

A student deemed to be a full-time student under subparagraph 1 of the first paragraph may be granted such status for one term only unless he proves, with supporting documents, that during that term, he could not completely devote himself to his studies because of serious reasons such as an illness or the death of his spouse or of a family member or that he is unable to complete the program of studies because a required course is not offered until the following term.

DIVISION II TUITION FEES

2. The tuition fee payable under the first paragraph of section 24.2 of the Act is \$2 per period of instruction.

3. The tuition fees collected for a course in a program of college studies shall be reimbursed in full where a student withdraws from the course no later than on the date determined by the Minister of Education pursuant to section 29 of the College Education Regulations, made by Order in Council 1006-93 dated 14 July 1993, as amended.

DIVISION III PENALTIES

4. A student who fails to pay all or part of the fee payable under section 2 or who delays payment thereof shall not be awarded credits for any of the courses for which he was registered for as long as the failure to pay or delayed payment persists.

DIVISION IV FINAL

5. This Regulation replaces the Regulation respecting the tuition fees and special fees which a general and vocational college must charge made by Order in Council 1016-97 dated 13 August 1997.

Notwithstanding the foregoing, the Regulation, as it read before being replaced, remains applicable to a student regarding any course failed before 20 September 2001 for which special fees apply under section 24.3 of the Act.

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

4722

Gouvernement du Québec

O.C. 1463-2001, 12 December 2001

Tobacco Tax Act
(R.S.Q., c. I-2)

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

An Act respecting the Ministère du Revenu
(R.S.Q., c. M-31)

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

An Act respecting the Québec sales tax
(R.S.Q., c. T-0.1)

Fuel Tax Act
(R.S.Q., c. T-1)

Various regulations of a fiscal nature — Amendments

CONCERNING various regulations to amend regulations of a fiscal nature

WHEREAS section 13.1 of the Tobacco Tax Act (R.S.Q., c. I-2) provides that every package of tobacco prescribed by regulation that is intended for retail sale in Québec and that is in Québec must be identified by the persons, in the manner and on the conditions prescribed by regulation;

WHEREAS section 17.10 of the Tobacco Tax Act provides that every case used in Québec for the sale, delivery, transport or storage of packages of tobacco shall be identified by the persons, in the manner and on the conditions prescribed by regulation;

WHEREAS for the purposes of section 17.10 of the Tobacco Tax Act, "case" means any container or wrapping containing not fewer than 24 cartons of cigarettes or several units of pre-rolled tobacco products and any prescribed case;

WHEREAS section 17.11 of the Tobacco Tax Act provides that where a new identification is prescribed under section 13.1 or 17.10 of the Act, the Government may, by regulation, prescribe the terms and conditions according to which it is carried out and the categories of persons to whom it applies;

WHEREAS under subparagraphs *e*, *e.2* and *f* of the first paragraph of section 1086 of the Taxation Act (R.S.Q., c. I-3), the Government may make regulations to establish classes of property for the purposes of section 130 of the Act, to require any person included in one of the classes of persons it determines to file any return it may prescribe relating to any information necessary for the establishment of an assessment provided for in the Act and to send, where applicable, a copy of the return or of a part thereof to any person to whom the return or part thereof relates and to whom it indicates in the regulation, and to generally prescribe the measures required for the application of the Act;

WHEREAS the first paragraph of section 7 of the Act respecting the Ministère du Revenu (R.S.Q., c. M-31) provides that, subject to the fourth paragraph of that section, no deed, document or writing shall bind the Ministère du Revenu or be attributed to the Minister of Revenue unless it is signed by the Minister, by the Deputy Minister or by a public servant authorized by regulation;

WHEREAS under the first paragraph of section 96 of the Act respecting the Ministère du Revenu the Government may make regulations in particular to prescribe the measures required to carry out the Act;

WHEREAS under paragraph *b* of section 35 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., c. R-5) the Government may make regulations to generally prescribe the measures for the carrying out of Division I of Chapter IV of the Act;

