



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FIFTH LEGISLATURE

Bill 108

(1997, chapter 31)

An Act to amend the Taxation Act and other legislative provisions of a fiscal nature

Introduced 8 May 1997
Passage in principle 21 May 1997
Passage 6 June 1997
Assented to 12 June 1997

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EXPLANATORY NOTES

The main object of this bill is to harmonize the fiscal legislation in Québec with that of Canada. It consequently gives effect primarily to various harmonization measures contained in the Budget Speech delivered by the Minister of Finance on 9 May 1995.

Amendments are also introduced to give effect to certain harmonization measures contained in Information Bulletins 95-5, 96-1 and 96-2 issued by the Ministère des Finances respectively on 8 September 1995, 26 January 1996 and 24 April 1996.

The bill amends the Act respecting municipal taxation to introduce an amendment to reflect changes made to the Taxation Act in respect of the notion of fiscal period.

The bill amends the Taxation Act primarily to bring amendments similar to those brought to the Income Tax Act by federal Bills C-11 (S.C., 1996, chapter 11), assented to on 29 May 1996, C-36 (S.C., 1996, chapter 21) and C-12 (S.C., 1996, chapter 23), assented to on 20 June 1996, and C-70 (S.C., 1997, chapter 10) assented to on 20 March 1997. In particular, the amendments concern

(1) the elimination of the possibility granted to individuals and certain entities carrying on a business to defer the tax on income from the business by electing a fiscal period that does not correspond to the calendar year;

(2) the elimination, from 1 January 1999, of the mechanism allowing a family trust to defer the 21-year realization rule;

(3) the elimination of the rules concerning the distribution of trust income to a preferred beneficiary, except where the beneficiary has a severe and prolonged mental or physical impairment;

(4) the requirement that a tax-exempt corporation constituted exclusively to carry on scientific research and experimental development (R&D) file a form in which it reports its R&D work and expenditures;

(5) the rules applicable in respect of the filing of a fiscal return by an individual carrying on a business and that individual's spouse

for a taxation year in order to extend the filing deadline from 30 April of the following year to 15 June of that year.

The bill amends the Act respecting the Ministère du Revenu to reflect the repeal of the Act to promote industrial development by means of fiscal advantages, and to extend the rules concerning solidary liability for source deductions to any person having influence over the property or affairs of another person and who authorizes or causes an amount required to be deducted at source to be paid by or on behalf of that other person.

The bill also amends other legislation to make various technical and consequential amendments and changes in terminology.

LEGISLATION AMENDED BY THIS BILL :

- Act respecting municipal taxation (R.S.Q., chapter F-2.1);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act to harmonize certain legislative provisions of a fiscal nature with the Civil Code of Québec (1997, chapter 3).

Bill 108

AN ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS OF A FISCAL NATURE

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

ACT RESPECTING MUNICIPAL TAXATION

1. (1) Section 220.3 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1), amended by section 27 of chapter 14 of the statutes of 1996 and by section 7 of chapter 3 of the statutes of 1997, is again amended by replacing, in the second paragraph, the words “fiscal period, within the meaning of section 1” by the words “fiscal period, within the meaning assigned by Part I”.

(2) Subsection 1 has effect from 1 January 1995.

TAXATION ACT

2. (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, by section 1 of chapter 49 of the statutes of 1995, by section 12 of chapter 63 of the statutes of 1995, by section 8 of chapter 39 of the statutes of 1996, by section 13 of chapter 3 of the statutes of 1997 and by section 10 of chapter 14 of the statutes of 1997, is again amended

(1) by replacing the definition of “bank” by the following definition :

““bank” means a bank to which the Bank Act (Statutes of Canada, 1991, chapter 46) applies;”;

(2) by replacing the definition of “prescribed class” by the following definition :

““prescribed class” means a class prescribed under subparagraph *e* of the first paragraph of section 1086;”;

(3) by inserting the following definitions, which are to be ordered alphabetically :

““balance-due day” of a taxpayer for a taxation year means

(a) where the taxpayer is a corporation, the last day of the two-month period ending after the end of the year;

(b) where the taxpayer is a trust, the day that is 90 days after the end of the year;

(c) where the taxpayer is a person who died in the year, or after the end of the year but on or before 30 April in the following calendar year, the later of 30 April in that calendar year and the day that is six months after the day of death;

(d) in the case of any other person, 30 April in the following calendar year;”;

““filing-due date” of a taxpayer for a taxation year means the day on or before which the taxpayer’s fiscal return under this Part for the year is required to be filed or would be required to be filed if tax under this Part were payable by the taxpayer for the year;”;

(4) by striking out the definition of “fiscal period”;

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

“(a) in any case where section 187.2 or 187.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or any of sections 21.4.3, 21.10, 21.10.1, 740.1 to 740.3.1 and 740.5 applies to a stock dividend, the amount of the stock dividend is equal to the greater of”;

(6) by inserting the following definition, which is to be ordered alphabetically:

““scientific research and experimental development” has the meaning assigned by the regulations under subsection 2 of section 222;”;

(7) by inserting the following definition, which is to be ordered alphabetically:

““professional corporation” means a corporation incorporated under any Act other than an Act of the legislature of Québec, that carries on the professional practice of an accountant, dentist, advocate, physician, veterinarian or chiropractor;”.

(2) Paragraph 1 of subsection 1 has effect from 1 June 1992.

(3) Paragraph 3 of subsection 1, where it enacts the definition of “balance-due day”, applies from the taxation year 1995, and where it enacts the definition of “filing-due date”, has effect from 1 January 1994.

(4) Paragraph 4 of subsection 1 applies to fiscal periods that begin after 31 December 1994.

(5) Paragraph 6 of subsection 1 applies in respect of work performed after 27 February 1995 except, for the purposes of section 991 of the said Act, in respect of work performed pursuant to an agreement in writing entered into before 28 February 1995.

(6) Paragraph 7 of subsection 1 has effect from 1 January 1995.

3. (1) Section 7 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section :

“7. In this Part and the regulations, unless the context indicates otherwise, “fiscal period” of a business or a property of a person or partnership means the period for which the person’s or partnership’s accounts in respect of the business or property are made up for purposes of assessment under this Part.

However, a fiscal period may not end

(a) in the case of a corporation, more than 53 weeks after the period began ;

(b) in the case of one of the following persons or of the following partnership, after the end of the calendar year in which the period began unless, in the case of a business, the business is not carried on in Canada or is a prescribed business :

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

ii. a particular partnership of which an individual, other than a testamentary trust or an individual in respect of whom any of sections 980 to 999.1 applies, a professional corporation, or a partnership in respect of which this subparagraph applies, would, if the fiscal period of the particular partnership ended at the end of the calendar year in which the period began, be a member in the fiscal period, or

iii. a professional corporation that would, if the fiscal period ended at the end of the calendar year in which the period began, be in the fiscal period a member of a partnership in respect of which subparagraph ii applies ;

(c) in any other case, more than 12 months after the period began.

For the purposes of this section, the activities of a person in respect of whom any of sections 980 to 999.1 applies are deemed to be a business.”

(2) Subsection 1 applies to fiscal periods that begin after 31 December 1994.

4. (1) The said Act is amended by inserting, after section 7, the following sections :

“7.0.1. For the purposes of subparagraph ii of subparagraph *b* of the second paragraph of section 7 and of section 7.0.3, a person or partnership that would not have a share of any income or loss of a partnership for a fiscal period of the partnership, if the fiscal period ended at the end of the calendar year in which it began, is deemed not to be a member of the partnership in that fiscal period.

“7.0.2. Where a fiscal period of a business or a property of a person or partnership ends at a particular time, the subsequent fiscal period of the business or property of the person or partnership is deemed to begin immediately after that time.

“7.0.3. Subparagraph *b* of the second paragraph of section 7 does not apply to a fiscal period of a business carried on, throughout the period of time that began at the beginning of the fiscal period and ended at the end of the calendar year in which the fiscal period began, by an individual, otherwise than as a member of a partnership, or by an individual as a member of a partnership if, throughout that period of time, each member of the partnership is an individual and the partnership is not a member of another partnership, where

(a) in the case of a business carried on by an individual otherwise than as a member of a partnership, or as a member of a partnership no member of which is a testamentary trust, an election in prescribed form to have subparagraph *b* of the second paragraph of section 7 not apply is filed with the Minister by the individual on or before the individual’s filing-due date, and with the individual’s fiscal return under this Part, for the taxation year that includes the first day of the first fiscal period of the business that begins after 31 December 1994; and

(b) in the case of a business carried on by an individual as a member of a partnership a member of which is a testamentary trust, an election in prescribed form to have subparagraph *b* of the second paragraph of section 7 not apply is filed with the Minister by the individual on or before the earliest of the filing-due dates of the members of the partnership for a taxation year that includes the first day of the first fiscal period of the business that begins after 31 December 1994.

“7.0.4. Section 7.0.3 does not apply to a particular fiscal period of a business where, in a preceding fiscal period or throughout the period of time that began at the beginning of the particular fiscal period and ended at the end of the calendar year in which the particular fiscal period began, the expenditures made in the course of carrying on the business were primarily the cost or capital cost of a tax shelter.

“7.0.5. Section 7.0.3 does not apply to a fiscal period of a business carried on by an individual that begins after the beginning of a particular taxation year of the individual where

(a) an election in prescribed form to revoke an election filed under section 7.0.3 in respect of the business is filed with the Minister; and

(b) the election to revoke is filed

i. in the case of an individual who is not a member of a partnership, or who is a member of a partnership no member of which is a testamentary trust, by the individual on or before the individual's filing-due date, and with the individual's fiscal return under this Part, for the particular taxation year, and

ii. in the case of an individual who is a member of a partnership a member of which is a testamentary trust, by the individual on or before the earliest of the filing-due dates of the members of the partnership for a taxation year that includes the first day of the first fiscal period of the business that begins after the beginning of the particular taxation year.

“7.0.6. For the purposes of this Part, no change in the time when a fiscal period ends may be made without the concurrence of the Minister.”

(2) Subsection 1 applies to fiscal periods that begin after 31 December 1994.

5. (1) The said Act is amended by inserting, after section 7.18, enacted by section 12 of chapter 14 of the statutes of 1997, the following section :

“7.19. Except as otherwise provided, no provision of this Act shall be read or construed

(a) to require the inclusion or permit the deduction, either directly or indirectly, in computing a taxpayer's income, taxable income or taxable income earned in Canada, for a taxation year or in computing a taxpayer's income or loss for a taxation year from a source in Canada or from sources in another place, of any amount to the extent that the amount has already been directly or indirectly included or deducted, as the case may be, in computing such income, taxable income, taxable income earned in Canada or loss, for the year or any preceding taxation year ;

(b) to permit the deduction, either directly or indirectly, in computing a taxpayer's taxes payable under this Act for a taxation year of any amount to the extent that the amount has already been directly or indirectly deducted in computing such taxes payable for the year or any preceding taxation year ; or

(c) to consider an amount to have been paid on account of a taxpayer's taxes payable under this Act for a taxation year to the extent that the amount has already been considered to have been paid on account of such taxes payable for the year or any preceding taxation year.”

(2) Subsection 1 applies to taxation years that end after 19 July 1995.

6. (1) Section 30 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 19 July 1995.

7. (1) Section 38 of the said Act, amended by section 19 of chapter 49 of the statutes of 1995 and by section 261 of chapter 63 of the statutes of 1995, is again amended by replacing the third paragraph by the following paragraph:

“Nor is he required to include therein the value of any benefit under a retirement compensation arrangement, an employee benefit plan or an employee trust or under a salary deferral arrangement, except to the extent that the value of the benefit is included under section 37 because of section 47.11, the value of any benefit that was a benefit in relation to the use of an automobile, except if the benefit related to the use of an automobile owned or leased by him and is not referred to in section 41.1.2, or the value of any benefit derived from counselling services received by him or a person related to him in respect of stress management or the use or consumption of tobacco, drugs or alcohol, other than a benefit attributable to an outlay or expense to which section 134 applies, or from counselling services in respect of his re-employment or retirement.”

(2) Subsection 1 applies from the taxation year 1993.

8. (1) Sections 41.2 and 41.2.1 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 1996.

9. (1) Section 41.3 of the said Act, amended by section 26 of chapter 49 of the statutes of 1995, is replaced by the following section:

“**41.3.** To the extent that the cost to a person of purchasing a property or service or an amount payable by a person for the purpose of leasing property is taken into account in determining an amount required under any of sections 36 to 47.17 to be included in computing the income of an individual for a taxation year, that cost or that amount payable, as the case may be, shall include any tax that was payable by the person in respect of the property or service or that would have been so payable if the person were not exempt from the payment of that tax because of the nature of the person or the use to which the property or service is to be put.”

(2) Subsection 1 applies from the taxation year 1996.

10. (1) Section 86 of the said Act, amended by section 31 of chapter 49 of the statutes of 1995, is again amended by replacing subsection 1 by the following subsection:

“**86.** (1) Subject to sections 217.2 to 217.16, where an individual is a proprietor of a business, the individual’s income from the business for a taxation year is deemed to be the individual’s income from the business for the fiscal periods of the business that end in the year.”

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

11. (1) Section 87 of the said Act, amended by section 21 of chapter 1 of the statutes of 1995, by section 32 of chapter 49 of the statutes of 1995, by section 26 of chapter 63 of the statutes of 1995, by section 27 of chapter 39 of the statutes of 1996, by section 71 of chapter 3 of the statutes of 1997 and by section 29 of chapter 14 of the statutes of 1997, is again amended by replacing paragraph *x* by the following paragraph :

“(x) an amount that, where the taxpayer is an individual who is a member of a partnership or an employee of a member of a partnership and the partnership makes an automobile available in the year to the taxpayer or to a person related to the taxpayer, would be included, by reason of section 41, in computing the taxpayer’s income for the year if the taxpayer were employed by the partnership;”.

(2) Subsection 1 applies from the taxation year 1996.

12. (1) Section 87.4 of the said Act is amended by replacing, in the first paragraph, the words “the day on or before which his fiscal return under this Part for the year is required to be filed, or would be required to be filed if the taxpayer had tax payable under this Part” by the words “the taxpayer’s filing-due date”.

(2) Subsection 1 has effect from 1 January 1994.

13. Section 101.3 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the words “For the purposes of section 101, where a prescribed amount is required to be added in computing” by the words “For the purposes of section 101, where a prescribed amount must be taken into account to determine”.

14. (1) Section 101.6 of the said Act is amended by replacing, in the portion before paragraph *a*, the words “the day on or before which he is required to file his fiscal return under this Part” by the words “his filing-due date”.

