B is the number of full months between the later of the date on which the Société is notified by the owner that the truck is no longer to be operated in Québec and the date on which the truck actually ceases to be operated in Québec and the last day of the month preceding the month in which the next taxable period would begin if the truck had not ceased to be operated in Québec;

(3) C is the amount of tax paid under section 541.6 for the particular taxable period; and

(4) D is the number of months referred to in subparagraph 3 of the second paragraph of section 541.6.

“**541.15** An owner is entitled to a rebate of the tax paid by him under sections 541.2 and 541.6 in respect of a truck for a particular taxable period where

(1) the tax in respect of the truck was paid in accordance with paragraph 2 or 3 of section 541.3;

(2) the number of kilometres travelled by the truck in Québec in the particular taxable period is less than the prescribed number of kilometres; and

(3) the owner files an application for a rebate with the Société on or before the day on which the taxable period subsequent to the particular taxable period ends.

“**541.16** An owner may obtain a rebate, calculated in the prescribed manner and according to the prescribed rules, of the tax paid by him under sections 541.2 and 541.6 in respect of a truck for a taxable period if a tax of the same nature is imposed for the first time in respect of the truck in the taxable period under a law of a province other than Québec.

“**541.17** Rebates under this Chapter for a particular taxable period shall be paid by cheque or by means of a credit applicable to the tax payable under sections 541.2 and 541.6 for a taxable period subsequent to the particular taxable period.

“CHAPTER VI

“MISCELLANEOUS PROVISIONS

“DIVISION I

“CALCULATION OF TAX

“**541.18** For the purpose of determining an amount of tax under this Title or a rebate relating thereto, fractions of a dollar that are less than $0.50 shall be disregarded and any fraction of a dollar equal to or greater than $0.50 is deemed to be equal to one dollar.

“DIVISION II

“OFFENCES AND PENALTIES

“**541.19** Every owner who causes a truck to be operated on a public highway in Québec in a taxable period without the tax provided for in sections 541.2 and 541.6 having been paid in respect of the

truck for that taxable period is guilty of an offence and is liable to a fine equal to the total amount of tax the owner is required to pay in that respect.

"**541.20** Every owner who fails to meet the requirement to carry, in accordance with section 541.12, a certificate attesting payment of the tax in respect of a truck is guilty of an offence and is liable to a fine of $30 to $60.

"DIVISION III

"ACT RESPECTING THE MINISTÈRE DU REVENU

"**541.21** Divisions III and VII of Chapter III of the Act respecting the Ministère du Revenu (chapter M-31) do not apply to this Title.

"CHAPTER VII

"REGULATORY PROVISIONS

"**541.22** The Government may, by regulation,

(1) for the purposes of section 541.2, determine the prescribed rules and the prescribed manner;

(2) determine, for the purposes of section 541.5, the prescribed number of axles;

(3) determine, for the purposes of section 541.8, the prescribed number of kilometres;

(4) determine, for the purposes of section 541.10, which persons are prescribed persons;

(5) determine, for the purposes of section 541.11, the prescribed percentage;

(6) determine, for the purposes of section 541.15, the prescribed number of kilometres;

(7) determine, for the purposes of section 541.16, the prescribed manner and the prescribed rules;

(8) prescribe any other measures required for the purposes of this Title.

Regulations made under this Act come into force on the date of their publication in the *Gazette officielle du Québec* or any later date fixed therein; such regulations may also, after they are published and if they so provide, apply to a date prior to their publication but not prior to the current year."

(2) Subsection 1 comes into force on 1 March 1996. However, it does not apply in respect of a truck for which, in accordance with the Highway Safety Code (R.S.Q., chapter C-24.2), sums are payable to obtain the right to operate the truck in Québec in relation to a period of 12 months relative to the calculation of such fees and beginning on that date, where the truck is acquired after 31 December 1995 and before 1 March 1996.

506. (1) Section 631 of the said Act, amended by section 343 of chapter 1 of the statutes of 1995, is again amended by replacing the first paragraph by the following paragraph:

"**631.** Where, under an agreement in writing entered into before 30 August 1990, a supply is made by way of lease of corporeal movable property that is capital property of the supplier, or by way of sub-lease of corporeal movable property that is capital property of the person who supplied the property by way of lease to the sub-lessor, and in respect of which the tax provided for in Chapter II of the Retail Sales Tax Act (chapter I-1) does not apply, no tax is payable in respect of any consideration for the supply."

(2) Subsection 1 has effect from 1 July 1992.

507. (1) The said Act is amended by inserting, after section 635.5 enacted by section 344 of chapter 1 of the statutes of 1995, the following sections:

"**635.6** Where a person received before 1 August 1995 a non-taxable supply of movable property, the person returns the property to the supplier after 31 July 1995 to exchange it for other movable property and the consideration for the supply of the other property is equal to or less than the consideration for the supply of the returned property, no tax is payable under section 16 in respect of the supply of the other property.

"**635.7** Where a person received before 1 August 1995 a non-taxable supply of movable property, the person returns the property to the supplier after 31 July 1995 to exchange it for other movable property and the consideration for the supply of the other property

exceeds the consideration for the supply of the returned property, the person shall pay tax under section 16 only on the portion of the consideration for the supply of the other property that exceeds the consideration for the supply of the returned property."

(2) Subsection 1 has effect from 1 August 1995.

508. (1) Section 640 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**640.** Subject to sections 637 and 647, where a taxable supply of a service, other than a transportation service, in respect of which tax under Chapter II of the Retail Sales Tax Act (chapter I-1) does not apply is made in Québec to a person other than a consumer by a supplier in the ordinary course of a business, to the extent that any consideration became due or was paid without having become due after 31 August 1990 and before 1 May 1992 for any of the service that was not performed before 1 July 1992, tax is payable in respect of that consideration."