WHEREAS under subparagraph 3 of the first paragraph of section 677 of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1), amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine, for the purposes of the definition of "financial service" in section 1 of the Act, which services are prescribed services for the purposes of paragraph 17 and paragraph 20 thereof;

WHEREAS under subparagraph 8.1 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which corporeal movable property is prescribed corporeal movable property for the purposes of section 24.1;

WHEREAS under subparagraph 10.1 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which registrants are prescribed registrants for the purposes of section 41.6;

WHEREAS under subparagraph 14 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine, for the purposes of section 81 of the Act, which goods are prescribed goods for the purposes of paragraph 8 thereof;

WHEREAS under subparagraph 23 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which property is prescribed property for the purposes of paragraph 10 of section 178;

WHEREAS under subparagraph 24 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which information is prescribed information for the purposes of section 201;

WHEREAS under subparagraph 28.2 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which mandataries of a government are prescribed mandataries for the purposes of section 244.1;

WHEREAS under subparagraph 30.1 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which mandataries of a government are prescribed mandataries for the purposes of section 267;

WHEREAS under subparagraph 33.1 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which mandataries of a government are prescribed mandataries for the purposes of section 346.1;

WHEREAS under subparagraph 39 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which government bodies are prescribed bodies, and the prescribed manner, for the purposes of section 383;

WHEREAS under subparagraph 40 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which property or services are prescribed property or services for the purposes of section 386;

WHEREAS under subparagraph 41 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which persons are prescribed persons and which rules are prescribed rules for the purposes of section 389;

WHEREAS under subparagraph 45 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which registrants or classes of registrants are prescribed registrants or prescribed classes of registrants and which methods are prescribed methods for the purposes of section 434;

WHEREAS under subparagraph 49 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which information is prescribed information in respect of a credit note and which information is prescribed information in respect of a debit note for the purposes of section 449;

WHEREAS under subparagraph 50.2 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine the prescribed amounts, the prescribed percentages, the prescribed terms and conditions, and the prescribed persons, for the purposes of section 489.1;

WHEREAS under subparagraph 55.1 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine the prescribed sleeping-accommodation establishments and the prescribed tourist regions for the purposes of section 541.24;

WHEREAS under subparagraph 57 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, determine which mandataries of the Government of Québec are prescribed mandataries for the purposes of section 678;

WHEREAS under subparagraph 61 of the first paragraph of section 677 of the Act respecting the Québec sales tax, amended by section 290 of chapter 39 of the statutes of 2000, the Government may, by regulation, prescribe any other measures for the purposes of the Act;

WHEREAS subparagraph *viii* of paragraph *a* and subparagraph *iv* of paragraph *b* of section 10 of the Fuel Tax Act (R.S.Q., c. T-1) provide that every person is entitled to a refund of the tax that the person has paid on gasoline or non-coloured fuel oil where the gasoline or fuel oil was used to operate a motor vehicle registered for use exclusively on private land or a private road, or the registration certificate of which provides for that use, which is used for farming, forest or mining operations as defined by regulation;

WHEREAS paragraph *c* of section 19 of the Fuel Tax Act provides that coloured fuel oil may be acquired or used for all purposes other than supplying a propulsion engine of a vessel described as a commercial vessel by regulation;

WHEREAS the Regulation respecting the application of the Tobacco Tax Act (O.C. 1929-86 dated 16 December 1986) was made under the Tobacco Tax Act, the Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r.1) was made under the Taxation Act, the Regulation respecting fiscal administration (R.R.Q., 1981, c. M-31, r.1) was made under the Act respecting the Ministère du Revenu, the Regulation respecting contributions to the Québec Health Insurance Plan (R.R.Q., 1981, c. R-5, r.1) was made under the Act respecting the Régie de l'assurance maladie du Québec, the Regulation respecting the Québec sales tax (O.C. 1607-92 dated 4 November 1992) was made under the Act respecting the Québec sales tax and the Regulation respecting the application of the Fuel Tax Act (R.R.Q., 1981, c. T-1, r.1) was made under the Fuel Tax Act;