(2) Subsection 1 has effect from 1 January 1994.

15. (1) Sections 112.2 and 112.2.1 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 1996.

16. (1) Section 112.3 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section :

“**112.3.** To the extent that the cost to a person of purchasing a property or service or an amount payable by a person for the purpose of leasing property is taken into account in determining an amount required under this division to be included in computing a taxpayer’s income for a taxation year, other than such an amount that is the value of a benefit determined under

section 117, that cost or that amount payable, as the case may be, shall include any tax that was payable by the person in respect of the property or service or that would have been so payable if the person were not exempt from the payment of that tax because of the nature of the person or the use to which the property or service is to be put.”

(2) Subsection 1 applies from the taxation year 1996.

17. Section 135.9 of the said Act, amended by section 21 of chapter 3 of the statutes of 1997, is again amended by replacing, in the French text of the second paragraph, the word “voituriers” by the word “transporteurs”.

18. (1) Section 157.11 of the said Act is replaced by the following section :

“**157.11.** An election under section 157.10 shall be made by notifying the Minister in writing on or before the earliest of the payer’s and recipient’s filing-due dates for the taxation year in which the payment to which the election relates was made.”

(2) Subsection 1 has effect from 1 January 1994.

19. Section 159 of the said Act is amended by replacing paragraphs *a* and *b* by the following paragraphs :

“(a) for advertising space in an issue of a newspaper or periodical dated after 31 December 1975, for an advertisement directed primarily to a market in Canada ; or

“(b) for an advertisement directed primarily to a market in Canada and broadcast by a foreign broadcasting undertaking, within the meaning of paragraph *a* of section 159R8 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), if such amount is disbursed or expended after 21 September 1976.”

20. (1) Section 175.1 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended

(1) by replacing, in the French text of subsections 1 and 2, the word “déboursé” by the word “débours”, wherever it appears ;

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

“(3) For the purposes of subsection 1, an outlay or expense is deemed not to include a payment that is referred to in subsection 1 of section 222 by reason of the fact that it is a payment to which subsection 1 of section 222 first refers that is described in paragraph *b* of section 222.1, or is a payment to which that subsection 1 then refers, and that

(a) is made by the taxpayer to a person or partnership with which the taxpayer deals at arm’s length ; and

(b) is not an expenditure in respect of scientific research and experimental development related to a business of the taxpayer and undertaken in Canada on behalf of the taxpayer.”

(2) Paragraph 2 of subsection 1 applies in respect of payments made after 31 December 1995.

21. Section 175.4 of the said Act, amended by section 273 of chapter 39 of the statutes of 1996 and by section 48 of chapter 14 of the statutes of 1997, is again amended, in the English text, by replacing the portion before paragraph *a* by the following:

“**175.4.** Notwithstanding any other provision of this Act, an individual or a partnership of which the individual is a member shall not, in computing his or its income from a business for a taxation year or a fiscal period, as the case may be, deduct an amount in respect of an amount otherwise deductible for any part, in this division referred to as the “work space”, of a self-contained domestic establishment in which the individual resides, except to the extent that the work space is either”.

22. (1) Sections 175.5 and 175.6 of the said Act, replaced by section 49 of chapter 14 of the statutes of 1997, are again replaced by the following sections:

“**175.5.** Where a work space is described in paragraph *a* or *b* of section 175.4, the amount in respect of the work space that is deductible by the individual or partnership referred to in that section in computing the income of the individual or partnership from the business referred to in that section for a taxation year or fiscal period, as the case may be, shall not exceed the lesser of

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

i. where the individual or the partnership has made an expenditure that may reasonably be considered to relate to both the part of the establishment, other than the work space, and the work space, the product obtained by multiplying the amount that would, but for this section, be deductible in computing the income of the individual or partnership from the business for the taxation year or fiscal period, as the case may be, in respect of the expenditure, by 50%, and

ii. in any other case, an amount that would, but for this section, be deductible in computing the income of the individual or partnership from the business for the taxation year or fiscal period, as the case may be, in respect of the work space; and

(b) the income of the individual or partnership from the business for the taxation year or fiscal period, as the case may be, computed without reference to expenditures in respect of which subparagraph *a* applies and sections 217.2 to 217.16.

For the purposes of subparagraph i of subparagraph *a* of the first paragraph, an amount paid or payable by the partnership as rent pertaining to the work space is deemed to be an expenditure that may reasonably be considered to relate to both the part of the establishment, other than the work space, and the work space.

“175.6. Where the amount determined under subparagraph *a* of the first paragraph of section 175.5, in respect of a business of an individual or partnership for the taxation year or fiscal period, as the case may be, preceding a particular taxation year or fiscal period, as the case may be, exceeds the amount determined under subparagraph *b* of that first paragraph, in respect of the business of the individual or partnership for that preceding taxation year or fiscal period, as the case may be, the following rules apply :

(*a*) for the purposes of section 175.4, the excess amount is deemed, for the purpose of computing the income of the individual or partnership from the business for the particular taxation year or fiscal period, as the case may be, to be an amount otherwise deductible for the particular taxation year or fiscal period, as the case may be, in respect of a work space that is described in paragraph *a* or *b* of section 175.4 for the particular taxation year or fiscal period, as the case may be ;

(*b*) for the purposes of section 175.5, the excess amount is deemed, for the particular taxation year or fiscal period, as the case may be, to be an amount referred to in subparagraph ii of subparagraph *a* of the first paragraph of that section.”

(2) Subsection 1, where it enacts section 175.5 of the said Act, applies to taxation years or fiscal periods that begin after 9 May 1996. Furthermore, where section 175.5 of the said Act, replaced by subsection 1, applies to taxation years that end after 31 December 1994, it shall be read with the words “and sections 217.2 to 217.16” added after the words “without reference to the amount”.

(3) Subsection 1, where it enacts section 175.6 of the said Act, applies to taxation years or fiscal periods that begin after 9 May 1996. However, where that section 175.6 applies to the first taxation year of an individual that begins after that date, it shall be read as follows :

“175.6. Where, for the taxation year of an individual that is before the individual’s first taxation year that begins after 9 May 1996, the amount that would, but for section 175.5, have been deductible by the individual in computing the individual’s income for that preceding taxation year from the business referred to in section 175.4, exceeds the individual’s income referred to in section 175.5 for the preceding taxation year from the business, the following rules apply :

(*a*) for the purposes of section 175.4, the excess amount is deemed, for the purpose of computing the individual’s income from the business for the first

taxation year, to be an amount otherwise deductible for that first taxation year in respect of a work space that is described in paragraph *a* or *b* of section 175.4 for that first taxation year ;

(*b*) for the purposes of section 175.5, the excess amount is deemed, for the first taxation year, to be an amount referred to in subparagraph ii of subparagraph *a* of the first paragraph of that section.”

23. (1) Section 189.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of appointments made after 31 December 1995.

24. (1) Section 190 of the said Act is amended by replacing subsection 1 by the following subsection :

“**190.** (1) Where an individual who was the sole proprietor of a business disposed of it during a fiscal period of the business, the fiscal period is, if the individual so elects and section 7.0.3 does not apply in respect of the business, deemed to have ended at the time it would have ended if the individual had not disposed of the business during the fiscal period.”

(2) Subsection 1 applies to fiscal periods that begin after 31 December 1994.

25. (1) Section 191 of the said Act is repealed.

(2) Subsection 1 has effect from 28 February 1992.

26. (1) Section 191.4 of the said Act is amended by inserting the words “, as it read before its repeal,” before the words “for the purposes of”.

(2) Subsection 1 has effect from 1 June 1992.

27. (1) The said Act is amended by inserting, before Division IX of Chapter V of Title III of Book III of Part I, the following :

“DIVISION VIII.1

“ADDITIONAL BUSINESS INCOME

“**217.2.** Where an individual, other than a testamentary trust, carries on a business in a taxation year, a particular fiscal period of the business begins in the year and ends after the end of the year, and the individual has elected under section 7.0.3 in respect of the business and the election has not been revoked, there shall be included in computing the individual’s income for the year from the business, the amount determined by the formula

$$(A - B) \times \frac{C}{D}$$

For the purposes of the formula in the first paragraph,

(a) A is the total of the individual's income from the business for the fiscal periods of the business that end in the year;

(b) B is the lesser of

i. the aggregate of all amounts each of which is an amount included in the total determined under subparagraph *a* in respect of the business and that is deemed to be a taxable capital gain for the purposes of Title VI.5 of Book IV, and

ii. the aggregate of all amounts deducted under the said Title VI.5 in computing the individual's taxable income for the year;

(c) C is the number of days on which the individual carries on the business that are both in the year and in the particular fiscal period; and

(d) D is the number of days on which the individual carries on the business that are in fiscal periods of the business that end in the year.

“217.3. Where an individual, other than a testamentary trust, begins carrying on a business in a taxation year but not earlier than the beginning of the first fiscal period of the business that begins in the year and ends after the end of the year, in this section referred to as the “particular fiscal period”, and the individual has elected under section 7.0.3 in respect of the business and the election has not been revoked, there shall be included in computing the individual's income for the year from the business the lesser of

(a) the amount designated in the individual's fiscal return under this Part for the year; and

(b) the amount determined by the formula

$$(A - B) \times \frac{C}{D}$$

For the purposes of the formula in subparagraph *b* of the first paragraph,

(a) A is the individual's income from the business for the particular fiscal period;

(b) B is the lesser of

i. the aggregate of all amounts each of which is an amount included in the amount determined under subparagraph *a* in respect of the business and that is deemed to be a taxable capital gain for the purposes of Title VI.5 of Book IV, and

ii. the aggregate of all amounts deducted under the said Title VI.5 in computing the individual's taxable income for the individual's taxation year that includes the end of the particular fiscal period;

(c) C is the number of days on which the individual carries on the business that are both in the year and in the particular fiscal period; and

(d) D is the number of days on which the individual carries on the business that are in the particular fiscal period.

“217.4. An individual shall deduct in computing the individual's income for a taxation year from a business the amount included under section 217.2 or 217.3 in computing the individual's income for the preceding taxation year from the business.

“217.5. For the purposes of Division VIII.2, where at the end of the year 1994 an individual carried on a particular business no fiscal period of which ended at that time, and an amount is included under section 217.2 in computing the individual's income for the individual's taxation year 1995 in respect of the particular business or another business that would, if section 217.12 applied for the purposes of this section, be included in the particular business, the individual's income on 31 December 1995 in respect of the particular business or the other business, as the case may be, is deemed, subject to section 217.8, to be equal to the amount that would have been included in computing the individual's income under section 217.2 if

(a) subparagraph *a* of the second paragraph of section 217.2 were read as follows:

“(a) A is the total of the individual's income from the business for the fiscal periods of the business that end in the year, determined as if paragraphs *a* to *d* of section 217.11 applied in computing that income;”;

(b) subparagraph ii of subparagraph *b* of the second paragraph of section 217.2 were read as follows:

“ii. the aggregate of the maximum amounts deductible under the said Title VI.5 in computing the individual's taxable income for the year;”.

“217.6. For the purposes of Division VIII.2, where at the end of the year 1994 an individual carried on a particular business no fiscal period of which ended at that time, and an amount is included under section 217.3 in computing the individual's income for the individual's taxation year 1995 in respect of another business that would, if section 217.12 applied for the purposes of this section, be included in the particular business, the individual's income on 31 December 1995 in respect of the other business is deemed to be equal to the amount that would have been included in computing the individual's income under section 217.3 if

(a) subparagraph *a* of the second paragraph of section 217.3 were read as follows:

“(a) A is the individual’s income from the business for the particular fiscal period, determined as if paragraphs *a* to *d* of section 217.11 applied in computing that income;”; and

(b) subparagraph ii of subparagraph *b* of the second paragraph of section 217.3 were read as follows:

“ii. the aggregate of the maximum amounts deductible under the said Title VI.5 in computing the individual’s taxable income for the individual’s taxation year that includes the end of the particular fiscal period;”.

“217.7. For the purposes of Division VIII.2, where at the end of the year 1995 an individual carried on a business as a member of a partnership no fiscal period of which ended at the end of the year 1994, an amount is included under section 217.3 in computing the individual’s income for the individual’s taxation year 1995 in respect of the business and the conditions set out in the second paragraph are met, the individual’s income on 31 December 1995 in respect of the business is deemed to be equal to the amount that would have been included in computing the individual’s income under section 217.3 if

(a) subparagraph *a* of the second paragraph of section 217.3 were read as follows:

“(a) A is the individual’s income from the business for the particular fiscal period, determined as if paragraphs *a* to *d* of section 217.11 applied in computing that income;”;

(b) subparagraph ii of subparagraph *b* of the second paragraph of section 217.3 were read as follows:

“ii. the aggregate of the maximum amounts deductible under the said Title VI.5 in computing the individual’s taxable income for the individual’s taxation year that includes the end of the particular fiscal period;”; and

(c) the individual were deemed, for the purposes of subparagraphs *c* and *d* of the second paragraph of section 217.3, to have carried on the business on the days on which the professional corporation referred to in the second paragraph carried on the business.

The conditions to which the first paragraph refers are as follows:

(a) the business was carried on by a professional corporation as a member of the partnership at the end of the year 1994;

(b) the professional corporation transferred its interest in the partnership to the individual before the end of the year 1995;

(c) the individual is a practising member of the professional order under the authority of which the professional corporation practised the profession;

(d) the individual was a specified shareholder of the professional corporation immediately before the transfer; and

(e) the professional corporation does not have a share of the income or loss of the partnership for the first fiscal period of the partnership that ends after the end of the year 1995.

“217.8. Where an amount was included under section 217.2 in computing an individual’s income for the taxation year 1995 from a business and the individual’s income on 31 December 1995 in respect of the business, otherwise determined under section 217.5 for the purposes of Division VIII.2, exceeds the amount determined under the second paragraph, the individual’s income on 31 December 1995 in respect of the business is deemed, for the purposes of section 217.13 in respect of the individual’s taxation year 1996 and subsequent taxation years, to be equal to the amount determined under the second paragraph.

The amount to which the first paragraph refers is equal to the amount that would be the individual’s income on 31 December 1995, otherwise determined under section 217.5 for the purposes of Division VIII.2, in respect of the business referred to therein, if

(a) subparagraph *a* of the second paragraph of section 217.2 were read as follows:

“(a) A is the individual’s income from the business for the particular fiscal period, determined as if paragraphs *a* to *d* of section 217.11 applied in computing that income;”;

(b) subparagraph ii of subparagraph *b* of the second paragraph of section 217.2 were read as follows:

“ii. the aggregate of the maximum amounts deductible under the said Title VI.5 in computing the individual’s taxable income for the individual’s taxation year that includes the end of the particular fiscal period;” ; and

(c) subparagraph *d* of the second paragraph of section 217.2 were read as follows:

“(d) D is the number of days on which the individual carries on the business that are in the particular fiscal period.”