(2) Subsection 1 has effect from 1 July 1992.

509. (1) Section 677 of the said Act, amended by section 349 of chapter 1 of the statutes of 1995, is again amended in the first paragraph

(1) by striking out subparagraph 4.1;

(2) by striking out subparagraph 31.1;

(3) by inserting, before subparagraph 31.2, the following subparagraph:

"(31.1.1) determine, for the purposes of subparagraph *c* of subparagraph 2 of the first paragraph of section 290, the percentage of the adjusted benefit that is deemed to be the tax calculated on that benefit;";

(4) by striking out subparagraph 31.2;

(5) by striking out subparagraph 42.1;

(6) by inserting, after subparagraph 50.1, the following subparagraph:

"(50.2) determine, for the purposes of section 489.1, the prescribed percentages and the prescribed terms and conditions, and which persons are prescribed persons;".

(2) Paragraph 1 of subsection 1 applies in respect of the bringing of a road vehicle into Québec after 29 November 1996.

(3) Paragraph 2 of subsection 1 applies in respect of

(*a*) a road vehicle used after 31 July 1995 by a registrant who is a small or medium-sized business for a purpose not referred to in the definition of "non-taxable supply", as that definition read before it was struck out;

(*b*) a road vehicle used after 29 November 1996 by a registrant who is a large business for a purpose not referred to in the definition of "non-taxable supply", as that definition read before it was struck out.

(4) Paragraph 3 of subsection 1 applies from

(*a*) the taxation year 1996 where the registrant is a small or medium-sized business, and

(*b*) the taxation year 1997 where the registrant is a large business.

(5) Paragraphs 4 and 5 of subsection 1 apply in respect of supplies made after 29 November 1996.

(6) Paragraph 6 of subsection 1 has effect from 10 May 1995.

510. (1) The said Act is amended

(1) by replacing the words "jointly and severally" in the English text of the first paragraph of section 313, section 346.4, subparagraph 4 of the first paragraph of section 350.17, the third paragraph of section 357.6, section 370 and section 370.4 by the word "solidarily";

(2) by striking out the word "joint" in the English text of subparagraph 3 of the second paragraph of section 313;

(3) by replacing the words "joint and several" in the English text of the heading of subdivision V of subdivision 1 of Division I of Chapter VII of Title I by the word "solidary";

(4) by replacing the word "agent" in the English text of the first paragraphs of sections 492 and 497, section 504 and section 535 by the word "mandatary".

(2) Paragraphs 1 to 3 of subsection 1 have effect from 1 January 1994.

(3) Paragraph 4 of subsection 1 has effect from 1 July 1992.

511. For the purposes of the said Act, notwithstanding the repeal of section 206.1 of the said Act, no input tax refund may be claimed by a person in respect of property in respect of which, at any time before the repeal of section 206.1 of the said Act, the person, if the person was a registrant, or if the person had been a registrant who acquired the property for consumption, use or supply exclusively in the course of commercial activities of the registrant, was not entitled, or would not have been entitled, as the case may be, to claim an input tax refund by reason of section 206.1 of the said Act.

Furthermore, unless expressly provided to the contrary, no amount shall be included in determining the net tax of a person in respect of property where, at the time of the acquisition of the property, the person was not entitled to include or, if the person had been a registrant at that time, would not have been entitled to include, in determining an input tax refund, an amount in respect of the property by reason of section 206.1 of the said Act.

512. (1) For the purposes of the said Act, where a person is a registrant under the said Act and under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the reporting period of the person, within the meaning of section 1 of the said Act, beginning before 1 August 1995 and ending after 31 July 1995 is deemed to end at the same time as the reporting period for the purposes of Part IX of the Excise Tax Act that is the first reporting period of the person ending after 31 July 1995. In that case, that reporting period is deemed to be a separate reporting period of the person.

The first paragraph does not apply where

(1) the person is a listed financial institution and has elected to have a reporting period for the purposes of the said Act that is different from the reporting period for the purposes of Part IX of the Excise Tax Act; or

(2) the reporting period of the person for the purposes of Part IX of the Excise Tax Act is the fiscal month of the person which is not the calendar month.

(2) Subsection 1 has effect from 1 August 1995.

513. Any provision of the said Act enacted by this Act and having effect from 1 July 1992 applies in accordance with sections 618 to 656 and 685 of the said Act, as amended by this Act, where applicable.

FUEL TAX ACT

514. (1) Section 2 of the Fuel Tax Act (R.S.Q., chapter T-1), amended by section 350 of chapter 1 of the statutes of 1995, is again amended

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

"(*b*) $0.152 per litre of fuel oil;";

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

"Such tax is, however, reduced when the fuel is delivered to the purchaser by a retail dealer in designated regions, border regions, peripheral regions, specified regions or regions bordering on peripheral or specified regions.";

(3) by replacing subparagraphs *a* and *b* of the fourth paragraph by the following subparagraphs:

"(*a*) define the expressions "peripheral region", "border region", "specified region" and "designated region";

"(*b*) fix the percentage or the amount of the reduction and, in the case of a border region, fix a separate percentage or amount according as such region borders on a particular Canadian province or on an American state;".

(2) Paragraph 1 of subsection 1 has effect from 30 November 1996.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 1 July 1995.