WHEREAS it is expedient to amend the Regulation respecting the Taxation Act, the Regulation respecting fiscal administration, the Regulation respecting contributions to the Québec Health Insurance Plan and the Regulation respecting the Québec sales tax, to give effect primarily to the fiscal measures and terminology-related amendments introduced into the Taxation Act, the Act respecting the Ministère du Revenu, the Act respecting the Régie de l'assurance maladie du Québec and the Act respecting the Québec sales tax by chapter 63 of the statutes of 1995, by chapter 85 of the statutes of 1997, by chapter 5 of the statutes of 2000 and by chapter 7 of the statutes of 2001 and announced by the Minister of Finance in the Budget Speeches delivered on 9 May 1995, 25 March 1997, 31 March 1998, 9 March 1999, 14 March 2000 and 29 March 2001 and in the News Releases issued by the Ministère des Finances in particular on 31 March 1994, 21 December 1994, 5 July 1995, 26 January 1996, 24 April 1996, 18 December 1997, 22 December 1998, 26 November 1999, 22 December 1999, 21 December 2000 and 1 March 2001;

WHEREAS it is expedient, with a view to more efficient application of the Tobacco Tax Act and the Fuel Tax Act, to amend the Regulation respecting the application of the Tobacco Tax Act and the Regulation respecting the application of the Fuel Tax Act (R.R.Q., 1981, c. T-1, r.1) to make various technical amendments;

WHEREAS it is expedient to amend the Regulation to amend the Regulation respecting the Taxation Act made by Order in Council 1451-2000 dated 13 December 2000 to withdraw an amendment which is not applicable and to bring a provision made thereby into conformity with the tax policy;

WHEREAS under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be made without the prior publication prescribed by section 8 of that Act if the authority making it is of the opinion that the fiscal nature of the norms established, amended or revoked in the regulation warrants it;

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

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

WHEREAS under section 27 of the Regulations Act, the Act does not prevent a regulation from taking effect before the date of its publication in the *Gazette officielle du Québec* where the Act under which it is made expressly provides therefor;

WHEREAS under section 20 of the Tobacco Tax Act, the regulations made under the Act may, once published and if they so provide, apply to a date prior to their publication but not prior to the current year;

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

WHEREAS under the second paragraph of section 97 of the Act respecting the Ministère du Revenu, the regulations made under the Act may, if they so provide, apply to a period prior to their publication;

WHEREAS under section 36 of the Act respecting the Régie de l'assurance maladie du Québec, the regulations made under Division I of Chapter IV of the Act may, if they so provide, take effect on any date subsequent or prior to their publication; in the latter case, however, the date shall not be prior to the effective date of the legislative provisions under which the regulations are made;

WHEREAS under the second paragraph of section 677 of the Act respecting the Québec sales tax, a regulation made under the Act comes into force on the date of its publication in the *Gazette officielle du Québec*, unless it fixes another date which may in no case be prior to 1 July 1992;

WHEREAS under the first paragraph of section 56 of the Fuel Tax Act, the regulations made under the Act come into force on the date of their publication in the *Gazette officielle du Québec* or on any later date fixed therein; they may also, once published and if they so provide, apply to a date prior to their publication but not prior to the current year;

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

THAT the Regulations attached hereto and entitled as follows be made:

— “Regulation to amend the Regulation respecting the application of the Tobacco Tax Act”;

— “Regulation to amend the Regulation respecting the Taxation Act”;

— “Regulation to amend the Regulation respecting fiscal administration”;

— “Regulation to amend the Regulation respecting contributions to the Québec Health Insurance Plan”;

— “Regulation to amend the Regulation respecting the Québec sales tax”;

— “Regulation to amend the Regulation respecting the application of the Fuel Tax Act”; and

— “Regulation to amend the Regulation to amend the Regulation respecting the Taxation Act made by Order in Council 1451-2000 dated 13 December”.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting the application of the Tobacco Tax Act*

Tobacco Tax Act
(R.S.Q., c. I-2, ss. 13.1, 13.4.3, 13.5, 17.10 and 17.11)