“217.9. Sections 217.2 and 217.3 do not apply in computing an individual’s income for a taxation year from a business where

(a) the individual dies or otherwise ceases to carry on the business in the taxation year; or

(b) the individual becomes a bankrupt in the calendar year in which the taxation year ends.

“DIVISION VIII.2

“RESERVE IN RESPECT OF INCOME ON 31 DECEMBER 1995

“217.10. In this division,

“income on 31 December 1995” in respect of a business carried on by a taxpayer means the amount determined by the formula

$$(A - B - C + D) \times E;$$

“qualifying fiscal period” of a business of a taxpayer means

(a) where at the end of the year 1994 the taxpayer carried on the business and no fiscal period of the business ended at that time, a fiscal period of the business that begins after the beginning of the taxpayer’s taxation year that includes the end of the year 1995 and ends

i. at the end of the year 1995 because of subparagraph *b* of the second paragraph of section 7 or because of the said subparagraph *b* and of section 190, or

ii. immediately before the end of the year 1995 because of subparagraph *b* of the second paragraph of section 7 and of the second paragraph of section 601;

(b) a fiscal period of the business that ends at the end of the year 1995 because of subparagraph *b* of the second paragraph of section 7 where

i. the taxpayer is an individual who carries on the business as a member of a partnership at the end of the year 1995,

ii. the individual acquired the individual’s interest in the partnership in the year 1995 from a professional corporation,

iii. the professional corporation carried on the business at the end of the year 1994 as a member of the partnership and does not have a share of the income or loss of the partnership for the fiscal period,

iv. the individual is a practising member of the professional order under the authority of which the professional corporation practised the profession, and

v. the individual was a specified shareholder of the professional corporation immediately before acquiring the interest in the partnership; and

(c) where the taxpayer is a professional corporation that has a taxation year that ends at the end of the year 1995 because of subparagraph *b* of the second paragraph of section 7, and at the end of the year 1994 the business was carried on by the professional corporation as a member of a partnership, or by an individual referred to in the second paragraph, a fiscal period of the business that ends in the taxation year ;

“specified percentage”, in relation to a taxpayer, for a particular taxation year in respect of a business means

(a) where the first taxation year in which a qualifying fiscal period of the business ends is the taxation year 1995, or any of sections 217.5 to 217.7 applies in respect of the business, and the particular taxation year ends in

- i. the year 1995, 95%,
- ii. the year 1996, 85%,
- iii. the year 1997, 75%,
- iv. the year 1998, 65%,
- v. the year 1999, 55%,
- vi. the year 2000, 45%,
- vii. the year 2001, 35%,
- viii. the year 2002, 25%,
- ix. the year 2003, 15%, and
- x. any year that is after the year 2003, 0% ;

(b) where the first taxation year in which a qualifying fiscal period of a business of the taxpayer ends is the taxation year 1996 and the particular taxation year ends in

- i. the year 1996, 95%,
- ii. the year 1997, 85%,
- iii. the year 1998, 75%,
- iv. the year 1999, 65%,
- v. the year 2000, 55%,
- vi. the year 2001, 45%,

- vii. the year 2002, 35%,
- viii. the year 2003, 25%,
- ix. the year 2004, 15%, and
- x. any year that is after the year 2004, 0%.

An individual to which paragraph *c* of the definition of “qualifying fiscal period” in the first paragraph refers means an individual

(*a*) who transferred an interest in the partnership to the professional corporation before the end of the year 1995;

(*b*) who is a practising member of the professional order under the authority of which the professional corporation practises the profession;

(*c*) who was a specified shareholder of the professional corporation immediately after the transfer; and

(*d*) who does not have a share of the income or loss of the partnership for the first fiscal period of the partnership that ends in 1995.

For the purposes of the formula in the definition of “income on 31 December 1995” in the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the taxpayer’s income from the business for a qualifying fiscal period;

(*b*) *B* is the aggregate of all amounts each of which is the taxpayer’s loss from the business for a qualifying fiscal period;

(*c*) *C* is the lesser of

i. the aggregate of all amounts each of which is an amount included in computing the taxpayer’s income or loss from the business for a qualifying fiscal period and that is deemed to be a taxable capital gain for the purposes of Title VI.5 of Book IV, and

ii. the aggregate of the maximum amounts deductible under the said Title VI.5 in computing the taxpayer’s taxable income for the taxation year in which the qualifying fiscal period ends;

(*d*) *D* is

i. where the taxpayer is a professional corporation, the total salary or wages deductible in computing an amount determined under paragraph *a* or *b* that is payable by the professional corporation to an individual

(1) who is a practising member of the professional order under the authority of which the professional corporation practised the profession, and

(2) who is a specified shareholder of the professional corporation, and

ii. in any other case, nil; and

(e) E is,

i. where the taxpayer is a professional corporation a taxation year of which ended at the end of the year 1995 because of subparagraph *b* of the second paragraph of section 7, the amount determined by the formula

$$\frac{F - G}{F}, \text{ and}$$

ii. in any other case, 1.

For the purposes of the formula in subparagraph i of subparagraph *e* of the third paragraph,

(a) F is the number of days in all qualifying fiscal periods of the business; and

(b) G is the number of days in the taxation year.

“217.11. For the purposes of the definition of “income on 31 December 1995” in the first paragraph of section 217.10, a taxpayer’s income or loss from a business for a qualifying fiscal period shall be computed as if

(a) this Part were read without reference to subparagraph *b* of the second paragraph of section 194;

(b) the taxpayer had made the election referred to in section 215 in respect of the business for the qualifying fiscal period;

(c) the maximum amount deductible in respect of any reserve, allowance or other amount were deducted in computing the taxpayer’s income; and

(d) the taxpayer had not received any taxable dividend.

“217.12. For the purposes of the definition of “qualifying fiscal period” in the first paragraph of section 217.10 and subparagraph i of paragraphs *b* and *c* of section 217.15, a particular business of a taxpayer is deemed to include another business substituted therefor, or for which the particular business was substituted, where

(a) all or substantially all of the gross revenue of the particular business is derived from the sale, leasing, rental or development of properties or the rendering of services; and

(b) all or substantially all of the gross revenue of the other business is derived from the sale, leasing, rental or development, as the case may be, of properties similar to those contemplated in paragraph *a* or the rendering of services similar to those contemplated in paragraph *a*.

“217.13. Subject to section 217.15, where a taxpayer carries on a business in a particular taxation year, there may be deducted in computing the taxpayer’s income for the year from the business, as a reserve in respect of income on 31 December 1995, such amount as the taxpayer claims not exceeding the least of

(a) the specified percentage for the particular taxation year of the taxpayer’s income on 31 December 1995 in respect of the business;

(b) where an amount was deductible under this section in computing the taxpayer’s income for a preceding taxation year from the business, the amount included under section 217.14 in computing the taxpayer’s income for the particular taxation year from the business; and

(c) the taxpayer’s income for the particular taxation year computed before deducting any amount under this section in respect of the business or under any of sections 346.1 to 346.4 and 485.17.

“217.14. There shall be included in computing a taxpayer’s income for a taxation year from a business the amount deducted under section 217.13 in computing the taxpayer’s income therefrom for the preceding taxation year.

“217.15. No deduction shall be made under section 217.13 in computing a taxpayer’s income for a taxation year from a business where

(a) at the end of the year or at any time in the following taxation year,

i. the taxpayer’s income from the business is exempt from tax under this Part, or

ii. the taxpayer is not resident in Canada and does not carry on the business through an establishment in Canada;

(b) the taxpayer is a corporation and its taxation year ends immediately before another taxation year

i. at the beginning of which the business is not carried on principally by the corporation nor by members of a partnership of which the corporation is a member,

ii. in which the corporation becomes a bankrupt, or

iii. in which the corporation is dissolved, otherwise than in circumstances to which the rules in sections 556 to 564.1 and 565 apply, or wound up; or

(c) the taxpayer is an individual, and

i. at the beginning of the taxation year, the business is not carried on principally by the individual nor by members of a partnership of which the individual is a member,

ii. the individual dies or becomes a bankrupt in the calendar year in which the taxation year ends, or

iii. the individual is a trust that ceases to exist in the taxation year.

“217.16. Where it may reasonably be considered that one of the main reasons a person carries on a business or is a member of a partnership is to avoid the application of subparagraph i of paragraph *b* or *c* of section 217.15, the person is deemed, for the purposes of those subparagraphs, not to carry on the business and not to be a member of the partnership.”

(2) Subsection 1 has effect from 1 January 1995.

28. (1) Section 222 of the said Act, amended by section 59 of chapter 39 of the statutes of 1996 and by section 71 of chapter 3 of the statutes of 1997, is again amended, in subsection 1,

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

“222. (1) A taxpayer who carries on a business in Canada in a taxation year may deduct in computing the taxpayer’s income from the business for the year an amount not exceeding the aggregate of all amounts each of which is an expenditure of a current nature made by the taxpayer in the year or in a preceding taxation year ending after 31 December 1973 on scientific research and experimental development related to a business of the taxpayer and directly undertaken in Canada by or on behalf of the taxpayer, or by way of a payment described in section 222.1, or by way of a payment to be used for scientific research and experimental development carried on in Canada that is related to a business of the taxpayer, where the taxpayer is entitled to exploit the results of that scientific research and experimental development and the payment was made to one of the following entities:” ;

(2) by striking out paragraph *d*.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 31 December 1995. Furthermore, where the portion of subsection 1 of section 222 of the said Act before paragraph *a*, replaced by subsection 1, applies in respect of payments made, after 31 December 1995, in a taxation year that begins before 1 January 1996, it shall be read without reference to “where the taxpayer is a corporation”.

(3) Paragraph 2 of subsection 1 applies in respect of payments made after 31 December 1995.

29. (1) Section 222.1 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section:

“**222.1.** The payment to which subsection 1 of section 222 first refers is

(a) a payment made to a corporation resident in Canada to be used for scientific research and experimental development carried on in Canada that is related to a business of the taxpayer, where the taxpayer is entitled to exploit the results of that scientific research and experimental development; or

(b) a payment, where the taxpayer is a corporation, made to an entity described in paragraph *c* of the said subsection 1, for scientific research and experimental development that is basic research or applied research carried on in Canada the primary purpose of which is the use of results therefrom by the taxpayer in conjunction with other scientific research and experimental development activities undertaken or to be undertaken by or on behalf of the taxpayer that relate to a business of the taxpayer, and that has the technological potential for application to other businesses of a type unrelated to that carried on by the taxpayer.”

(2) Subsection 1 applies in respect of payments made after 31 December 1995.

30. (1) Section 225 of the said Act, amended by section 60 of chapter 39 of the statutes of 1996 and by section 71 of chapter 3 of the statutes of 1997, is again amended

(1) by replacing, in paragraph *b*, the words “at the time of filing of his fiscal return” by the words “on or before the taxpayer’s filing-due date”;

(2) by replacing, in paragraph *b.1*, the words “at the time the taxpayer files his fiscal return” by the words “on or before the taxpayer’s filing-due date”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

31. (1) Section 226.1 of the said Act is amended by replacing the words “at the time the taxpayer files his fiscal return” by the words “on or before the taxpayer’s filing-due date”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

32. (1) Section 230.0.0.4 of the said Act, enacted by section 29 of chapter 1 of the statutes of 1995, is replaced by the following section:

“**230.0.0.4.** Any election made under subparagraph *c* of the first paragraph of section 230 for a taxation year by a taxpayer shall be filed in prescribed form by the taxpayer, on the day on which the taxpayer first files a prescribed form referred to in section 230.0.0.4.1 for the year.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

33. (1) The said Act is amended by inserting, after section 230.0.0.4, enacted by section 29 of chapter 1 of the statutes of 1995, the following section:

“230.0.0.4.1. Subject to section 230.0.0.5, no amount in respect of an expenditure that would be made by a taxpayer in a taxation year that begins after 31 December 1995 if this Act were read without reference to section 482 may be deducted under sections 222 to 224 by the taxpayer in computing the taxpayer’s income unless the taxpayer files with the Minister the prescribed form containing the prescribed information in respect of the expenditure on or before the day that is 12 months after the taxpayer’s filing-due date for the year.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

34. (1) Section 230.0.0.5 of the said Act, enacted by section 61 of chapter 39 of the statutes of 1996, is replaced by the following section:

“230.0.0.5. A taxpayer is not required to file the prescribed form referred to in section 230.0.0.4.1 in respect of an expenditure that would be made in a taxation year by the taxpayer if this Act were read without reference to section 482 where the expenditure is reclassified by the Minister on an assessment of the taxpayer’s tax payable under this Part for the year, or on a determination that no tax under this Part is payable by the taxpayer for the year, as an expenditure in respect of scientific research and experimental development.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

35. (1) The said Act is amended by inserting, after section 230.0.0.5, enacted by section 61 of chapter 39 of the statutes of 1996, the following section:

“230.0.0.6. For the purposes of this division, an expenditure that is made by a taxpayer in a taxation year and that would, but for subsection 1 of section 175.1, have been deductible under this division in computing the taxpayer’s income for the year, is deemed not to be made by the taxpayer in the year and to be made by the taxpayer in the subsequent taxation year to which the expenditure may reasonably be considered to relate.”

(2) Subsection 1 applies in respect of expenditures made at any time.

36. Section 230.1 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by striking out the words “the year” wherever they appear in paragraph *c*.

37. (1) Section 236.1 of the said Act is amended by striking out, in the third paragraph, “of subsection 2”.

(2) Subsection 1 has effect from 20 July 1995.

38. (1) Section 247.3 of the said Act is replaced by the following section:

“**247.3.** An election made under section 247.2 by an individual for a taxation year shall be made on or before the individual’s filing-due date for the year.”