515. (1) The said Act is amended by inserting, after section 2, the following section:

“**2.1** The tax established in section 2 or the amount provided for in section 51.1 shall be computed per litre of fuel measured at ambient temperature. However, the tax or amount shall be computed per litre of fuel corrected to the reference temperature of 15 degrees Celsius where the fuel is sold or delivered by the litre corrected to the reference temperature of 15 degrees Celsius by means of a dispensing pump or other metering assembly designed or equipped to effect such correction in accordance with the specifications established under the Weights and Measures Act (Revised Statutes of Canada, 1985, chapter W-6) or where the fuel is sold or delivered in the manner and circumstances prescribed by regulation.

Every holder of a collection officer’s permit or retail dealer who, in an establishment operated by him, chooses at any time in the course of a year to sell or deliver fuel by the litre corrected in accordance with the first paragraph shall, in respect of all fuel sold or delivered in that establishment during the remainder of that year, compute the tax or the amount provided for in section 51.1 per litre so corrected.

However, any holder of a collection officer’s permit or retail dealer who does not own dispensing pumps or other metering assemblies designed or equipped to effect the correction of a litre of fuel in accordance with the first paragraph may, in respect of a quantity of bulk fuel sold or delivered by him, compute the tax or the amount provided for in section 51.1, as the case may be, per litre of fuel corrected to a reference temperature of 15 degrees Celsius if

(*a*) the quantity of bulk fuel acquired by the holder of a collection officer’s permit or retail dealer was measured and invoiced by the wholesale dealer at the reference temperature of 15 degrees Celsius;

(*b*) that entire quantity of bulk fuel is sold or delivered by the holder of a collection officer’s permit or retail dealer to a single purchaser; and

(*c*) the quantity of bulk fuel for which the purchaser is invoiced is identical to the quantity acquired by the holder of a collection officer’s permit or retail dealer.”

(2) Subsection 1 has effect from 10 May 1995.

516. Section 10 of the said Act is amended

(1) by replacing subparagraph viii of paragraph *a* by the following subparagraph:

"viii. was used to operate a motor vehicle registered for use exclusively on private land or a private road, or the registration certificate of which provides for that use, which is used for farming, forest or mining operations as defined by regulation; or";

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

"iv. was used to operate a motor vehicle registered for use exclusively on private land or a private road, or the registration certificate of which provides for that use, which is used for farming, forest or mining operations as defined by regulation."

517. (1) The said Act is amended by inserting, after section 10.2, the following section:

"**10.3** A holder of a collection officer's permit or a retail dealer is entitled, provided he applies therefor on the prescribed form within the time, on the conditions and according to the modalities prescribed by regulation, to the reimbursement of part of the amount paid by him under the first paragraph of section 51.1 in respect of a quantity of fuel acquired by him from a person holding a collection officer's permit if

(*a*) that part of the amount is equal to the amount by which the amount he paid to that person pursuant to the first paragraph of section 51.1 exceeds the amount he collected under the first paragraph of section 51.1 or the first paragraph of section 12, as the case may be, in respect of that quantity of fuel; and

(*b*) such excess amount results from the use by that person, in accordance with section 2.1, in respect of that quantity of fuel, of a mode of computation of the amount provided for in section 51.1 that is different from the mode used by the holder of a collection officer's permit or retail dealer to compute that amount or the tax established in section 2 in respect of that quantity of fuel.

The Government may, by regulation, determine, in respect of the persons referred to in the first paragraph, special conditions and modalities of reimbursement."

(2) Subsection 1 has effect from 10 May 1995.

518. (1) Section 13 of the said Act is amended by adding, after the fourth paragraph, the following paragraphs:

"Furthermore, if in respect of a quantity of fuel, the amount collected by the retail dealer under the first paragraph is greater than the amount paid by him under the first paragraph of section 51.1 to a person holding a collection officer's permit and the difference results from the use by the retail dealer, in accordance with section 2.1, of a mode of computation of the tax that is different from the mode used by the person holding a collection officer's permit to compute the amount provided for in section 51.1, the retail dealer shall remit the difference to the Minister on the terms and conditions provided in the first paragraph.

"Notwithstanding the fifth paragraph, a retail dealer who is not usually required to render an account to the Minister by reason of the third paragraph shall, not later than the last day of the month following each of the quarters ending on 31 March, 30 June, 30 September and 31 December in a year, render an account to the Minister, using the prescribed form, of the difference referred to in the fifth paragraph that he has collected during the quarter concerned and shall at the same time remit the difference to the Minister."

(2) Subsection 1 has effect from 10 May 1995. However, for the period beginning on 10 May 1995 and ending on 31 December 1995, the retail dealer shall, not later than 31 January 1996, render an account to the Minister, using the prescribed form, of the difference referred to in the fifth paragraph of section 13, enacted by this subsection, that he has collected during that period and shall at the same time remit the difference to the Minister if he has not otherwise made such remittance to the Minister.

519. (1) Section 14 of the said Act is amended

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

"**14.** Each wholesale dealer or retail dealer shall, not later than the last day of each month, report to the Minister, by filling out the form prescribed by him, on the nature and quantity of fuel sold, delivered or handled during the preceding month, indicating whether

the quantity of fuel was measured at ambient temperature or was corrected to the reference temperature of 15 degrees Celsius, and furnish any other prescribed information.";

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

"In addition, a retail dealer referred to in the sixth paragraph of section 13 shall, at the Minister's request within the time and in the manner provided in that paragraph, report the information referred to in the first paragraph to the Minister in respect of each quarter for which he must render an account and make a remittance to the Minister in accordance with the sixth paragraph of section 13."

(2) Subsection 1 has effect from 10 May 1995. However, for the period beginning on 10 May 1995 and ending on 31 December 1995, the retail dealer shall, not later than 31 January 1996, report to the Minister, using the prescribed form, the information referred to in the first paragraph of section 14, replaced by paragraph 1 of subsection 1, in respect of that period.