1. Section 2 of the Regulation respecting the application of the Tobacco Tax Act is amended

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

“2. For the purposes of sections 13.1 and 17.10 of the Act, any manufacturer of cigarettes, tobacco sticks, rolls of tobacco or pre-rolled tobacco intended for retail sale in Québec and any person who brings into Québec or causes to be brought into Québec for the purpose of selling unidentified cigarettes, tobacco sticks, rolls of tobacco or pre-rolled tobacco must affix

(*a*) to each package of cigarettes and to each package of tobacco sticks, rolls of tobacco or pre-rolled tobacco comparable to a package of cigarettes, a tear tape at least 4.5 millimetres wide to tear open the wrapping and bearing, in addition to the words “CANADA DUTY PAID DROIT ACQUITTE” required under the Excise Act (Statutes of Canada), an inscription in “helvetica bold, 8-body” type, in 100% black on a 100% opaque white background, consisting of”;

(2) by replacing subparagraphs *b* and *c* of the first paragraph by the following:

“(b) to each end of each carton of cigarettes, tobacco sticks, rolls of tobacco or pre-rolled tobacco and to each unit of pre-rolled tobacco, a rectangle at least 2.9 centimetres wide and at least 1.4 centimetres high, surrounded by a 100% black border 1.5 points thick and bearing the inscription “QUÉBEC” also in 100% black on a 100% opaque white background, in “helvetica bold, 10-body” type and in upper-case letters; and

(c) to each case of cigarettes, tobacco sticks, rolls of tobacco or pre-rolled tobacco and to each container of a number of units of pre-rolled tobacco, the inscription “QUÉBEC” on at least two of its sides in 100% black upper-case letters 38.1 millimetres high.”;

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

“The requirement set out in subparagraph *b* of the first paragraph does not apply in respect of a carton in a transparent wrapping which allows the identification mark affixed in accordance with subparagraph *a* of the first paragraph on each package contained in the carton to be distinguished.

The first and second paragraphs do not apply in the case of cigarettes, tobacco sticks, rolls of tobacco or pre-rolled tobacco intended for sale in a duty free shop where the sale of merchandise free of duty or taxes is permitted under the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement).”.

2. Section 2.1 of the Regulation is amended, in the English text, by replacing the words “band of ribbon”, wherever they appear, by the words “tear tape”.

3. Section 2.2 of the Regulation is replaced by the following:

“2.2. For the purposes of section 17.10 of the Act, a prescribed case is

(1) any container or wrapping containing not fewer than 10 packages of loose tobacco other than pipe tobacco, snuff or chewing tobacco; and

(2) any container or wrapping containing not fewer than 50 packages of tobacco sticks, rolls of tobacco or pre-rolled tobacco comparable to a package of cigarettes.”.

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

Regulation to amend the Regulation respecting the Taxation Act*

Taxation Act
(R.S.Q., c. I-3, s. 1086, 1st par., subpar. *e*, *e.2* and *f* and 2nd par.)

1. Section 1R3 of the Regulation respecting the Taxation Act is replaced, in the English text, by the following:

* The Regulation respecting the Taxation Act (R.R.Q., c. I-3, r.1) was last amended by the Regulation made by Order in Council 1451-2000 dated 13 December 2000 (2000, *G.O.* 2, 5885). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2001, updated to 1 September 2001.

* The Regulation respecting the application of the Tobacco Tax Act, made by Order in Council 1929-86 dated 16 December 1986 (1986, *G.O.* 2, 3156), was last amended by the Regulation made by Order in Council 1451-2000 dated 13 December 2000 (2000, *G.O.* 2, 5885). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2001, updated to 1 September 2001.