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

39. (1) Section 257 of the said Act, amended by section 73 of chapter 39 of the statutes of 1996, by section 71 of chapter 3 of the statutes of 1997 and by section 55 of chapter 14 of the statutes of 1997, is again amended

(1) by inserting, after subparagraph i.3 of paragraph *l*, the following subparagraph:

“i.4 if the taxpayer is a member of the partnership who was a specified member of the partnership at all times since becoming a member of the partnership or the taxpayer is at the particular time a limited partner of the partnership for the purposes of section 261.1, the amount

(1) deducted under section 217.13 in computing the taxpayer’s income for the taxation year in respect of the interest, where the particular time is in the taxpayer’s first taxation year in which a qualifying fiscal period, within the meaning of the first paragraph of section 217.10, of the business carried on by the taxpayer as a member of the partnership ends and is after the end of that period, and

(2) where the particular time is in any other taxation year, deducted under section 217.13 in respect of the interest in computing the taxpayer’s income for the taxation year preceding that other year;”;

(2) in subparagraph vi of paragraph *l*, by inserting, after the words “amounts added”, the words “in respect of the partnership”;

(3) in subparagraph ii of paragraph *n*, by inserting, after the words “amounts added”, the words “in respect of the trust”.

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

40. (1) Section 257.2 of the said Act is amended by replacing, in the portion before paragraph *a*, the words “the date on or before which the taxpayer’s fiscal return under this Part for the year is required to be filed” by the words “his filing-due date for the year”.

(2) Subsection 1 has effect from 1 January 1994.

41. (1) The said Act is amended by inserting, after section 257.2, the following section :

“**257.3.** Subparagraph i.4 of paragraph *l* of section 257 does not apply in respect of a taxpayer’s interest in a partnership where

(a) the particular time referred to in the said subparagraph i.4 is immediately before a disposition of the taxpayer’s interest in the partnership and no amount is deductible under section 217.13 in respect of the interest in computing the taxpayer’s income for the taxpayer’s taxation year following the taxation year that includes the particular time ;

(b) the taxpayer has income on 31 December 1995 in respect of the business referred to in the said subparagraph i.4 because of sections 217.2 to 217.9 ; or

(c) the taxpayer’s partnership interest was held by the taxpayer on 22 February 1994 and is an excluded interest, within the meaning assigned by section 261.6, at the end of the fiscal period of the partnership that includes the particular time.”

(2) Subsection 1 has effect from 1 January 1995.

42. (1) Section 286.1 of the said Act is replaced by the following section :

“**286.1.** Where at any time a property that was acquired by a taxpayer for the purpose of gaining or producing income ceases to be used for that purpose and becomes the principal residence of the taxpayer, sections 281 to 283 shall not apply to deem the taxpayer to have disposed of the property at that time and to have reacquired it immediately thereafter if the taxpayer so elects by notifying the Minister in writing on or before the earlier of the day that is 90 days after a demand by the Minister for an election is sent to the taxpayer and the taxpayer’s filing-due date for the taxation year in which the property is actually disposed of by the taxpayer.”

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

43. (1) Section 297 of the said Act is amended by replacing paragraph *b* by the following paragraph :

“(b) if he has filed his amended fiscal return on or before his filing-due date for that subsequent year.”

(2) Subsection 1 has effect from 1 January 1994.

44. (1) Section 312 of the said Act, amended by section 32 of chapter 1 of the statutes of 1995, by section 76 of chapter 49 of the statutes of 1995 and by section 290 of chapter 14 of the statutes of 1997, is again amended by striking out paragraph *e*.

(2) Subsection 1 applies from 1 January 1998.

45. (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, by section 79 of chapter 49 of the statutes of 1995, by section 36 of chapter 63 of the statutes of 1995 and by section 63 of chapter 14 of the statutes of 1997, is again amended, in subsection 1,

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

“(d) an overpayment of any amount described in paragraph *a* of section 311, of any pension under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9), of any benefit under the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act, of any benefit under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), or of any benefit described in paragraph *e* or *e.1* of section 311, received by an individual and included in computing the individual’s income for the year or a preceding taxation year, to the extent of the amount repaid by the individual in the year otherwise than by virtue of Part VII of the Employment Insurance Act;”;

(2) by replacing, in subparagraph iv of paragraph *e*, the words “Employment and Immigration Commission” by the words “Employment and Insurance Commission”.

(2) Paragraph 1 of subsection 1 applies from 1 January 1998.

(3) Paragraph 2 of subsection 1 has effect from 12 July 1996.

46. (1) Section 358.0.1 of the said Act, amended by section 273 of chapter 39 of the statutes of 1996 and by section 66 of chapter 14 of the statutes of 1997, is again amended, in the first paragraph,

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

“i. that was paid in the year by the individual to a person who, at the time of the payment, is neither the individual’s spouse nor under 18 years of age, on account of attendant care provided in Canada to the individual to enable the individual to perform the duties of an office or employment, to carry on a business either alone or as a partner actively engaged in the business, or to carry on research or any similar work in respect of which the individual received a grant, and”;

(2) by replacing, in subparagraph ii of subparagraph *b*, the words “paragraph *e*, *g* or *h*” by the words “paragraph *g* or *h*”.

(2) Subsection 1 applies from 1 January 1998.

47. (1) Section 399 of the said Act, amended by section 101 of chapter 49 of the statutes of 1995 and by section 111 of chapter 39 of the statutes of 1996, is again amended by replacing paragraph *g* by the following paragraph:

“(g) that portion of the aggregate of all amounts deducted by the taxpayer under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for a taxation year ending before that time that may reasonably be attributed to an expenditure made in a preceding taxation year that is a qualified Canadian exploration expenditure, within the meaning of subsection 9 of section 127 of that Act, as it read for that preceding taxation year;”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

48. (1) Section 399.1 of the said Act is replaced by the following section:

“399.1. For the purposes of paragraph *e* of section 399, where, pursuant to a designation by a trust, an amount is required, under subsection 7 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), to be added in computing the investment tax credit, within the meaning of subsection 9 of section 127 of the said Act, of a taxpayer at the end of his taxation year, the portion thereof that can reasonably be considered to relate to an expenditure that, for a taxation year, is a qualified Canadian exploration expenditure, within the meaning of subsection 9 of section 127 of that Act, as it read for that year, of the trust is deemed to have been received by the trust at the end of its taxation year in respect of which the designation was made as assistance from a government in respect of that expenditure.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

49. (1) Section 481 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997 and by section 78 of chapter 14 of the statutes of 1997, is again amended by replacing the portion of paragraph *b* of subsection 1 before subparagraph *i* by the following:

“(b) where the taxpayer and that person file an agreement in prescribed form on or before the taxpayer’s filing-due date for that third year;”.

(2) Subsection 1 has effect from 1 January 1994.

50. (1) Section 485.21 of the said Act, enacted by section 142 of chapter 39 of the statutes of 1996 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing, in paragraph *a*, the words “the day on or before which the parent is required to file a fiscal return pursuant to section 1000” by the words “the parent’s filing-due date”.

(2) Subsection 1 has effect from 22 February 1994.

51. (1) Section 485.45 of the said Act, enacted by section 142 of chapter 39 of the statutes of 1996 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing subparagraph i of paragraph *a* by the following subparagraph :

“i. on or before the later of

(1) the debtor’s filing-due date for the taxation year or fiscal period, as the case may be, that includes that time, and

(2) the transferee’s filing-due date for the taxation year or fiscal period, as the case may be, that includes that time, or”.

(2) Subsection 1 has effect from 22 February 1994.

52. (1) Section 485.46 of the said Act, enacted by section 142 of chapter 39 of the statutes of 1996 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing paragraph *a* by the following paragraph :

“(a) the partnership is required to file a fiscal return under this Part for the fiscal period on or before the latest of the filing-due dates of the members of the partnership during the fiscal period for the taxation year in which that fiscal period ends ; and”.

(2) Subsection 1 has effect from 22 February 1994.

53. (1) Section 500 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing, in the second paragraph, the words “the day on or before which its fiscal return for its taxation year in which such dividend becomes payable is required to be filed, the order in which the said dividend is” by the words “its filing-due date for its taxation year in which such dividends become payable, the order in which they are”.

(2) Subsection 1 has effect from 1 January 1994.

54. (1) Section 518 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section :

“**518.** A taxpayer who, in a taxation year, disposes of property owned by him which is eligible property to a taxable Canadian corporation for consideration that includes a share of the capital stock of the corporation may elect jointly with the latter, in prescribed form and on or before the earliest of the filing-due dates of those taxpayers for the taxation year in which the disposition occurs, that the rules provided in this chapter apply.”

(2) Subsection 1 has effect from 1 January 1994.

55. (1) Section 600 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing paragraph *d* by the following paragraph :

“(d) in computing each income or loss of the partnership for a taxation year, no account shall be taken of sections 145, and 217.2 to 217.9, paragraphs *d* and *e* of section 330 and section 418.12, and no deduction is permitted under section 86 of the Act respecting the application of the Taxation Act (1972, chapter 24), section 217.13, the first paragraph of section 360 or sections 362 to 418.14;”.

(2) Subsection 1 has effect from 1 January 1995.

56. (1) Section 601 of the said Act, amended by section 164 of chapter 39 of the statutes of 1996 and by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the second paragraph by the following paragraph :

“However, an individual who is a member of a partnership immediately before its dissolution or who is a member of a partnership that would, but for section 618, have been dissolved at a particular time, may for the purpose of computing his income and if section 7.0.3 does not apply in respect of the partnership, elect that the fiscal period of the partnership be deemed to have ended immediately before the time it would normally have ended if the partnership had continued to exist.”

(2) Subsection 1 applies to fiscal periods that begin after 31 December 1994.

57. (1) Section 603 of the said Act, amended by section 47 of chapter 1 of the statutes of 1995, replaced by section 165 of chapter 39 of the statutes of 1996 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the portion before paragraph *a* by the following :

“**603.** Where a taxpayer who was a member of a partnership in a fiscal period has, for the purpose of computing the taxpayer’s income from the partnership for the fiscal period, made or executed an agreement, a designation or an election under or in respect of the regulations made under section 104 or any of sections 7.0.3, 7.0.5, 96, 110.1, 156, 180 to 182, 184, 199, 215, 216, 230, 279, 280.3, 299, 485.6, 485.9, 485.10, 485.11, 485.42 to 485.52 and 614 that, but for this section, would be a valid agreement, designation or election, the following rules apply :”.

(2) Subsection 1 has effect from 1 January 1995.

58. (1) Section 608 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section :

“**608.** For the purposes of sections 7 to 7.0.6, 217.2 to 217.16, 600, 607, 634 and 635, where the principal activity of a partnership is carrying on a

business in Canada and its members have entered into an agreement to allocate a share of the income or loss of the partnership from any source in Canada or from sources in another place to any person described in section 609, that person is deemed to be a member of the partnership and the amount so allocated for a particular fiscal period of the partnership shall be included in computing the person's income for the taxation year in which that fiscal period of the partnership ends."

(2) Subsection 1 has effect from 1 January 1995.

59. (1) Section 613 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section :

"613. Where a partnership carries on a business in Canada at any time, each taxpayer who is deemed under section 608 to be a member of the partnership at that time is deemed, for the purposes of sections 26 and 217.2 to 217.9 and, subject to section 217.16, sections 217.10 to 217.15 and sections 1000 to 1003, to carry on that business in Canada at that time."

(2) Subsection 1 has effect from 1 January 1994.

60. (1) Section 613.3 of the said Act, amended by section 46 of chapter 63 of the statutes of 1995, by section 166 of chapter 39 of the statutes of 1996 and by section 71 of chapter 3 of the statutes of 1997, is again amended by striking out subparagraph ii of paragraph *b*.

(2) Subsection 1 applies in respect of revenue guarantees granted after 31 December 1995.

61. (1) Section 653 of the said Act is amended by replacing subparagraphs *a.1* and *b* of the first paragraph by the following subparagraphs :

"(a.1) where the trust is a pre-1972 spousal trust on 1 January 1993 and the spouse referred to in the definition of "pre-1972 spousal trust" in section 652.1 in respect of the trust was, in the case of a trust created by the will of an individual, alive on 1 January 1976, and, in the case of a trust created by an individual during the individual's lifetime, alive on 26 May 1976, the day that is the later of 1 January 1993 and the day on which that spouse dies ;

"(b) the day of the twenty-first anniversary of the latest of 1 January 1972, the day on which the trust was created and, where applicable, the day determined under subparagraph *a* or *a.1* as those subparagraphs applied from time to time after 31 December 1971 ;"

(2) Subsection 1 applies to taxation years of a trust that end after 11 February 1991.

62. (1) Section 656.4 of the said Act is amended

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

“656.4. Where a trust so elects in prescribed form filed with the Minister within six months after the end of a taxation year of the trust that includes a day before 1 January 1999, in this section referred to as the “disposition day”, that would, but for this section, be determined in respect of the trust under subparagraph *a.1* of the first paragraph of section 653 in the case of a trust described in that subparagraph, or under subparagraph *b* of the first paragraph of section 653 in any other case, and there is at least one individual who is an exempt beneficiary under the trust on the disposition day,

(*a*) for the purposes of sections 653 to 656.3, paragraph *a* of section 657 and section 1031.1, the day determined under subparagraph *a.1* or *b* of the first paragraph of section 653 in respect of the trust is deemed to be the earlier of 1 January 1999 and the first day of the trust’s first taxation year that begins after the first day after the disposition day throughout which there is no individual who is an exempt beneficiary under the trust;”;

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

“(b.1) paragraph *b* does not apply to a transfer made by the trust after 28 February 1995 where the trust filed the election before 1 March 1995;”.

(2) Subsection 1 has effect from 12 February 1991.

63. The said Act is amended by inserting, after section 656.4, the following section :

“656.4.1. Where a trust that has filed an election under section 656.4 before 1 July 1995 applies before 9 December 1997 to the Minister in writing for permission to revoke the election and the Minister grants permission to revoke the election,

(*a*) the election is deemed, otherwise than for the purposes of this section, never to have been made ;

(*b*) any amount payable by the trust under this Part as a penalty shall be reduced by that part of the amount that is attributable to the revocation of the election ; and

(*c*) notwithstanding sections 1010 to 1011, such assessments of tax, interest and penalties under this Part shall be made as are necessary by the Minister to take into account the consequences of the revocation of the election.”

64. (1) Section 657 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended

(1) by adding, after subparagraph ii of paragraph *a*, the following subparagraph :

“iii. where the trust is described in subparagraph *a* of the first paragraph and in the second paragraph of section 653 and the spouse referred to in the said subparagraph *a* in respect of the trust died on a day in the year, the part of the amount that, but for this paragraph, paragraph *b* and section 691, would be the part of its income for the year that became payable in the year to a beneficiary, other than the spouse, and as is attributable to one or more dispositions by the trust before the end of that day of capital properties, other than excluded properties, land described in an inventory of the trust, Canadian resource properties or foreign resource properties;”;

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

“(b) the lesser of

- i. the aggregate of all amounts designated by the trust for the year under section 659, and
- ii. the accumulating income of the trust for the year; and”.