520. (1) Section 15 of the said Act is amended by replacing the second paragraph by the following paragraph:

"Every consumer who produces fuel in Québec shall have the same obligation. The tax he owes in respect of fuel consumed or used by him shall be computed per litre of fuel measured at ambient temperature. However, the tax shall be computed per litre of fuel corrected to the reference temperature of 15 degrees Celsius if, before being consumed or used, the fuel was measured by the consumer in litres corrected to the reference temperature of 15 degrees Celsius by means of a dispensing pump or other metering assembly designed or equipped to effect such correction in accordance with the specifications established under the Weights and Measures Act (Revised Statutes of Canada, 1985, chapter W-6)."

(2) Subsection 1 has effect from 10 May 1995.

521. (1) Section 17 of the said Act is amended by adding, after paragraph *b*, the following paragraph:

"The tax the person is required to pay in respect of fuel referred to in the first paragraph shall be computed per litre of fuel measured at ambient temperature. However, the tax shall be computed per litre of fuel corrected to the reference temperature of 15 degrees Celsius where the fuel acquired by the person was measured and

invoiced by the dealer in litres corrected to the reference temperature of 15 degrees Celsius."

(2) Subsection 1 has effect from 10 May 1995.

522. Section 32.1 of the said Act is amended by adding, after the second paragraph, the following paragraph:

"The Government may, by regulation, determine classes of persons and determine in respect of one or more of such classes special requirements with regard to manifests and way-bills or exempt any such class from the requirements of the first paragraph."

523. (1) Section 41 of the said Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) does not furnish a report or other document or any information provided for by this Act or the regulations thereunder, in the manner and at the time provided in sections 13 to 17, 26, 27.6, 34, 50.05, 51.2 and 52, or".

(2) Subsection 1 has effect from 1 January 1996.

524. (1) Section 43.2 of the said Act is replaced by the following section:

"**43.2** Every person who, in contravention of the third paragraph of section 23, does not hold a certificate or, in contravention of section 50.06, does not hold a licence is guilty of an offence and liable to a fine of not less than $600 nor more than $2,000."

(2) Subsection 1 has effect from 1 January 1996.

525. Section 44 of the said Act is replaced by the following section:

"**44.** Every person who obtains or attempts to obtain a refund under this Act by means of false or misleading statements is guilty of an offence and liable to a fine equal to or greater than the amount he so obtained or attempted to obtain."

526. (1) The said Act is amended by inserting, after section 50, the following:

"DIVISION IX.1

"INTERNATIONAL FUEL TAX AGREEMENT

"**50.01** The object of this Division is to implement the rules of the International Fuel Tax Agreement in Québec.

"**50.02** For the purposes of this Division and the regulations thereunder, unless the context indicates a different meaning,

(*a*) "International Agreement" means the International Fuel Tax Agreement;

(*b*) "jurisdiction" means the District of Columbia, a state of the United States, a province of Canada, the Northwest Territories or the Yukon Territory;

(*c*) "base jurisdiction" has the meaning assigned by regulation;

(*d*) "carrier" means

i. a person, other than a prescribed person, who transports goods or passengers in Québec and outside Québec, whose base jurisdiction is participating in the International Agreement, or

ii. a prescribed person.

"**50.03** A carrier shall pay to the Minister the tax established in the first paragraph of section 2 in respect of the fuel used by him in Québec in the propulsion of a prescribed motor vehicle.

The tax is payable on or before the last day of the month following each of the quarters ending on 31 March, 30 June, 30 September and 31 December in a year, in respect of the fuel used during the quarter concerned, if the carrier has not paid such tax on the acquisition of the fuel.

The tax shall be computed in accordance with the rules of the International Agreement and any amendments thereto.

"**50.04** Where a carrier has paid tax in respect of fuel acquired by the carrier in Québec and used outside Québec in the propulsion of a prescribed motor vehicle, the carrier is entitled to a refund.

The refund shall be computed using the amounts of tax established under the first paragraph of section 2 in accordance with

the rules of the International Agreement and any amendments thereto.

“**50.05** A carrier whose base jurisdiction is Québec shall file a return with the Minister in respect of the fuel used in and outside Québec during a particular quarter in the propulsion of a prescribed motor vehicle.

The return shall be filed with and as prescribed by the Minister, not later than the last day of the month following each of the quarters ending on 31 March, 30 June, 30 September and 31 December in a year. It must be in prescribed form containing prescribed information.

A return shall be filed even if no tax is payable or no fuel was used by the carrier in or outside Québec.

The carrier shall at the same time remit the tax payable to the Minister or apply for the refund to which he is entitled in respect of the fuel used in and outside Québec during the quarter to which the return applies.

“**50.06** Every carrier shall hold a licence issued under and for the purposes of this Division. He shall also have two decals for each prescribed motor vehicle used by him.

A carrier may also obtain a temporary permit in lieu of the decals for the time prescribed in the permit.

The temporary permit, the licence and the decals shall be issued to the carrier by the Minister or any other person authorized by the Minister or by an authorized person of another jurisdiction participating in the International Agreement.

“**50.07** To obtain a licence or decals, a carrier shall apply to the Minister using the prescribed form, furnish the prescribed information, pay the prescribed fee and satisfy any other prescribed conditions.

Licences and decals are valid for a period of one calendar year.

Licences are not transferable and may be used only by the licensee.

“**50.08** Every carrier shall carry a copy of his licence in each of his prescribed motor vehicles.

He shall display decals on each prescribed motor vehicle in the manner and on the terms and conditions prescribed.

He shall also, where applicable, carry a temporary permit in the prescribed motor vehicle for which it was issued.