“**1R3.** In the definition of “lending assets” in section 1 of the Act,

(a) a share owned by a bank is a prescribed share for a taxation year where it is a preferred share of the capital stock of a corporation that is dealing at arm’s length with the bank that may reasonably be considered to be, and is reported as, a substitute or alternative for a loan to the corporation, or another corporation with whom the corporation does not deal at arm’s length, in the bank’s annual report for the year to the Superintendent of Financial Institutions of Canada or, where the bank was throughout the year subject to the supervision of the Superintendent of Financial Institutions of Canada but was not required to file an annual report for the year with the Superintendent of Financial Institutions of Canada, in its financial statements for the year; and

(b) a security is a prescribed security for a taxation year where

i. in the case of a security held by a bank, the security is reported as part of the bank’s trading account in its annual report for the year to the Superintendent of Financial Institutions of Canada or, where the bank was throughout the year subject to the supervision of the Superintendent of Financial Institutions of Canada but was not required to file an annual report for the year with the Superintendent of Financial Institutions of Canada, in its financial statements for the year, or

ii. in the case of a security held by a taxpayer other than a bank, the security is at any time in the year a property described in an inventory of the taxpayer.”

2. (1) Section 21.6R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

3. Section 21.6R2 of the Regulation is replaced, in the English text, by the following:

“**21.6R2.** For the purposes of paragraph *e* of section 21.6 of the Act,

(a) a share last acquired before 29 June 1982 and of a class of the capital stock of a corporation that is listed on a Canadian stock exchange mentioned in paragraph *a* of section 21.11.20R1 is a prescribed share where less than 10% of the issued and outstanding shares of that class are owned by the owner of that share or by the owner of that share and persons related to that owner;

(b) a share acquired after 28 June 1982 and of a class of the capital stock of a corporation that is listed on a Canadian stock exchange mentioned in paragraph *a* of

section 21.11.20R1 is a prescribed share at any particular time with respect to another corporation that receives a dividend at the particular time in respect of the share unless

i. where the other corporation is a restricted financial institution,

(1) the share is not a taxable preferred share,

(2) dividends, other than dividends received on shares prescribed under section 21.6R4, are received at the particular time by the other corporation or by the other corporation and restricted financial institutions with which the other corporation does not deal at arm’s length, in respect of more than 5% of the issued and outstanding shares of that class, and

(3) a dividend is received at the particular time by the other corporation or a restricted financial institution with which the other corporation does not deal at arm’s length, in respect of a share, other than a share prescribed under section 21.6R4, of that class acquired after 15 December 1987 and before the particular time,

ii. where the other corporation is a restricted financial institution, the share

(1) is not a taxable preferred share,

(2) was acquired after 15 December 1987 and before the particular time, and

(3) was, by reason of section 21.9 of the Act or paragraph *a* or *b* of section 21.9.1 of the Act, deemed to have been issued after 15 December 1987 and before the particular time, or

iii. in any case, dividends, other than dividends received on shares prescribed under section 21.6R4, are received at the particular time by the other corporation or by the other corporation and persons with whom the other corporation does not deal at arm’s length, in respect of more than 10% of the issued and outstanding shares of that class;

(c) a share of any of the following series of preferred shares of the capital stock of Massey-Ferguson Limited issued after 15 July 1981 and before 23 March 1982 is a prescribed share:

i. \$25 Cumulative Redeemable Retractable Convertible Preferred Shares, Series C,

ii. \$25 Cumulative Redeemable Retractable Preferred Shares, Series D, or

iii. \$25 Cumulative Redeemable Retractable Convertible Preferred Shares, Series E.”

4. (1) Section 21.9.1R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

5. (1) Section 21.11.20R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

6. (1) Section 21.19R1 of the Regulation is amended, in the first paragraph,

(1) by replacing, in subparagraph *i*, “Labour Sponsored Venture Capital Corporations Act, 1992” by “Community Small Business Investment Funds Act”;

(2) by replacing the period at the end of subparagraph *j* by a semicolon;

(3) by adding, after subparagraph *j*, the following subparagraph:

“(k) Part II of the Risk Capital Investment Tax Credits Act of the Northwest Territories, (S.N.W.T., 1998, c. 22).”

(2) Paragraph 1 of subsection 1 has effect from 8 May 1997.