(2) Paragraph 1 of subsection 1 applies to taxation years of a trust that end after 19 July 1995.

(3) Paragraph 2 of subsection 1 applies to taxation years of a trust that begin after 31 December 1995.

65. (1) Sections 658 and 659 of the said Act are replaced by the following sections:

“**658.** In this Title,

“accumulating income” of a trust for a taxation year means the amount that would be the income of the trust for the year if that amount were computed

(a) without reference to section 656.3 and paragraph *b* of section 657;

(b) as if the greatest amount that the trust was entitled to deduct under paragraph *a* of section 657 in computing its income for the year were so deducted;

(c) without reference to sections 653 to 656.2 and 691, where the trust is a trust described in subparagraph *a* of the first paragraph and in the second paragraph of section 653, where it is a pre-1972 spousal trust at the end of the year, or where it has elected under section 656.4 for a preceding taxation year;

(d) as if, where the trust is described in subparagraph *a* of the first paragraph and in the second paragraph of section 653 and the spouse referred to in the said subparagraph *a* died on a day in that year, any disposition by the trust before the end of that day of capital property, land described in an inventory of the trust, Canadian resource property or foreign resource property had not occurred; and

(e) without reference to section 92.5.2, except where that section applies to an amount paid to a trust described in the second paragraph of section 441.1 and before the death of the spouse referred to in that paragraph;

“preferred beneficiary” under a trust for a taxation year of the trust means an individual

(a) who is resident in Canada and a beneficiary under the trust at the end of the year;

(b) in respect of whom paragraphs *a* to *c* of section 752.0.14 apply for the individual’s taxation year in which the taxation year of the trust ends; and

(c) who is

i. the settlor of the trust,

ii. the spouse or former spouse of the settlor of the trust, or

iii. a child, grandchild or great grandchild of the settlor of the trust, or the spouse of any such person;

“settlor”

(a) in relation to a testamentary trust, means the individual referred to in section 677; and

(b) in relation to an *inter vivos* trust,

i. if the trust is created by the transfer, assignment or other disposition of property thereto by not more than one individual and the fair market value of that property and of the property subsequently disposed of to the trust by the same individual exceeds the fair market value, at the time of disposition, of property subsequently disposed of to the trust by any other person, means that individual, and

ii. if the trust is created by the transfer, assignment or any other disposition of property made jointly by an individual and his spouse and by no other person and the rule provided for in paragraph *a* applies to that disposition, means that individual and his spouse.

“**659.** Where a trust and a preferred beneficiary under the trust for a taxation year of the trust jointly so elect in respect of the year in prescribed manner, such part of the accumulating income of the trust for the year as is designated in the election, not exceeding the allocable amount for the preferred beneficiary in respect of the trust for the year, shall be included in computing the income of the beneficiary for the beneficiary’s taxation year in which the taxation year of the trust ended and shall not be included in computing the income of any beneficiary of the trust for a subsequent taxation year.”

(2) Subsection 1, where it enacts section 658 of the said Act, applies to taxation years of a trust that end after 19 July 1995. However, where the definition of “preferred beneficiary” in section 658 applies to taxation years of a trust that begin before 1 January 1996, it shall be read as follows:

““preferred beneficiary” under a trust means an individual resident in Canada who is a beneficiary under the trust and is the settlor of the trust, the spouse or former spouse of the settlor of the trust, or a child, grandchild or great grandchild of the settlor of the trust, or the spouse of any such person;”.

(3) Subsection 1, where it enacts section 659 of the said Act, applies to taxation years of a trust that begin after 31 December 1995.

66. (1) Section 660 of the said Act, amended by section 236 of chapter 49 of the statutes of 1995, is replaced by the following section:

“**660.** For the purposes of section 659, the allocable amount for a preferred beneficiary under a trust in respect of the trust for a taxation year is

(a) where the trust is a trust described in subparagraph *a* of the first paragraph and in the second paragraph of section 653 or a pre-1972 spousal trust and the spouse referred to in the said subparagraph *a* or in the definition of “pre-1972 spousal trust” in section 652.1, as the case may be, is alive at the end of the year, an amount equal to the trust’s accumulating income for the year, if the preferred beneficiary is that spouse, and, in any other case, nil;

(b) where paragraph *a* does not apply and the beneficiary’s interest in the trust is not solely contingent on the death of another beneficiary who has a capital interest in the trust and who does not have an income interest in the trust, the trust’s accumulating income for the year; and

(c) in any other case, nil.”

(2) Subsection 1 applies to taxation years of a trust that begin after 31 December 1995.

67. (1) Section 664 of the said Act is replaced by the following section:

“**664.** Notwithstanding section 652, any part of the amount that, but for paragraphs *a* and *b* of section 657, would be the income of a trust for a taxation year throughout which it was resident in Canada is, for the purposes of paragraph *a* of section 657 and section 663, deemed to have become payable to an individual in the year if

(a) that part of the amount has not become payable in the year;

(b) that part of the amount was held in trust for an individual who did not attain 21 years of age before the end of the year;

(c) the right to that part of the amount vested in the individual at or before the end of the year otherwise than because of the exercise by any person of, or the failure of any person to exercise, any discretionary power; and

(d) the right to that part of the amount is not subject to any future condition, other than a condition that the individual survive to an age not exceeding 40 years.”

(2) Subsection 1 applies to taxation years of a trust that begin after 31 December 1995.

68. (1) Section 678 of the said Act is replaced by the following section:

“**678.** The taxation year of a testamentary trust is the period for which the accounts of the trust are made up for purposes of assessment under this Part.

The period contemplated in the first paragraph shall however not exceed 12 months and, for the purposes of this Part, no change in the time when such a period ends may be made without the concurrence of the Minister.”

(2) Subsection 1 has effect from 1 January 1995.

69. (1) Section 716.0.1 of the said Act, enacted by section 51 of chapter 63 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing, in the first paragraph, the words “the day on or before which it is required to file a fiscal return pursuant to section 1000” by the words “its filing-due date”.

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

70. (1) Section 726.9.7 of the said Act, enacted by section 186 of chapter 39 of the statutes of 1996, is amended by replacing subparagraph i of paragraph *a* by the following subparagraph:

“i. if the election is in respect of a business of the elector, on or before the individual’s filing-due date for the taxation year in which the fiscal period of the business that includes 22 February 1994 ends, and”.

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

71. (1) Section 726.11 of the said Act, amended by section 188 of chapter 39 of the statutes of 1996, is again amended, in paragraph *a*,

(1) by replacing the words “the day on or before which he is required to file a return of his income” by the words “his filing-due date”;

(2) by striking out the words “pursuant to section 1000”.

(2) Subsection 1 has effect from 1 January 1994.

72. Section 736.0.3.1 of the said Act, amended by section 236 of chapter 49 of the statutes of 1995 and by section 71 of chapter 3 of the statutes of 1997, is again amended by striking out, in the first paragraph, “and sections 191, 210, 211 and 213”.

73. (1) Section 737.8 of the said Act is amended by replacing the words “the day on which he is required to file the return or would be so required if tax were payable by him for the year under this Part” by the words “his filing-due date for the year”.

(2) Subsection 1 has effect from 1 January 1994.

74. (1) Section 737.12.1 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) where the individual died in the year in which the election was filed, the filing-due date in respect of the individual for the year of death; and”.

(2) Subsection 1 has effect from 1 January 1994.

75. (1) Section 737.19 of the said Act, amended by section 68 of chapter 1 of the statutes of 1995, by section 71 of chapter 3 of the statutes of 1997 and by section 107 of chapter 14 of the statutes of 1997, is again amended by striking out paragraph *d*.

(2) Subsection 1 applies in respect of work performed after 27 February 1995.

76. Section 737.20 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended, in the second paragraph,

(1) by replacing subparagraph *a* by the following subparagraph:

“(a) a subsidiary controlled corporation of the eligible employer;”;

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

“(c) a corporation controlling the eligible employer.”

77. (1) Section 752.0.1 of the said Act, amended by section 71 of chapter 1 of the statutes of 1995 and by section 109 of chapter 14 of the statutes of 1997, is again amended by replacing, in paragraph *h*, the words “the day on or before which he is required to file his fiscal return with the Minister under section 1000” by the words “his filing-due date”.

(2) Subsection 1 has effect from 1 January 1994.

78. (1) Section 752.0.10 of the said Act is amended by replacing paragraph *e* by the following paragraph:

“(e) an amount received out of or under a retirement compensation arrangement, a salary deferral arrangement, an employee trust, an employee benefit plan, or a prescribed provincial pension plan;”.

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

79. (1) Section 752.0.10.15 of the said Act, enacted by section 58 of chapter 63 of the statutes of 1995, is amended by replacing the first paragraph by the following paragraph :

“**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 his filing-due date 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, 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.”

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

80. (1) Section 752.2 of the said Act, amended by section 61 of chapter 63 of the statutes of 1995, is again amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**752.2.** Where an individual dies in a taxation year ending before 1 January 1998 and is resident in Canada at the time of death and the individual’s legal representative files with the individual’s fiscal return for the year an election in prescribed form on or before the filing-due date of the individual for the year, there shall be added to the amount that would, but for this chapter, be the individual’s tax payable for the year under this Part with respect to the return an amount equal to the amount, if any, by which”.

(2) Subsection 1 has effect from 1 January 1994.

81. (1) Section 752.5 of the said Act is amended by replacing the third paragraph by the following paragraph :

“The returns of income must be filed with the Minister on or before the filing-due date of the individual for the year of death.”

(2) Subsection 1 has effect from 1 January 1994.

82. (1) Section 771.1.10 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing subparagraph *i* of paragraph *a* by the following subparagraph :

“i. the aggregate of all amounts each of which is an amount in respect of an eligible business carried on in Canada by the corporation as a member of the partnership equal to the amount by which the aggregate of all amounts each of which is the corporation’s share of the income, determined in accordance with Title XI of Book III, of the partnership for a fiscal period of the business ending in the year or an amount included because of section 217.14 in computing the corporation’s income for the year from the business, exceeds the aggregate of all amounts each of which is an amount deducted in computing the corporation’s income for the year from the business, other than an amount that was deducted by the partnership in computing its income from the business, and”.

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

83. (1) Section 771.5 of the said Act, amended by section 72 of chapter 63 of the statutes of 1995 and by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing paragraph *d* by the following paragraph :

“(d) the corporation filed a return in prescribed form with the Minister on or before its filing-due date for its first taxation year.”

(2) Subsection 1 has effect from 1 January 1994.

84. (1) Section 771.5.1 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the first paragraph by the following paragraph :

“**771.5.1.** For the purposes of paragraph *d* of section 771.5, a return that has not been filed by the corporation contemplated therein within the time specified therein is deemed to have been filed within that time if it is filed, in prescribed form and along with a payment by the corporation of the penalty described in the second paragraph, on or before the corporation’s filing-due date for its third taxation year.”

(2) Subsection 1 has effect from 1 January 1994.

85. (1) Section 785.2 of the said Act, enacted by section 179 of chapter 49 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing, in subparagraph ii of paragraph *b* and paragraph *d*, the words “date on or before which the taxpayer is required to file a fiscal return under this Part” by the words “taxpayer’s balance-due day”.

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

86. (1) Section 815.1 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the words “the day on or before which the member institution is required by section 1000 to file a fiscal return” by the words “the member institutions’s filing-due date”.

(2) Subsection 1 has effect from 1 January 1994.

87. (1) Section 851.29 of the said Act is amended by replacing the words “the day on or before which the trust is required by section 1000 to file a fiscal return” by the words “the trust’s filing-due date”.

(2) Subsection 1 has effect from 1 January 1994.

88. (1) Section 935.3 of the said Act, replaced by section 239 of chapter 39 of the statutes of 1996, is amended by replacing the portion before paragraph *a* by the following :

“**935.3.** An individual may designate a single amount for a taxation year on a prescribed form attached to the fiscal return the individual is required to file under section 1000 for the year or, if a return is not required to be filed for the year, filed with the Minister on or before the individual’s filing-due date for the year, where the amount does not exceed the lesser of”.

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

89. (1) Section 965.11.7.1 of the said Act, amended by section 273 of chapter 39 of the statutes of 1996 and by section 71 of chapter 3 of the statutes of 1997, is again amended, in paragraph *d*, by inserting, after the words “operated as a”, the words “partnership that is a”.

(2) Subsection 1 has effect from 20 March 1997.

90. (1) Section 979.15 of the said Act, amended by section 199 of chapter 1 of the statutes of 1995, is again amended by replacing “paragraph *p*” by “subparagraph *o* of the second paragraph” and, in the French text, by replacing the words “bénéficiaire visé dans” by the words “bénéficiaire visé à”.

(2) Subsection 1 has effect from 15 December 1995.

91. (1) Section 991 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended

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

“**991.** A corporation that was constituted exclusively for the purpose of carrying on or promoting scientific research and experimental development is exempt from tax if it has not acquired control of any other corporation, if it does not carry on any business and if at least 90% of the amount by which the corporation’s gross revenue for the period referred to in section 980 exceeds the aggregate of all amounts paid in the period by the corporation because of subsection 7.1 of section 149 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or section 991.2 is expended in Canada”;

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

“For the purposes of subsection 1 of section 986 and of this section, such corporation shall include in computing its income and in determining its gross revenue all amounts contributed to the corporation to be used for scientific research and experimental development and the amount of all gifts made to it.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1995.

92. (1) The said Act is amended by inserting, after section 991, the following sections :

“991.1. A corporation that is exempt from tax under this Part for a taxation year because of section 991 shall file with the Minister, on or before its filing-due date for the year, the prescribed form containing the prescribed information.

“991.2. Where a corporation fails to file the prescribed form as required by section 991.1 for a taxation year, it is liable to a penalty equal to the amount determined by the formula

$$A \times B.$$

For the purposes of the formula in the first paragraph,

(a) A is the greater of \$250 and 0.75% of the corporation’s taxable income for the year ;

(b) B is the lesser of 12 and the number of months in whole or in part that are in the period that begins on the day on or before which the prescribed form is required to be filed and ends on the day it is filed.”

(2) Subsection 1 applies to taxation years that end after 27 February 1995. However, a form referred to in section 991.1 of the said Act, enacted by subsection 1, that is filed with the Minister of Revenue on or before 9 December 1997 is deemed to have been filed within the time limit prescribed in that section.

93. (1) Section 992 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is replaced by the following section :

“992. In determining the gross revenue of a corporation for the purpose of determining whether the corporation is described by section 991 for a taxation year, there may be deducted an amount not exceeding its gross revenue for the year computed before applying this section, and there shall be included any amount that has been deducted under this section for the preceding taxation year.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1995.