“**50.09** A carrier is exempted from the requirements of sections 50.03, 50.05 and 50.06 if, before each trip to Québec, he obtains from the Minister or any other person authorized by him a certificate for occasional trips.

The certificate shall be issued, upon payment of the prescribed fee, to every carrier who meets the prescribed conditions. It shall be carried in the prescribed manner.

“**50.10** Any carrier who fails to fulfill the requirements of section 50.06 or fails to obtain a certificate for occasional trips pursuant to section 50.09 must, upon the failure being ascertained by a person authorized by the Minister, obtain a restricted certificate without delay.

A restricted certificate exempts the holder from the requirement of filing a return under section 50.05, where applicable, and is valid only for the duration of the trip and for the route indicated therein. The certificate is issued by the authorized person upon payment of the prescribed charge and fee.

“**50.11** Section 3, subparagraph vii of paragraph *a* and subparagraph ii of paragraph *b* of section 10, section 16 and the third paragraph of section 23 do not apply in respect of

(*a*) a carrier;

(*b*) a person whose base jurisdiction is a jurisdiction participating in the International Agreement if the person uses fuel in Québec in the propulsion of a motor vehicle other than a prescribed motor vehicle; or

(*c*) a prescribed person.

“**50.12** For the purposes of this Division, the Government may make regulations

(1) defining “base jurisdiction”;

(2) determining, for the purposes of subparagraphs i and ii of the definition of "carrier", which persons are prescribed persons;

(3) determining, for the purposes of sections 50.03, 50.04, 50.05, 50.06, 50.08 and 50.11, what motor vehicles are prescribed motor vehicles;

(4) determining, for the purposes of section 50.07, the prescribed fee and the prescribed conditions;

(5) determining, for the purposes of section 50.08, the manner and the terms and conditions prescribed;

(6) determining, for the purposes of section 50.09, the prescribed conditions, the prescribed fee and the prescribed manner;

(7) determining, for the purposes of section 50.10, the prescribed charge and fee;

(8) determining, for the purposes of section 50.11, which persons are prescribed persons; and

(9) prescribing any other measures necessary for the application of the International Agreement.

Notwithstanding the first paragraph of section 56, regulations made under this Division may, after publication and if they so provide, apply from 1 January 1996."

(2) Subsection 1 has effect from 1 January 1996.

527. (1) Section 51.1 of the said Act is amended

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

"The amount referred to in the first paragraph shall, for each type of fuel, be indicated separately from the sale price on any document recording the sale, on any invoice and in the accounting books of the collection officer. Such documents and books shall also indicate the mode used, in accordance with section 2.1, to compute the amount.";

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

"Furthermore, those documents and any delivery slip shall indicate whether the quantity of fuel sold or delivered is measured at ambient temperature or at the reference temperature of 15 degrees Celsius. In the latter case, they shall also indicate, for each type of fuel, the quantity measured at ambient temperature."

(2) Subsection 1 has effect from 10 May 1995.

528. (1) Section 51.2 of the said Act is amended by adding, after the fifth paragraph, the following paragraph:

"Furthermore, if in respect of a quantity of fuel, the amount collected by the holder of a collection officer's permit under the first paragraph of section 51.1 is greater than the amount he paid under that paragraph to another person holding a collection officer's permit (in this paragraph referred to as the "dealer") and the difference results from the use by the holder of a collection officer's permit, in accordance with section 2.1, of a mode of computation of the amount provided for in section 51.1 that is different from the mode used by the dealer to compute that amount, the holder of a collection officer's permit shall remit the difference to the Minister on the terms and conditions provided in the first paragraph."

(2) Subsection 1 has effect from 10 May 1995. However, for the period beginning on 10 May 1995 and ending on 30 December 1995, the holder of a collection officer's permit shall, not later than 31 January 1996, report to the Minister, using the prescribed form, the difference referred to in the sixth paragraph of section 51.2, enacted by this subsection, that he has collected during that period and shall at the same time remit the difference to the Minister if he has not otherwise made such remittance to the Minister.

529. Section 53 of the said Act is amended by adding the following paragraph:

"Such compensation is deemed to be a refund for the purposes of the Act respecting the Ministère du Revenu (chapter M-31)."

530. Section 56 of the said Act is amended by adding, after the fifth paragraph, the following paragraph:

"Notwithstanding the first paragraph, regulations made in the year 1996 under this Act in respect of the reduction of tax in regions referred to in the second paragraph of section 2, the mode of computing tax or the amount provided for in section 51.1 in accordance with section 2.1, the reimbursement of tax that a public carrier may

receive in accordance with section 10.1 or the reimbursement of part of the amount paid under the first paragraph of section 51.1 that the holder of a collection officer's permit or a retail dealer may receive in accordance with section 10.3, may, after publication and if they so provide, apply from 10 May 1995."

ACT TO AGAIN AMEND THE TAXATION ACT AND OTHER LEGISLATION

531. (1) Section 60 of the Act to again amend the Taxation Act and other legislation (1993, chapter 19) is amended by replacing subsection 2 by the following subsection:

"(2) This section applies to taxation years ending after 30 June 1992. Furthermore, where paragraph *b* of section 771.0.2.1 of the Taxation Act, replaced by this section, applies to taxation years ending after 31 August 1991, it shall be read by replacing the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13"."

(2) Subsection 1 has effect from 15 June 1993.

532. (1) Section 62 of the said Act is amended by replacing subsection 2 by the following subsection:

"(2) This section applies to taxation years ending after 30 June 1992. Furthermore, where paragraph *b* of section 771.8.1 of the Taxation Act, replaced by this section, applies to taxation years ending after 31 August 1991, it shall be read by replacing the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13"."