(3) Paragraphs 2 and 3 of subsection 1 apply from the taxation year 1998.

7. Section 21.20.1R1 of the Regulation is replaced, in the English text, by the following:

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

(a) where the shares referred to in that paragraph *d* were issued before 1 January 1984, to the rate determined in respect of that period for the purposes of subsection 1 of section 161 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)

(b) where the shares referred to in that paragraph *d* were issued after 31 December 1983, to the rate determined in respect of that period in accordance with subparagraph *i* of paragraph *a* of section 4301 of the regulations made under the Income Tax Act.”

8. (1) Section 21.28R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

9. Section 22R1 of the Regulation is replaced, in the English text, by the following:

“**22R1.** For the purposes of this Title and the second paragraph of section 22 of the Act, the income earned in Québec by an individual for a taxation year is the individual’s income as determined under section 28 of the Act, without reference to section 1029.8.50 of the Act, less that part of the individual’s income from carrying on a business that is attributable to an establishment situated outside Québec in Canada, and the individual’s income earned in Québec and elsewhere is the individual’s income as determined under section 28 of the Act, without reference to section 1029.8.50.”

10. (1) Section 22R1.1 of the Regulation is replaced by the following:

“**22R1.1.** For the purposes of section 22R1, where the individual is an individual referred to in section 737.16 or 737.18.10 of the Act, the individual’s income earned in Québec, computed for a taxation year under section 22R1, shall be reduced by the part, not otherwise deducted in the computation, of the amount deducted by the individual in computing the individual’s taxable income for the year under section 737.14, 737.16 or 737.18.10 of the Act, and the individual’s income earned in Québec and elsewhere, determined for the year under section 22R1, shall be reduced by that amount that is deducted by the individual in computing the individual’s taxable income for the year.”

(2) Subsection 1, where it amends section 22R1.1 of the Regulation to add a reference to section 737.18.10 of the Taxation Act, applies from the taxation year 1999.

11. (1) Section 22R1.2 of the Regulation is replaced by the following:

“**22R1.2.** For the purposes of section 22R1, where the individual is a person described in the second paragraph, the individual’s income earned in Québec and the individual’s income earned in Québec and elsewhere, computed for a taxation year under that section 22R1, shall be reduced by the amount deducted by the individual in computing the individual’s taxable income for the year under section 737.14, 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.25 or 737.28 of the Act.

The person referred to in the first paragraph is a foreign researcher within the meaning assigned by paragraph *a* of section 737.19 of the Act, a foreign researcher

on a post-doctoral internship within the meaning assigned by section 737.22.0.0.1 of the Act, a foreign expert within the meaning assigned by section 737.22.0.0.5 of the Act, a foreign specialist within the meaning assigned by section 737.22.0.1 of the Act or an individual referred to in section 737.14, 737.16.1, 737.25 or 737.28 of the Act.”.

(2) Subsection 1 applies from the taxation year 1999. In addition, where the second paragraph of section 22R1.2 of the Regulation applies after the taxation year 1996, it shall be read with the word “instructor” replaced by the word “specialist”.

12. Section 22R1.3 of the Regulation is replaced, in the English text, by the following:

“**22R1.3.** For the purposes of section 22R1, an individual’s income earned in Québec and an individual’s income earned in Québec and elsewhere, computed for a taxation year under that section 22R1, shall be reduced by the amount deducted by the individual in computing the individual’s taxable income for the year under section 726.20.2 of the Act.”.

13. Section 22R4 of the Regulation is replaced by the following:

“**22R4.** An individual resident in Québec on the last day of a taxation year and carrying on a business outside Québec in Canada who is resident in more than one province on that day is deemed, for the purposes of this Title, to have resided only in the province that may reasonably be considered to be the individual’s principal place of residence.

However, the first paragraph does not apply to an individual referred to in section 8 of the Act.”.