94. (1) Section 1000 of the said Act, amended by section 109 of chapter 1 of the statutes of 1995, by section 236 of chapter 49 of the statutes of 1995, by section 71 of chapter 3 of the statutes of 1997 and by section 177 of chapter 14 of the statutes of 1997, is again amended

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

“(c) in the case of a person who dies before the day following the day that would otherwise be the person’s filing-due date, by the person’s legal representatives on or before the person’s filing-due date or within six months after the day of death;”;

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

“(e) in the case of any other person, by that person, on or before

i. 30 April of the following calendar year,

ii. 15 June of the following calendar year if the person is an individual who carried on a business in the taxation year, unless the expenditures made in the course of carrying on the business were primarily the cost or capital cost of a tax shelter, or if at any time in the taxation year the person is the spouse of such an individual and the person and the individual are not living apart at that time, or

iii. where at any time in the taxation year the person was the spouse of an individual to whom paragraph *c* applies and the person and the individual were not living apart at that time, within the time specified in paragraph *c*; and”;

(3) by adding, after subsection 2, the following subsection:

“(3) For the purposes of paragraph *e* of subsection 2, two persons shall be considered to be living apart at any time if they were living apart at that time, because of a breakdown of their marriage, and the separation lasted for a period of at least 90 days.”

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

95. (1) Section 1012 of the said Act is replaced by the following section:

“1012. Where a taxpayer has filed for a taxation year the fiscal return required by section 1000 and an amount referred to in section 1012.1 is subsequently included in computing the taxpayer’s taxable income or claimed as a deduction by the taxpayer or on behalf of the taxpayer for the taxation year by filing with the Minister, on or before the taxpayer’s filing-due date for that subsequent taxation year in respect of that amount, a prescribed form amending the fiscal return for the taxation year, the Minister shall redetermine the taxpayer’s tax for any relevant taxation year, other than a taxation year

preceding the taxation year, to take into account the amount included in computing the taxpayer's taxable income or the deduction claimed."

(2) Subsection 1 has effect from 1 January 1994.

96. (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, replaced by section 114 of chapter 63 of the statutes of 1995 and amended by section 290 of chapter 14 of the statutes of 1997, is again amended by striking out subparagraph *j* of the second paragraph.

(2) Subsection 1 applies from 1 January 1998.

97. Section 1015.1 of the said Act is repealed.

98. (1) Section 1026.0.1 of the said Act, enacted by section 115 of chapter 1 of the statutes of 1995, is amended by replacing the words "the date on or before which he is required to file his fiscal return for the year under section 1000" by the words "the individual's balance-due day for the year".

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

99. (1) Section 1029.2 of the said Act, amended by section 199 of chapter 1 of the statutes of 1995, by section 116 of chapter 63 of the statutes of 1995, by section 71 of chapter 3 of the statutes of 1997 and by section 180 of chapter 14 of the statutes of 1997, is again amended, in the first paragraph,

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

"(a) on its balance-due day for the 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 of paragraph *b* before subparagraph *i* by the following:

"(b) on its balance-due day for any of the seven taxation years immediately following the particular year, as partial payment of its tax payable for that subsequent year under this Part, the lesser of the following amounts:".

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

100. (1) Section 1029.7.2 of the said Act, replaced by section 120 of chapter 1 of the statutes of 1995 and by section 122 of chapter 63 of the statutes of 1995, amended by section 71 of chapter 3 of the statutes of 1997 and replaced by section 185 of chapter 14 of the statutes of 1997, is again amended, in the first paragraph, by inserting, after the words "directly or indirectly", the words "in any manner whatever".

(2) Subsection 1 applies in respect of wages paid after 9 May 1996 for the scientific research and experimental development undertaken after that date and in respect of consideration paid under a contract entered into after that date for scientific research and experimental development undertaken after that date.

101. (1) Section 1029.8.0.0.1 of the said Act, enacted by section 127 of chapter 63 of the statutes of 1995, amended by section 71 of chapter 3 of the statutes of 1997 and replaced by section 191 of chapter 14 of the statutes of 1997, is again amended by replacing the portion before paragraph *a* by the following:

“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* or *e* 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 or to a particular partnership under a contract for the purpose of causing to be undertaken, on his behalf, scientific research and experimental development referred to in that subparagraph *c*, or work relating to scientific research and experimental development referred to in that subparagraph *e*, as the case may be, unless he files with the Minister, on or before his filing-due date for the year, a statement in prescribed form containing the following information:”.

(2) Subsection 1 applies in respect of expenditures made after 12 May 1994 under a contract entered into after that date.

102. (1) Section 1029.8.1 of the said Act, amended by section 122 of chapter 1 of the statutes of 1995, by section 236 of chapter 49 of the statutes of 1995, by section 129 of chapter 63 of the statutes of 1995, by section 56 of chapter 3 of the statutes of 1997 and by section 192 of chapter 14 of the statutes of 1997, is again amended

(1) by striking out, in subparagraph *iv* of paragraph *g.1*, the words “and related benefits”;

(2) by striking out paragraph *h*.

(2) Paragraph 1 of subsection 1 has effect from 21 May 1993.

(3) Paragraph 2 of subsection 1 applies in respect of work performed after 27 February 1995.

103. (1) Section 1029.8.9.1 of the said Act, amended by section 131 of chapter 1 of the statutes of 1995, by section 236 of chapter 49 of the statutes of 1995, by section 137 of chapter 63 of the statutes of 1995 and by section 71 of chapter 3 of the statutes of 1997, is again amended

(1) by striking out, in paragraph *d* of the definition of “overhead expenditure”, the words “and related benefits”;

(2) by striking out the definition of “scientific research and experimental development”.

(2) Paragraph 1 of subsection 1 has effect from 21 May 1993.

(3) Paragraph 2 of subsection 1 applies in respect of work performed after 27 February 1995.

104. Section 1029.8.16 of the said Act, amended by section 141 of chapter 63 of the statutes of 1995, is again amended, in the English text,

(1) by replacing, in paragraph *a*, the word “receipt” by the words “validation certificate”;

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

“i. where the agreement contemplated in the said section 1029.8.10 or 1029.8.11 has been the object of a validation certificate issued by the Minister of Industry, Trade, Science and Technology, if such certificate was not in force or valid at the time when the expenditure was made or at the time when the scientific research and experimental development was undertaken, where the expenditure was made after the date of issue of the certificate or, if the expenditure was made before the date indicated to that effect on the certificate, where the expenditure was made before the date of issue of the certificate;”.

105. (1) Section 1029.8.17 of the said Act, amended by section 137 of chapter 1 of the statutes of 1995, is again amended

(1) by inserting, after paragraph *b*, the following paragraph:

“(b.1) “taxable supplier” in respect of an amount means

i. a person resident in Canada,

ii. a Canadian partnership, or

iii. a person not resident in Canada, or a partnership that is not a Canadian partnership, where the amount is paid or payable by such person or partnership in the course of carrying on a business through an establishment in Canada;”;

(2) by replacing, in subparagraph *i* of paragraph *c*, the word “payable” by the words “paid or payable by a taxable supplier in respect of the amount;”;

(3) by striking out, in subparagraph *i* of paragraph *c*, the words “, within the meaning of the regulations made pursuant to section 222;”;

(4) by replacing the word “person” wherever it appears in subparagraph i of paragraph *c* by the words “person or partnership”;

(5) by replacing, in subparagraph i of paragraph *c*, the words “because of paragraph *d* of subsection 1 of section 222, or pursuant to subsection 1 of section 222” by the words “under subsection 1 of section 222 by reason of the fact that the amount is a payment to which that subsection 1 first refers that is described in paragraph *a* of section 222.1 or”;

(6) by striking out, in subparagraph ii of paragraph *c*, the words “, within the meaning of the regulations made pursuant to section 222,”.

(2) Paragraphs 1 and 2 of subsection 1 apply to taxation years that begin after 31 December 1995.

(3) Paragraphs 3 and 6 of subsection 1 apply in respect of work performed after 27 February 1995.

(4) Paragraph 4 of subsection 1 applies in respect of expenditures made after 12 May 1994 under a contract entered into after that date.

(5) Paragraph 5 of subsection 1 applies in respect of payments made after 31 December 1995.

106. (1) The said Act is amended by inserting, after section 1029.8.17, the following section:

“**1029.8.17.0.1.** Where there is an arrangement under which an amount is paid or payable by a particular person or partnership to another person or partnership and a particular amount is received or receivable in respect of scientific research and experimental development by a person or partnership, other than the particular person or partnership or the other person or partnership, from a person or partnership that is not a taxable supplier in respect of the particular amount, and one of the main purposes of the arrangement can reasonably be considered to be to cause the particular amount not to be a contract payment, the particular amount is deemed to be a contract payment in respect of scientific research and experimental development.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

107. (1) Section 1029.8.19 of the said Act, replaced by section 141 of chapter 1 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997 and by section 290 of chapter 14 of the statutes of 1997, is again amended by replacing the words “at the time the taxpayer files his fiscal return” by the words “on or before the taxpayer’s filing-due date”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

108. (1) Section 1029.8.21.3 of the said Act, enacted by section 145 of chapter 1 of the statutes of 1995 and amended by section 153 of chapter 63 of the statutes of 1995 and by section 210 of chapter 14 of the statutes of 1997, is again amended

(1) by replacing, in the first paragraph, the words “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” by the words “the day that is 12 months after the taxpayer’s filing-due date for the particular year”;

(2) by replacing, in the French text of the second paragraph, the words “activités de recherches scientifiques et de” by the words “recherches scientifiques et à du”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 31 December 1995.

(3) Paragraph 2 of subsection 1 applies in respect of work performed after 27 February 1995.

109. (1) Section 1029.8.22 of the said Act, amended by section 457 of chapter 40 of the statutes of 1994, by section 146 of chapter 1 of the statutes of 1995, by sections 154 and 261 of chapter 63 of the statutes of 1995, by section 59 of chapter 3 of the statutes of 1997 and by section 211 of chapter 14 of the statutes of 1997, is again amended, in the first paragraph,

(1) by replacing subparagraphs i and ii of paragraph *a* of the definition of “qualified training expenditure” by the following subparagraphs:

“i. in the case of the qualified corporation, on or before its filing-due date for that taxation year;

“ii. where a qualified corporation is a member of the qualified partnership, on or before the day that is six months after the end of the fiscal period of the qualified partnership;”;

(2) by striking out, in paragraph *c* of the definition of “qualified corporation”, the words “, within the meaning of section 737.13,”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 31 December 1995.

110. (1) Section 1029.8.33.1.1 of the said Act, enacted by section 162 of chapter 63 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the words “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” by the words “the day that is 12 months after its filing-due date for the particular year”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

111. (1) Section 1029.8.33.3 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995 and amended by section 165 of chapter 63 of the statutes of 1995 and by section 71 of chapter 3 of the statutes of 1997, is again amended

(1) by replacing the words “at the time of the filing of his fiscal return” by the words “on or before the eligible taxpayer’s filing-due date” in the following provisions:

- subparagraph *i* of subparagraph *c* of the first paragraph;
- subparagraph *i* of subparagraphs *c* and *f* of the second paragraph;

(2) by replacing the words “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” by the words “on or before the day that is six months after the end of the fiscal period of the qualified partnership” in the following provisions:

- subparagraph *ii* of subparagraph *c* of the first paragraph;
- subparagraph *ii* of subparagraphs *c* and *f* of the second paragraph.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

112. (1) Section 1029.8.33.7.1 of the said Act, enacted by section 170 of chapter 63 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended, in the first paragraph, by replacing the words “at the time of the filing of his fiscal return” by the words “on or before the eligible taxpayer’s filing-due date”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

113. (1) Section 1029.8.33.8 of the said Act, enacted by section 156 of chapter 1 of the statutes of 1995, replaced by section 171 of chapter 63 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended, in the first paragraph,

(1) by replacing, in subparagraph *a*, the words “at the time of the filing of the eligible taxpayer’s fiscal return” by the words “on or before the eligible taxpayer’s filing-due date”;

(2) by replacing, in subparagraph *i* of subparagraph *b*, the words “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” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the expenditure was made”;

(3) by replacing, in subparagraph *ii* of subparagraph *b*, the words “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” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the expenditure was made”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

114. (1) Section 1029.8.33.11 of the said Act, enacted by section 173 of chapter 63 of the statutes of 1995, is amended by replacing the words “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” by the words “the day that is 12 months after his filing-due date for the particular year”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

115. (1) Section 1029.8.35 of the said Act, amended by section 50 of chapter 21 of the statutes of 1994, by section 175 of chapter 63 of the statutes of 1995, by section 71 of chapter 3 of the statutes of 1997 and by section 220 of chapter 14 of the statutes of 1997, is again amended

(1) in the first paragraph, by replacing the words “the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of” by the words “the corporation’s balance-due day for” and by striking out the words “, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year”;

(2) by replacing, in subparagraph *ii* of subparagraph *b* of the third paragraph, the words “the time of filing of the corporation’s fiscal return referred to in the first paragraph” by the words “the person’s or the partnership’s filing-due date”;

(3) by replacing, in the fourth paragraph, the words “at the time of the filing of its fiscal return for the year and that it has not repaid at that time” by

the words “on or before the corporation’s filing-due date for the year and that it has not repaid on that date”.

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 9 May 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 January 1994.

(4) Paragraph 3 of subsection 1 has effect from 10 May 1995.

116. (1) Section 1029.8.36.27 of the said Act, enacted by section 157 of chapter 1 of the statutes of 1995 and amended by section 192 of chapter 63 of the statutes of 1995 and by section 71 of chapter 3 of the statutes of 1997, is again amended, in the first paragraph,

(1) by replacing, in subparagraph *a*, the words “at the time of the filing of the qualified corporation’s fiscal return” by the words “on or before the qualified corporation’s filing-due date”;

(2) by replacing, in subparagraph *i* of subparagraph *b*, the words “at the time of the filing, by the qualified corporation, of its fiscal return for that year” by the words “on or before the day that is six months after the end of the fiscal period of the qualified partnership in which the expenditure was incurred”;

(3) by replacing, in subparagraph *ii* of subparagraph *b*, the words “at the time of the filing of its or his fiscal return for the year” by the words “on or before the day that is six months after the end of the fiscal period of the qualified partnership in which the expenditure was incurred”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

117. (1) Section 1029.8.36.29 of the said Act, enacted by section 193 of chapter 63 of the statutes of 1995 and amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing the words “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” by the words “the day that is 12 months after its filing-due date for the particular year”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

118. (1) Section 1029.8.50 of the said Act, amended by section 159 of chapter 1 of the statutes of 1995, by section 202 of chapter 63 of the statutes of 1995 and by section 290 of chapter 14 of the statutes of 1997, is again amended, in the portion of the first paragraph before paragraph *a*,

(1) by replacing the words “on the day referred to in section 1026.0.1 in respect of” by the words “on his balance-due day for”;

(2) by striking out the words “, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year”.