(2) Subsection 1 has effect from 15 June 1993.

ACT TO AGAIN AMEND THE TAXATION ACT AND VARIOUS LEGISLATIVE PROVISIONS

533. (1) Section 11 of the Act to again amend the Taxation Act and various legislative provisions (1993, chapter 64) is amended, in the English text, by replacing the words "personal insurance plan" by the words "plan for the insurance of persons" in the portion of section 37.0.1.1 of the Taxation Act (R.S.Q., chapter I-3) before subparagraph *a* of the first paragraph, enacted by paragraph *a* of subsection 2 of the said section 11, and in the portion of section 37.0.1.3 of the said Act before paragraph *a*, enacted by paragraph *c* of subsection 2 of the said section.

(2) Subsection 1 has effect from 17 December 1993.

534. (1) Section 16 of the said Act is amended by replacing the words "personal insurance plan" by the words "plan for the insurance of persons" in the English text of section 43.2 of the Taxation Act (R.S.Q., chapter I-3), enacted by paragraph *a* of subsection 2 of the said section 16.

(2) Subsection 1 has effect from 17 December 1993.

535. (1) Section 155 of the said Act is amended by replacing subsection 3 by the following subsection:

"(3) This section, where it strikes out the reference in sections 1029.8.19.2 and 1029.8.19.3 of the Taxation Act to sections 1029.7 and 1029.8 of that Act along with all applications thereunder, applies in respect of expenditures made after 3 October 1991."

(2) Subsection 1 has effect from 17 December 1993.

536. (1) Section 156 of the said Act is amended by replacing the portion of subsection 3 before paragraph *a* by the following:

"(3) This section, where it repeals section 1029.8.19.4 of the Taxation Act in relation to its application to sections 1029.7 and 1029.8 of that Act, applies in respect of expenditures made either as part of a single-phase scientific research and experimental development project if the project began after 20 May 1993, or as part of one of the phases of a multi-phase project, if the phase began after that date, other than such an expenditure the funds for which have been collected as part of the project".

(2) Subsection 1 has effect from 17 December 1993.

537. (1) Section 157 of the said Act is amended by replacing the portion of subsection 2 before paragraph *a* by the following:

"(2) This section, where it enacts section 1029.8.19.5 of the Taxation Act, applies in respect of expenditures made either as part of a single-phase scientific research and experimental development project if the project began after 20 May 1993, or as part of one of the phases of a multi-phase project, if the phase began after that date, other than such an expenditure the funds for which have been collected as part of the project".

(2) Subsection 1 has effect from 17 December 1993.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER FISCAL PROVISIONS

538. (1) Section 266 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other fiscal provisions (1994, chapter 22) is amended by replacing, in paragraph *b* of section 771.0.2.1 of the Taxation Act (R.S.Q., chapter I-3), enacted by subsection 2, the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13".

(2) Subsection 1 has effect from 17 June 1994.

539. (1) Section 270 of the said Act is amended by replacing, in paragraph *b* of section 771.8.1 of the Taxation Act (R.S.Q., chapter I-3), enacted by subsection 2, the words "the regulations made pursuant to section 772" by the words "sections 772.2 to 772.13".

(2) Subsection 1 has effect from 17 June 1994.

540. (1) Section 425 of the said Act is amended by striking out paragraph *a* of subsection 2.

(2) Subsection 1 has effect from 17 June 1994.

541. (1) Section 486 of the said Act is amended by replacing subsection 2 by the following subsection:

"(2) Subsection 1 applies from 1 August 1995. Futhermore, where

(*a*) section 233 of the said Act, replaced by subsection 1, applies

i. for the period from 1 July 1992 to 30 September 1992, the first paragraph and subparagraph *b* of subparagraph 1 of the second paragraph of that section shall be read respectively as follows:

"**233.** Where at a particular time a registrant makes a taxable or non-taxable supply of an immovable by way of sale, other than a supply deemed under section 259 or 262 to have been made, the registrant may claim an input tax refund for the reporting period in which tax in respect of the taxable supply became payable or in which the non-taxable supply was made, equal to the amount determined by the formula

$$A \times B.";$$

"(*b*) an amount equal to the tax that was payable or deemed to have been collected, as the case may be, or that would be but for the fact that the supply is a non-taxable supply of the immovable, in respect of the taxable or non-taxable supply of the immovable at the particular time;";

ii. for the period from 1 October 1992 to 31 July 1995, that section shall be read as follows:

"**233.** Where at a particular time a registrant makes a taxable or non-taxable supply of an immovable by way of sale, the registrant may, notwithstanding sections 203 to 206 and subdivision 5, claim an input tax refund for the reporting period in which tax in respect of the taxable supply becomes payable or is deemed to have been collected, as the case may be, or in which the non-taxable supply is made, equal to the amount determined by the formula

$$A \times B \times C.$$

For the purposes of this formula,

(1) A is the lesser of

(*a*) an amount equal to the total (in this section referred to as the "total tax charged in respect of the immovable") of the tax that was payable by the registrant in respect of the last acquisition of the immovable by the registrant and the tax that was payable by the registrant in respect of improvements to the immovable acquired, or brought into Québec, by the registrant after the immovable was last so acquired, and

(*b*) an amount equal to the tax that is or would, but for sections 75.1 and 80 or for the fact that the supply is a non-taxable supply of the immovable, be payable in respect of the taxable or non-taxable supply of the immovable;

(2) B is the percentage that, immediately before the particular time, the use of the immovable, otherwise than in commercial activities of the registrant, was of the total use of the immovable; and

(3) C is

(*a*) where the registrant was entitled to claim a rebate under sections 383 to 397 in respect of any tax included in the total tax charged in respect of the immovable and the taxable supply is not

deemed under section 258 to have been made, the difference between 100% and the percentage prescribed for the purposes of section 386 or 386.1 that applied in determining the amount of that rebate, and

(*b*) in any other case, 100%.