14. Section 22R5 of the Regulation is replaced, in the English text, by the following:

“**22R5.** Subject to the special provisions of Chapter III, where, in a taxation year, an individual referred to in the second paragraph of section 22 of the Act carries on a business and owns an establishment outside Québec in Canada and an establishment in Québec or outside Canada, the part of the individual’s income from the business that is attributable to the individual’s establishment outside Québec in Canada is one-half the aggregate of

(a) that proportion of the individual’s income from the business that the gross revenue of the business for the fiscal period ending in the year reasonably attributable to an establishment outside Québec in Canada is of the total gross revenue of the business for that period; and

(b) the proportion of the individual’s income from the business that the aggregate of the salaries and wages paid by the individual in the fiscal period of the business ending in the year to employees of the establishments outside Québec in Canada is of the aggregate of all salaries and wages paid by the individual in that period in the course of the individual’s business.”.

15. Section 22R7 of the Regulation is replaced by the following:

“**22R7.** Except where a commission is paid to a person who is not an employee of the individual, where an amount is paid under an agreement by the individual to a person in respect of services that would normally be rendered by employees of the individual, the amount so paid is, for the purposes of paragraph *b* of section 22R5, deemed to be salary or wages paid to an employee of the individual’s establishment to which the services are reasonably attributable and to the extent that they are so attributable.”.

16. Section 22R14 of the Regulation is replaced, in the English text, by the following:

“**22R14.** The part of an individual’s income for a taxation year from carrying on a bus and truck transportation business that is attributable to the individual’s establishment outside Québec in Canada is one-half the aggregate of

(a) that proportion of the individual’s income therefrom that the number of kilometres travelled by the individual’s vehicles outside Québec in Canada in the fiscal period ending in the year is of the total number of kilometres travelled by the individual’s vehicles in that period; and

(b) that proportion of the individual’s income therefrom that the aggregate of salaries and wages paid by the individual in the fiscal period ending in the year to employees of the individual’s establishment outside Québec in Canada is of the aggregate of all salaries and wages paid by the individual in that period.”.

17. (1) Section 22R15 of the Regulation is amended

(1) by replacing, in the English text, the portion before subparagraph *a* of the second paragraph by the following:

“**22R15.** If the aggregate of the amounts determined as the income for a taxation year from a business carried on in Québec and elsewhere by an individual referred to in the second paragraph of section 22 of the Act is greater than the individual’s income for the year, the part

of the individual's income from a business that is attributable to an establishment outside Québec in Canada is deemed to be equal to that proportion of the individual's income for the year that the part of the individual's income from carrying on that business outside Québec in Canada, as otherwise determined, is of that aggregate.

For the purposes of the first paragraph, the income for a taxation year of an individual referred to therein is the amount by which the individual's income for the year, as determined under section 28 of the Act, without reference to section 1029.8.50 of the Act, exceeds the aggregate of”;

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following:

“(a) where the individual is referred to in section 737.16 or 737.18.10 of the Act, the amount deducted by the individual in computing the individual's taxable income for the year under section 737.14, 737.16 or 737.18.10 of the Act;

(b) where the individual is a foreign researcher within the meaning assigned by paragraph *a* of section 737.19 of the Act, a foreign researcher on a post-doctoral internship within the meaning assigned by section 737.22.0.0.1 of the Act, a foreign expert within the meaning assigned by section 737.22.0.0.5 of the Act, a foreign specialist within the meaning assigned by section 737.22.0.1 of the Act or an individual referred to in section 737.14, 737.16.1, 737.25 or 737.28 of the Act, the amount deducted by the individual in computing the individual's taxable income for the year under section 737.14, 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.25 or 737.28 of the Act; and”;

(3) by replacing the English text of subparagraph *c* of the second paragraph by the following:

“(c) the amount deducted by the individual in computing the individual's taxable income for the year under section 726.20.2 of the Act.”.

(2) Paragraph 2 of subsection 1, where it amends subparagraph *a* of the second paragraph of section 22R15 of the Regulation to add a reference to section 737.18.10 of the Taxation Act and where it replaces subparagraph *b* of the second paragraph, applies from the taxation year 1999. In addition, where subparagraph *b* of the second paragraph of section 22R15 of the Regulation applies after the taxation year 1996, it shall be read with the word “instructor” replaced by the word “specialist”.