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

119. (1) Section 1029.8.67 of the said Act, enacted by section 162 of chapter 1 of the statutes of 1995, is amended

(1) by striking out subparagraph iii of paragraph *a* of the definition of “child care expense”;

(2) by replacing, in paragraph *b* of the definition of “earned income”, “paragraph *e*, *g* or *h*” by “paragraph *g* or *h*”.

(2) Subsection 1 applies from 1 January 1998.

120. (1) Section 1031 of the said Act, amended by section 164 of chapter 1 of the statutes of 1995 and by section 229 of chapter 49 of the statutes of 1995, is again amended

(1) by replacing, in the first paragraph, the words “day on or before which the individual is required to file a fiscal return” by the words “individual’s balance-due day”;

(2) by replacing, in subparagraph *b* of the second paragraph, the words “day on or before which the taxpayer is required to file a fiscal return” by the words “individual’s balance-due day”.

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

121. Section 1037 of the said Act is replaced by the following section :

“**1037.** Any tax that is unpaid by a taxpayer on the taxpayer’s balance-due day for the year shall bear interest at the rate fixed under section 28 of the Act respecting the Ministère du Revenu, from the taxpayer’s balance-due day to the day of payment.”

122. (1) Section 1037.1 of the said Act is amended by replacing the words “date on or before which he must file the return or” by the words “individual’s balance-due day or from”.

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

123. Section 1038.1 of the said Act is amended by replacing the words “day on or before which the taxpayer is required to pay to the Minister the balance of his estimated income tax or would be so required if he had such a balance” by the words “taxpayer’s balance-due day”.

124. Section 1040.1 of the said Act is amended by replacing the words “day on or before which the taxpayer is required to pay to the Minister the balance of his estimated income tax or would be so required if he had such a balance” by the words “taxpayer’s balance-due day”.

125. (1) Section 1044 of the said Act, amended by section 214 of chapter 63 of the statutes of 1995, is again amended by replacing, in subparagraph *b* of the second paragraph, the word “reassessed” by the word “assessed”.

(2) Subsection 1 applies to loss carryback applications made after 20 May 1993.

126. (1) Section 1045.0.1 of the said Act, enacted by section 216 of chapter 63 of the statutes of 1995, is replaced by the following section:

“**1045.0.1.** Notwithstanding section 1045, where the failure referred to in that section results solely from 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 with the words “the tax unpaid at the time when the return must be filed” replaced by the words “the tax unpaid on the individual’s filing-due date for the subsequent taxation year in which the disposition was made”.”

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

127. (1) Section 1052 of the said Act is amended by replacing paragraphs *c* and *d* by the following paragraphs:

“(c) the forty-sixth day following the balance-due day in the case of an individual, or following the filing-due date in the case of a corporation;

“(d) the forty-sixth day following the day on which the fiscal return giving rise to the overpayment was filed under sections 1000 to 1003;”.

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

128. (1) Section 1053 of the said Act, amended by section 220 of chapter 63 of the statutes of 1995, is again amended by replacing, in paragraph *b*, the word “reassessed” by the word “assessed”.

(2) Subsection 1 applies to loss carryback applications made after 20 May 1993.

129. Section 1057 of the said Act, amended by section 177 of chapter 1 of the statutes of 1995 and by section 3 of chapter 36 of the statutes of 1995, is again amended by replacing, in the second paragraph, the words “expiration

of the period for filing his or its fiscal return” by the words “filing-due date of the individual”.

130. (1) Section 1086.8 of the said Act, enacted by section 180 of chapter 1 of the statutes of 1995, is amended by replacing the words “the date on or before which the individual must file his fiscal return for the year under section 1000” by the words “his balance-due day, within the meaning of section 1, for the year”.

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

131. (1) Section 1120 of the said Act, amended by section 273 of chapter 39 of the statutes of 1996, is again amended by replacing the second paragraph by the following paragraph:

“However, where a trust’s first taxation year ended after 1971 and the trust has become a mutual fund trust after 1971 and on or before the trust’s filing-due date, within the meaning of section 1, for that year, it is deemed to have been a mutual fund trust from the beginning of that year if it so elected in the fiscal return it was required to file for that year.”

(2) Subsection 1 has effect from 1 January 1994. However, where the second paragraph of section 1120 of the said Act, enacted by subsection 1, applies before 30 October 1996, the French text thereof shall be read with the words “fiducie de fonds commun de placements” replaced by the words “fiducie de fonds mutuels”, wherever they appear.

132. Section 1121.2 of the said Act, amended by section 273 of chapter 39 of the statutes of 1996, is again amended by inserting, in paragraph *a* after the words “section 670”, the words “, as that section read before being repealed,”.

133. (1) Section 1129.2 of the said Act, amended by section 50 of chapter 21 of the statutes of 1994, by section 199 of chapter 1 of the statutes of 1995, by section 71 of chapter 3 of the statutes of 1997 and by section 263 of chapter 14 of the statutes of 1997, is again amended by replacing, in the portion of subparagraph *c* of the first paragraph before subparagraph *i*, the words “at the time of filing its fiscal return for the particular year under Part I” by the words “on or before its filing-due date, within the meaning of section 1, for the particular year”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

134. (1) Section 1129.4.2 of the said Act, enacted by section 264 of chapter 14 of the statutes of 1997, is amended by replacing, in subparagraphs *g* and *h* of the first paragraph, the words “at the time of filing its fiscal return for the particular year under Part I” by the words “on or before its filing-due date, within the meaning assigned by section 1, for the particular year”.

(2) Subsection 1 applies to a multimedia title in respect of which the Société de développement des entreprises culturelles issues a certificate after 9 May 1996.

135. (1) Section 1129.41 of the said Act, enacted by section 191 of chapter 1 of the statutes of 1995 and amended by section 236 of chapter 49 of the statutes of 1995 and by section 261 of chapter 63 of the statutes of 1995, is again amended by replacing “1024,” by “1024 and 1026.0.1,”.

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

136. Section 1130 of the said Act, amended by section 192 of chapter 1 of the statutes of 1995, by section 237 of chapter 63 of the statutes of 1995, by section 271 of chapter 39 of the statutes of 1996, by section 66 of chapter 3 of the statutes of 1997 and by section 269 of chapter 14 of the statutes of 1997, is again amended, in the definition of “long-term debt”,

(1) by replacing, in the French text, paragraph *b* by the following paragraph :

“*b*) dans le cas d’une société de fiducie, d’une société de prêts ou d’une société faisant le commerce de valeurs mobilières, les titres secondaires, au sens donné à cette expression par l’article 2 de la Loi sur les banques, compte tenu des adaptations nécessaires, qu’elle a émis pour un terme d’au moins cinq ans;”;

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

“(c) in the case of a savings and credit union, its subordinated indebtedness, within the meaning that would be assigned by section 2 of the Cooperative Credit Associations Act (Statutes of Canada, 1991, chapter 48) if the definition of that expression were applied with the necessary modifications, issued for a term of not less than five years;”.

137. (1) Section 1137 of the said Act, amended by section 242 of chapter 63 of the statutes of 1995, by section 71 of chapter 3 of the statutes of 1997 and by section 274 of chapter 14 of the statutes of 1997, is again amended by replacing, in subparagraph *i* of paragraph *b.2*, the words “at the time of filing the fiscal return” by the words “on or before its filing-due date, within the meaning assigned by section 1,”.

(2) Subsection 1 applies in respect of eligible acquisition costs incurred after 9 May 1996.

138. Section 1144 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing paragraph *a* by the following paragraph :

“(a) exempting from capital tax, on the conditions prescribed by it, any corporation in the process of winding-up or under sequestration, any inactive

corporation, or any corporation incorporated for cultural or agricultural purposes or for drainage or water supply purposes;”.

139. (1) Section 1159.8 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended, in subparagraphs *b* to *d* of the second paragraph, by inserting, before the word “year”, the word “calendar”.

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

140. Section 1168 of the said Act, amended by section 71 of chapter 3 of the statutes of 1997, is again amended

(1) by replacing, in subsection 1, the word “company” by the word “corporation”;

(2) by replacing the word “companies”, wherever it appears in subsection 2, by the word “corporations”.

141. Section 1175.1 of the said Act, enacted by section 286 of chapter 14 of the statutes of 1997, is amended, in the French text of the definition of “passif à long terme”, by replacing the word “contractés” by the word “émis”.

142. (1) Section 1185.1 of the said Act, amended by section 198 of chapter 1 of the statutes of 1995 and by section 71 of chapter 3 of the statutes of 1997, is again amended by replacing subparagraph *b* of the first paragraph by the following subparagraph :

“(b) the remainder of the tax so estimated for the taxation year, on or before the taxpayer’s balance-due day, within the meaning of section 1, for that year.”

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

143. (1) The said Act, amended by chapters 21 and 40 of the statutes of 1994, by chapters 1, 18, 36, 49 and 63 of the statutes of 1995, by chapters 31 and 39 of the statutes of 1996 and by chapters 3 and 14 of the statutes of 1997, is again amended

(1) by replacing the words “the day on or before which the corporation is required to file a fiscal return pursuant to section 1000” by the words “the corporation’s filing-due date” in the following provisions :

— paragraph *c* of section 418.23;

— paragraph *c* of section 418.24;

(2) by replacing the words “sur un formulaire prescrit” by the words “au moyen du formulaire prescrit” in the French text of the following provisions :

- paragraphs *c* and *e* of section 418.23;
- paragraphs *c* and *e* of section 418.24;
- subparagraph *d* of the first paragraph of section 832.3;
- paragraph *d* of section 832.9;
- the portion of subparagraph ii of paragraph *b* of section 844.4 before subparagraph 1;

(3) by replacing the words “the earlier of the days on or before which either of them is required to file a fiscal return pursuant to section 1000 for its or his taxation year” by the words “the earliest of their filing-due dates for the taxation year” in the following provisions:

- paragraph *e* of section 418.23;
- paragraph *e* of section 418.24;

(4) by striking out the words “, directly or indirectly,” in the following provisions:

- paragraph *b* of section 726.4.14;
- paragraph *b* of section 726.4.15;
- paragraph *b* of section 726.4.17.6;
- paragraph *b* of section 726.4.17.7;

(5) by replacing the words “, sections 210 to 214 and paragraphs *a*, *a.1*, *c*” by the words “and paragraphs *a*, *a.1*” in the following provisions:

- subparagraph *f* of the second paragraph of section 832.3;
- paragraph *b* of section 832.6;

(6) by replacing,

— in subparagraph *d* of the first paragraph of section 832.3, the words “the day that is the earliest of the days on or before which any of the two is required to file his fiscal return with the Minister pursuant to section 1000” by the words “the earliest of their filing-due dates”;

— in paragraph *d* of section 832.9, the words “the day that is the earliest of the days on or before which any of the two is required to file his fiscal return with the Minister pursuant to section 1000” by the words “the earliest of their filing-due dates”;

— in the portion of subparagraph ii of paragraph *b* of section 844.4 before subparagraph 1, the words “the day that is the earliest of the days on or before which any of the two is required to file its fiscal return with the Minister in accordance with section 1000” by the words “the earliest of their filing-due dates”;

(7) by striking out the words “within the meaning of the regulations made pursuant to section 222” in the following provisions:

— the portion of the first paragraph of section 1029.7 before subparagraph *a*;

— the portion of the first paragraph of section 1029.8 before subparagraph *a*;

(8) by replacing,

— in the portion of the first paragraph of section 1029.7 before subparagraph *a*, the words “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” by the words “taxpayer’s balance-due day for”;

— in the portion of the first paragraph of section 1029.8 before subparagraph *a*, the words “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” by the words “taxpayer’s balance-due day for the taxpayer’s”;

— in the portion of the first paragraph of section 1029.8.6 before subparagraph *a*, the words “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” by the words “taxpayer’s balance-due day for”;

— in the portion of the first paragraph of section 1029.8.7 before subparagraph *a*, the words “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” by the words “taxpayer’s balance-due day for the taxpayer’s”;

— in section 1029.8.9.0.3, the words “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” by the words “taxpayer’s balance-due day for”;

— in the first paragraph of section 1029.8.9.0.4, the words “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” by the words “taxpayer’s balance-due day for the taxpayer’s”;

— in the portion of the first paragraph of section 1029.8.10 before subparagraph *a*, the words “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” by the words “taxpayer’s balance-due day for the taxpayer’s”;

— in the portion of the first paragraph of section 1029.8.11 before subparagraph *a*, the words “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” by the words “taxpayer’s balance-due day for the taxpayer’s”;

— in the first paragraph of section 1029.8.33.6, the words “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” by the words “taxpayer’s balance-due day for”;

— in the first paragraph of section 1029.8.33.7, the words “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” by the words “taxpayer’s balance-due day for”;

— in section 1029.8.36.53, the words “day referred to in section 1026.0.1 where the taxpayer is an individual, or in subparagraph *b* of the first paragraph of section 1027 where the taxpayer is a corporation, in respect of” by the words “taxpayer’s balance-due day for”;

(9) by striking out

— in the portion of the first paragraph of section 1029.7 before subparagraph *a*, the words “, 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”;

— in the portion of the first paragraph of section 1029.8 before subparagraph *a*, the words “, 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”;

— in the portion of the first paragraph of section 1029.8.6 before subparagraph *a*, the words “, 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”;

— in the portion of the first paragraph of section 1029.8.7 before subparagraph *a*, the words “, 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”;

— in section 1029.8.9.0.3, the words “, or that would be referred to in that section 1026.0.1 or in that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year”;

— in the first paragraph of section 1029.8.9.0.4, the words “, or that would be referred to in that section 1026.0.1 or in that subparagraph *b*, as the case may be, if the taxpayer had a remainder of tax payable for that taxation year”;

— in the portion of the first paragraph of section 1029.8.10 before subparagraph *a*, the words “, 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”;

— in the portion of the first paragraph of section 1029.8.11 before subparagraph *a*, the words “, 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”;

— in the first paragraph of section 1029.8.33.6, the words “, 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”;

— in the first paragraph of section 1029.8.33.7, the words “, 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”;