This section does not apply

(1) to a supply deemed under section 259 or 262 to have been made ; or

(2) to a supply made by a public sector body of an immovable in respect of which an election by the body under sections 272 to 276 is not in effect at the particular time." ;

(*b*) section 234 of the said Act, replaced by subsection 1, applies

i. for the period from 1 July 1992 to 30 September 1992, the part preceding paragraph 1 and paragraph 2 of that section shall be read respectively as follows :

"**234.** Where at a particular time a registrant that is a government makes a taxable or non-taxable supply of an immovable by way of sale, other than a supply deemed under section 243 to have been made, or a registrant that is a public service body deemed under sections 220 and 221 or section 273 to have made at a particular time a taxable supply of an immovable, and, immediately before the time tax is payable in respect of the supply or the time the non-taxable supply is made, the immovable was used by the registrant otherwise than primarily in commercial activities of the registrant, the registrant may claim an input tax refund for the reporting period in which tax in respect of the supply became payable or in which the non-taxable supply was made, equal to the lesser of" ;

"(2) an amount equal to the tax collectible by the registrant in respect of the taxable supply by the registrant of the immovable or an amount equal to the tax that would be payable but for the fact that the supply is a non-taxable supply of an immovable ;" ;

ii. for the period from 1 October 1992 to 31 July 1995, that section shall be read as follows :

"**234.** Except where section 233 applies, where at a particular time a registrant that is a public service body makes a taxable or non-taxable supply of an immovable by way of sale, other than a supply that is deemed under section 243 to have been made, and,

immediately before the time tax becomes payable in respect of the taxable supply or the time the non-taxable supply is made, the immovable was not used by the registrant primarily in commercial activities of the registrant, the registrant may, notwithstanding sections 203 to 206 and subdivision 5, claim an input tax refund for the reporting period in which tax in respect of the taxable supply became payable or is deemed to have been collected, as the case may be, or in which the non-taxable supply is made, equal to the amount determined by the formula

$$A \times B.$$

For the purposes of this formula,

(1) A is the lesser of

(*a*) an amount equal to the total (in this section referred to as the "total tax charged in respect of the immovable") of the tax that was payable by the registrant in respect of the last acquisition of the immovable by the registrant and the tax that was payable by the registrant in respect of improvements to the immovable acquired, or brought into Québec, by the registrant after the immovable was last so acquired, and

(*b*) an amount equal to the tax that is or would, but for sections 75.1 and 80 or for the fact that the supply is a non-taxable supply of the immovable, be payable in respect of the taxable or non-taxable supply of the immovable ; and

(2) B is

(*a*) where the registrant was entitled to claim a rebate under sections 383 to 397 in respect of any tax included in the total tax charged in respect of the immovable, the difference between 100% and the percentage prescribed for the purposes of section 386 or 386.1 that applied in determining the amount of the rebate, and

(*b*) in any other case, 100%."

(2) Subsection 1 has effect from 17 June 1994.

542. (1) Section 497 of the said Act is amended by replacing subsection 2 by the following subsection :

"(2) Subsection 1 applies from 30 September 1992. However, in applying section 244 of the said Act, enacted by subsection 1, to

supplies of property under which ownership or possession of the property is transferred to the recipient of the supply on or before that date, the said section 244 shall be read as follows:

“**244.** Notwithstanding section 42.1, where a registrant makes a supply by way of sale of movable property that is capital property of the registrant and, immediately before ownership of the property is transferred to the recipient of the supply, the registrant was using the property otherwise than primarily in commercial activities of the registrant, the supply is deemed not to be a taxable supply unless, in the case of a road vehicle, section 243.1 applied in respect of the vehicle.”.”

(2) Subsection 1 has effect from 17 June 1994.

543. (1) Section 574 of the said Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies from 1 August 1995 in respect of the supply of an immovable by way of sale if

(*a*) the agreement in writing relating to the acquisition of the immovable is entered into after 31 July 1995; and

(*b*) under the agreement, ownership and possession are transferred after 31 July 1995.

Furthermore, where

(*a*) section 379 of the said Act, replaced by subsection 1, applies

i. for the period from 1 July 1992 to 30 September 1992, the first paragraph and subparagraph *b* of subparagraph 1 of the second paragraph of that section shall be read, respectively, as follows:

“**379.** Subject to section 380, a person who is not a registrant and who makes a taxable or non-taxable supply by way of sale of an immovable is entitled to a rebate equal to the amount determined by the formula

A – B.”;

“(*b*) the tax calculated on the consideration for the supply of the immovable by the person or the tax that would be payable but for the fact that the supply is a non-taxable supply of the immovable;”;

ii. for the period from 1 October 1992 to 31 July 1995, that section shall be read as follows:

“**379.** Subject to section 380, a person who is not a registrant and who makes a taxable or non-taxable supply by way of sale of an immovable is entitled to a rebate equal to the amount determined by the formula

$$A \times B.$$

For the purposes of this formula,

(1) A is the lesser of

(*a*) the total (in this section referred to as the “total tax charged in respect of the immovable”) of the tax that was payable by the person in respect of the last acquisition of the immovable by the person and the tax that was payable by the person in respect of improvements to the immovable acquired or brought into Québec by the person after the immovable was last so acquired, and

(*b*) the tax that is or would, but for sections 75.1 and 80 or for the fact that the supply is a non-taxable supply of the immovable, be payable in respect of the taxable or non-taxable supply of the immovable; and

(2) B is

(*a*) where the person was entitled to claim a rebate under sections 383 to 397 in respect of any tax included in the total tax charged in respect of the immovable, the difference between 100% and the percentage prescribed for the purposes of section 386 or 386.1 that was applicable in determining the amount of that rebate, and

(*b*) in any other case, 100%.”