— in section 1029.8.36.53, the words “, or that would be referred to in that section 1026.0.1 or in that subparagraph *b*, as the case may be, if the taxpayer had a remainder of taxes payable for that taxation year”;

(10) by striking out the words “, other than an expenditure referred to in paragraph *e* of the said subsection 1 which, but for subsection 3 of section 175.1, would not be deductible” in the following provisions:

— subparagraph *a* of the third paragraph of section 1029.7;

— subparagraph *a* of the third paragraph of section 1029.8;

(11) by inserting, before the word “convention”, the words “conference or” in the following provisions:

— subparagraph vi of paragraph *a* of section 1029.8.5.1;

— subparagraph vi of paragraph *a* of section 1029.8.15.1;

(12) by replacing,

— in subparagraph *a* of the first paragraph of section 1029.8.18, the words “at the time of the filing of his fiscal return” by the words “on or before the taxpayer’s filing-due date”;

— in subparagraph *a* of the first paragraph of section 1029.8.18.0.1, the words “at the time of the filing of his fiscal return” by the words “on or before the taxpayer’s filing-due date”;

— in subparagraph *a* of the first paragraph of section 1029.8.32, the words “at the time of filing its or his fiscal return” by the words “on or before the qualified corporation’s or the person’s filing-due date”;

— in subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” in the first paragraph of section 1029.8.34, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in subparagraph i of paragraph *b* of the definition of “qualified manpower expenditure” in the first paragraph of section 1029.8.34, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in subparagraph *e* of the second paragraph of section 1029.8.34, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in subparagraph 1 of subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” in the first paragraph of section 1029.8.36.0.1, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in subparagraph i of paragraph *b* of the definition of “qualified manpower expenditure” in the first paragraph of section 1029.8.36.0.1, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in subparagraph i of paragraph *b* of the definition of “eligible operating receipts” in the first paragraph of section 1029.8.36.0.1, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in the second paragraph of section 1029.8.36.0.1, the words “at the time of filing its fiscal return” by the words “on or before the corporation’s filing-due date”;

— in the definition of “qualified wages” in the first paragraph of section 1029.8.36.4, the words “at the time of filing its fiscal return” by the words “on or before the qualified corporation’s filing-due date”;

— in subparagraph *a* of the first paragraph of section 1029.8.36.18, the words “at the time of filing its or his fiscal return” by the words “on or before the qualified corporation’s or the person’s filing-due date”;

— in subparagraphs *a* and *c* of the third paragraph of section 1029.8.36.54, the words “at the time of the filing of its fiscal return” by the words “on or before the qualified corporation’s filing-due date”;

— in subparagraph *a* of the second paragraph of section 1029.8.36.55, the words “at the time of the filing of its fiscal return” by the words “on or before the corporation’s filing-due date”;

(13) by replacing,

— in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.18, the words “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, part of the consideration or the eligible fee were paid or the qualified expenditure was made, as the case may be, ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the wages, part of the consideration or the eligible fee were paid or the qualified expenditure was made, as the case may be”;

— in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.18.0.1, the words “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” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the qualified expenditure was made”;

(14) by replacing,

— in subparagraph *ii* of subparagraph *b* of the first paragraph of section 1029.8.18, the words “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, part of the consideration or the eligible fee were paid or the qualified expenditure was made, as the case may be, ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the wages, part of the consideration or the eligible fee were paid or the qualified expenditure was made, as the case may be”;

— in subparagraph *ii* of subparagraph *b* of the first paragraph of section 1029.8.18.0.1, the words “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” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the qualified expenditure was made”;

— in subparagraph *ii* of subparagraph *b* of the first paragraph of section 1029.8.31, the words “at the time of the filing of its or his fiscal return for the taxation year in which the fiscal period of the partnership in which the training expenditure was made ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the training expenditure was made”;

— in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.32, the words “at the time of filing its or his fiscal return for the taxation year in which the fiscal period of the partnership in which the training expenditure was made ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the training expenditure was made”;

— in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.18, the words “at the time of filing its or his fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was incurred ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the expenditure was made”;

(15) by replacing the words “the day referred to in subparagraph *b* of the first paragraph of section 1027 in respect of” by the words “the corporation’s balance-due day for” in the following provisions :

— the portion of the first paragraph of section 1029.8.25 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.25.1 before subparagraph *a* ;

— the portion of section 1029.8.36.0.2 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.36.5 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.36.6 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.36.7 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.36.55 before subparagraph *a* ;

(16) by striking out the words “, or that would be referred to in that subparagraph *b* if the corporation had a remainder of tax payable for that year” in the following provisions :

— the portion of the first paragraph of section 1029.8.25 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.25.1 before subparagraph *a* ;

— the portion of section 1029.8.36.0.2 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.36.5 before subparagraph *a* ;

— the portion of the first paragraph of section 1029.8.36.6 before subparagraph *a*;

— the portion of the first paragraph of section 1029.8.36.7 before subparagraph *a*;

— the portion of the first paragraph of section 1029.8.36.55 before subparagraph *a*;

(17) by replacing,

— in subparagraph *a* of the first paragraph of section 1029.8.31, the words “at the time of filing the qualified corporation’s fiscal return” by the words “on or before the filing-due date of the qualified corporation”;

— in section 1029.8.36.58, the words “at the time of the filing of the qualified corporation’s fiscal return” by the words “on or before the filing-due date of the qualified corporation”;

(18) by replacing,

— in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.31, the words “at the time of the filing, by the qualified corporation, of its fiscal return for the taxation year in which the fiscal period of the partnership in which the training expenditure was made ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the training expenditure was made”;

— in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.32, the words “at the time of filing, by the qualified corporation, of its fiscal return for the taxation year in which the fiscal period of the partnership in which the training expenditure was made ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the training expenditure was made”;

— in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.18, the words “at the time of filing, by the qualified corporation, of its fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was incurred ends” by the words “on or before the day that is six months after the end of the fiscal period of the partnership in which the expenditure was made”;

(19) by replacing,

— in section 1029.8.40, the words “day referred to in section 1026.0.1 in respect of his” by the words “individual’s balance-due day for the individual’s”;

— in the first paragraph of section 1029.8.57, the words “day referred to in section 1026.0.1 in respect of” by the words “individual’s balance-due day for”;

— in the first paragraph of section 1029.8.63, the words “day referred to in section 1026.0.1 in respect of his” by the words “individual’s balance-due day for the individual’s”;

— in the portion of the first paragraph of section 1029.8.79 before subparagraph *a*, the words “day referred to in section 1026.0.1 in respect of” by the words “individual’s balance-due day for”;

— in the first paragraph of section 1029.8.89, the words “day referred to in section 1026.0.1 in respect of” by the words “individual’s balance-due day for”;

— in the first paragraph of section 1029.8.94, the words “day referred to in section 1026.0.1 in respect of” by the words “individual’s balance-due day for”;

(20) by striking out the words “, or that would be referred to in that section if the individual had a remainder of tax payable for that taxation year” in the following provisions:

— section 1029.8.40;

— the first paragraph of section 1029.8.57;

— the first paragraph of section 1029.8.63;

— the portion of the first paragraph of section 1029.8.79 before subparagraph *a*;

— the first paragraph of section 1029.8.89;

— the first paragraph of section 1029.8.94;

(21) by replacing the words “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” by the words “taxpayer’s filing-due date for the subsequent taxation year”, in the following provisions:

— the second paragraph of section 1044.0.1;

— the second paragraph of section 1053.0.1.

(2) Paragraphs 1, 3 and 6 of subsection 1 have effect from 1 January 1994.

(3) Paragraph 7 of subsection 1 applies in respect of work performed after 27 February 1995.

(4) Paragraphs 8 and 9 of subsection 1, where they amend sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.10, 1029.8.11, 1029.8.33.6 and 1029.8.33.7 of the said Act, and paragraphs 15 and 16 of subsection 1, where they amend sections 1029.8.25, 1029.8.25.1 and 1029.8.36.5 to 1029.8.36.7 of the said Act, apply to taxation years that end after 9 May 1995.

(5) Paragraphs 8 and 9 of subsection 1, where they amend section 1029.8.9.0.4 of the said Act, apply in respect of eligible fees paid to an eligible research consortium after 20 December 1995.

(6) Paragraphs 8 and 9 of subsection 1, where they amend section 1029.8.36.53 of the said Act, and paragraphs 19 and 20 of subsection 1 apply from the taxation year 1995.

(7) Paragraph 11 of subsection 1 applies in respect of expenses incurred after 25 January 1995.

(8) Paragraph 12, subject to subsections 9 and 10, and paragraphs 13, 14, 17, 18 and 21 of subsection 1 apply to taxation years that begin after 31 December 1995.

(9) Paragraph 12 of subsection 1, where it amends section 1029.8.36.0.1 of the said Act, and paragraphs 15 and 16 of subsection 1, where they amend section 1029.8.36.0.2 of the said Act, apply to multimedia titles in respect of which the Société de développement des entreprises culturelles issues a certificate after 9 May 1996.

(10) Paragraph 12 of subsection 1, where it amends sections 1029.8.36.54 and 1029.8.36.55 of the said Act, paragraphs 15 and 16 of subsection 1, where they amend section 1029.8.36.55 of the said Act, and paragraph 17 of subsection 1, where it amends section 1029.8.36.58 of the said Act, apply in respect of expenditures incurred after 9 May 1996.

ACT RESPECTING THE MINISTÈRE DU REVENU

144. (1) Section 1 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31), amended by section 8 of chapter 31 of the statutes of 1996, is again amended by striking out, in paragraph *a*, “the Act to promote industrial development by means of fiscal advantages (chapter D-9),”.

(2) Subsection 1 applies to taxation years that begin after 22 November 1996.

145. The said Act is amended by inserting, after section 24.0.2, the following section:

”24.0.3. Where a person is vested with the power to authorize or cause a payment to be made for another person of an amount that is subject to deduction at source under section 1015 of the Taxation Act and the person authorizes or causes the amount to be paid, allocated, granted or awarded by

or on behalf of the other person, the person is solidarily liable with the other person for any sum required to be deducted or withheld from that amount under the Taxation Act or the Act respecting the Québec Pension Plan.”

ACT RESPECTING THE QUÉBEC SALES TAX

146. (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, by section 246 of chapter 49 of the statutes of 1995, by section 299 of chapter 63 of the statutes of 1995, by section 115 of chapter 3 of the statutes of 1997 and by section 329 of chapter 14 of the statutes of 1997, is again amended, in the definition of “taxation year”,

(1) by inserting, after paragraph 1, the following paragraph:

“(1.1) where the person is a partnership described in subparagraph ii of subparagraph *b* of the second paragraph of section 7 of that Act, the fiscal period of the person’s business, determined under section 7 of that Act, and”;

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

“(2) in any other case, the period that would be the taxation year of the person for the purposes of that Act if the person were a corporation other than a professional corporation within the meaning of section 1 of that Act;”.

(2) Subsection 1 applies to fiscal periods that begin after 31 December 1994.

147. (1) Section 437 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Where the net tax for a reporting period of a person is a positive amount, the person shall remit that amount to the Minister,

(a) where subparagraph *b* of paragraph 1 of section 468 applies in respect of a reporting period of a person who is an individual, on or before 30 April of the year following the end of the reporting period; and

(b) in any other case, on or before the day on or before which the return for that period is required to be filed.”

(2) Subsection 1 applies to reporting periods that begin after 31 December 1994.

148. (1) Section 468 of the said Act, amended by section 488 of chapter 63 of the statutes of 1995, is again amended by replacing paragraph 1 by the following paragraph:

“(1) where the reporting period is or would, but for section 466, be the fiscal year of the registrant,

(a) except where subparagraph *b* applies, within three months after the end of the fiscal year; and

(b) if the registrant is an individual whose fiscal year is a calendar year and, for the purposes of the Taxation Act (chapter I-3), the individual carried on a business during the year and the filing-due date of the individual for the year is 15 June of the following year, on or before that day;”.

(2) Subsection 1 applies to reporting periods that begin after 31 December 1994. However, where subparagraph *a* of paragraph 1 of section 468 of the said Act, enacted by subsection 1, applies in respect of reporting periods of a registrant that begin after 31 December 1994 and end before 21 June 1996, it shall be read with the words “three months” replaced by the words “three calendar months”.

149. Where, for the purposes of the Taxation Act (R.S.Q., chapter I-3), the fiscal period of a business of a partnership or that of a business of an individual or trust whose fiscal year, for the purposes of Title I of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), is the fiscal period, ends at the end of 1995 but would have ended after 1995 had a member of the partnership, the individual or the trust, as the case may be, made an election in respect of the fiscal period which the member, individual or trust was entitled to make under sections 7 to 7.0.6 of the Taxation Act, enacted by sections 3 and 4, for the purpose of determining the fiscal year of the partnership, individual or trust for the purposes of Title I of the Act respecting the Québec sales tax, the said sections 7 to 7.0.6 apply only to fiscal periods of the business that begin after 1995.

150. Notwithstanding section 462 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), for the purposes of sections 459, 459.0.1, 459.4 to 460, 461 and 461.1 of that Act, the threshold amount of a person to whom section 149 applies for a particular fiscal year of that person that begins on 1 January 1997 is the greater of

(1) the amount that would be determined under section 462 to be the threshold amount if the number of days referred to in the descriptions of B and D in the formulas provided for in the first paragraph of that section were 365; and

(2) the threshold amount of the person as determined under section 462 for the fiscal year of the person that immediately preceded the particular fiscal year.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

151. (1) Section 120 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 1) is amended by inserting, in section 1029.7.2 of the Taxation Act, enacted

by subsection 1, after the words “directly or indirectly”, the words “in any manner whatever”.

(2) Subsection 1 has effect from 30 January 1995.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE
QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

152. (1) Section 122 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63) is amended by inserting, in the first paragraph of section 1029.7.2 of the Taxation Act, enacted by subsection 1, after the words “directly or indirectly”, the words “in any manner whatever”.

(2) Subsection 1 has effect from 15 December 1995.

ACT TO HARMONIZE CERTAIN LEGISLATIVE PROVISIONS OF A
FISCAL NATURE WITH THE CIVIL CODE OF QUÉBEC

153. (1) Section 71 of the Act to harmonize certain legislative provisions of a fiscal nature with the Civil Code of Québec (1997, chapter 3) is amended in paragraph 13, by inserting, after “— the portion of section 614 before subparagraph *a* of the second paragraph;”, “— subparagraphs *i* to *iv* of subparagraph *a* of the second paragraph of section 614;”.

(2) Subsection 1 has effect from 20 March 1997.

154. This Act comes into force on 12 June 1997.