(2) Subsection 1 applies from 17 June 1994.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

544. (1) Section 74 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 1) is repealed.

(2) Subsection 1 has effect from 30 January 1995.

545. (1) The said Act is amended by replacing, in subsection 2 of sections 132 to 134, the words "in accordance with a receipt or recognition obtained after" by the words "in accordance with a receipt issued or a decision made after".

(2) Subsection 1 has effect from 30 January 1995.

546. (1) Section 144 of the said Act is repealed.

(2) Subsection 1 has effect from 30 January 1995.

ACT TO FOSTER THE DEVELOPMENT OF MANPOWER TRAINING

547. Section 16 of the Act to foster the development of manpower training (1995, chapter 43) is amended by replacing, in the English text of the second paragraph, the words "adapted as required" by the words "with the necessary modifications".

548. (1) The schedule to the said Act is amended

(1) by replacing, in the French text of subparagraph 3 of paragraph 1, the word "multi-employeurs" by the word "interentreprises";

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

"(3) For the purposes of this schedule, the following rules apply:

(1) an employee who reports for work at an establishment of his employer means

(*a*) in respect of wages not described in subparagraph *b*, an employee who reports for work at that establishment for the employee's regular pay period to which the wages relate, and

(*b*) in respect of wages that are paid, allocated, granted or awarded as a premium, an increase with retroactive effect or a vacation pay, or that are paid to a trustee or depositary in respect of the employee, that are deemed to be paid under the second paragraph of section 979.3 of the Taxation Act or that do not relate to a regular pay period of the employee, an employee who ordinarily reports for work at that establishment;

(2) where, during a regular pay period of an employee, the employee reports for work at an establishment of his employer situated in Québec and at an establishment of the employer situated outside Québec, the employee is deemed for that period, in respect of wages not described in subparagraph *b* of paragraph 1,

(*a*) except where subparagraph *b* applies, to report for work only at the establishment situated in Québec, and

(*b*) to report for work only at the establishment situated outside Québec where, during that period, he reports for work mainly at such an establishment of his employer;

(3) where an employee ordinarily reports for work at an establishment of his employer situated in Québec and at an establishment of his employer situated outside Québec, the employee is deemed, in respect of wages described in subparagraph *b* of paragraph 1, to ordinarily report for work only at the establishment situated in Québec."

(2) Subsection 1 has effect from 22 June 1995.

ACT TO AMEND THE TOBACCO TAX ACT AND THE ACT RESPECTING THE QUÉBEC SALES TAX

549. (1) Section 10 of the Act to amend the Tobacco Tax Act and the Act respecting the Québec sales tax (1995, chapter 47) is amended by replacing paragraph 3 of the English text by the following paragraph:

"(3) by inserting the words ", as the case may be" after the word "makes" in the second line of paragraph 1;".

(2) Subsection 1 has effect from 22 June 1995.

550. For the purposes of sections 299 to 509, a person is a small or medium-sized business where the total of all amounts each of which is the value of the consideration, other than the consideration referred to in section 75.2 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) that is attributable to goodwill of a business, that became due in the last fiscal year that ended before 1 August 1995 of the person, of an associate of the person or of another person whose business the person continues to carry on, or that was paid in that fiscal year without having become due, to the person, the associate of the person or the other person, for taxable or non-taxable supplies, other than supplies of financial services of the

person, associate or other person and supplies by way of sale of immovables that are capital property of the person, associate or other person, made in Québec or outside Québec but in Canada by the person, associate or other person as well as for taxable or non-taxable supplies made outside Canada through a permanent establishment situated in Canada of one of those persons does not exceed $6,000,000.

However, where a person becomes a registrant after 1 August 1995, the total of amounts determined under the first paragraph is deemed to be nil except where

(1) the person is a corporation resulting from the amalgamation of several corporations; or

(2) the person who carries on the business is not resident in Québec.

In the case of a person referred to in subparagraph 1 or 2 of the second paragraph, the first paragraph shall apply by replacing therein the word "person" by

(1) "amalgamated corporations" if the person is a person resulting from the amalgamation of several corporations; or

(2) "person not resident in Québec" where the person who carries on the business is not resident in Québec.

For the purposes of the first paragraph, a person continues to carry on the business of another person where

(1) the person acquires all or substantially all of the assets of the business of the other person; and

(2) it is reasonable to believe that by reason of the acquisition, the person has continued to carry on the business of the other person.

Notwithstanding section 52 of the Act respecting the Québec sales tax, the consideration referred to in the first paragraph does not include tax paid or payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

551. For the purposes of sections 299 to 509, a person is a large business where the total of the amounts determined under section 550 exceeds $6,000,000.

Notwithstanding section 550, a large business includes, in addition to a person referred to in the first paragraph, the following persons:

(1) a bank;

(2) a corporation authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Canada to operate in Canada a business that consists in offering to the public its services as a trustee;

(3) a credit union;

(4) an insurer or any other person whose principal business is the offering of insurance under insurance policies;

(5) the segregated fund of an insurer;

(6) the Régie de l'assurance-dépôts du Québec or the Canadian Deposit Insurance Corporation;

(7) an investment plan; and

(8) a person related to a financial institution referred to in paragraphs 1 to 7.

552. This Act comes into force on 15 December 1995.