18. Section 22R16 of the Regulation is replaced, in the English text, by the following:

“**22R16.** Where an individual carries on more than one business in a taxation year, this Title applies in respect of each business, and the part of the business income that is attributable for the year to the individual's establishments outside Québec in Canada is the aggregate of the amounts so determined in respect of each business.”.

19. Section 22R17 of the Regulation is replaced, in the English text, by the following:

“**22R17.** Where an individual referred to in the second paragraph of section 22 of the Act became or ceased to be resident in Canada in the taxation year, the part of the individual's income for the year from carrying on a business that is attributable to an establishment outside Québec in Canada shall be computed by reference solely to a business the income from which is included in computing the individual's taxable income under sections 23 and 24 of the Act.”.

20. Section 37.0.1.2R1 of the Regulation is replaced, in the English text, by the following:

“**37.0.1.2R1.** For the purposes of the second paragraph of section 37.0.1.2 of the Act, the amount prescribed for a particular period in respect of an individual in relation to a particular coverage is the product obtained by multiplying the number of days, after 20 May 1993, included in the particular period by \$2.74 where the particular coverage is coverage solely for the individual, or by \$10.96 in any other case.”.

21. Section 37.0.1.5R1 of the Regulation is replaced, in the English text, by the following:

“**37.0.1.5R1.** For the purposes of subparagraph *a* of the second paragraph of section 37.0.1.4 of the Act, enacted by paragraph *c* of section 37.0.1.5 of the Act, the amount prescribed in respect of particular coverage and benefits enjoyed by an individual during a taxation year under a plan for the insurance of persons is the total of all amounts each of which corresponds to the product obtained by multiplying, in respect of a particular person described in the second paragraph in relation to the particular coverage and benefits, the number of days, after 20 May 1993, included in the particular period referred to in subparagraph *b* of the second paragraph in respect of the particular person by \$2.74 where the particular coverage is coverage solely for the particular person, or by \$10.96 in any other case.

A particular person referred to in the first paragraph in respect of particular coverage and benefits enjoyed by an individual during a taxation year under a plan for the insurance of persons means a person who

(a) is an employee of the individual's employer; and

(b) has enjoyed the particular coverage and benefits under the plan for a particular period, included in the year, throughout which the person was not entitled to benefit from the provisions of the Health Insurance Act (R.S.Q., c. A-29) and the particular benefits enjoyed by the person in relation to the particular coverage under the plan covered at least all of the services that would have been insured in the person's respect under that Act for the particular period had the person then been entitled to benefit from the provisions of that Act."

22. Section 39R1 of the Regulation is replaced, in the English text, by the following:

"**39R1.** The amounts that a taxpayer is not required to include in computing the taxpayer's income under paragraph *g* of section 39 of the Act include

(a) the special allowance granted by the Gouvernement du Québec to one of its officers pursuing studies at an educational institution outside Canada;

(b) the allowance received pursuant to the Canadian Forces Overseas Schools Order made by the Government of Canada, by personnel employed outside Canada whose services are acquired by the Minister of National Defence in accordance with an order respecting the furnishing of educational facilities outside Canada;

(c) (*Revoked*);

(d) travel, personal, living or representation expense allowances fixed by Order of the Government or Decision of the Conseil du trésor for; and

(e) travel, personal, living or representation expense allowances fixed by a collective agreement entered into pursuant to the Act respecting labour relations, vocational training and manpower management in the construction industry (R.S.Q., c. R-20)."

23. (1) Section 41.1.1R1 of the Regulation is amended

(1) by replacing, in the English text, the portion before paragraph *a* by the following:

"**41.1.1R1.** The prescribed amount referred to in subparagraph ii of subparagraph *a* of the second paragraph of section 41.1.1 of the Act corresponds to";

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

"(a) 15 cents, except where paragraph *b* applies; or

(b) 12 cents, where the individual referred to in that section 41.1.1 is engaged principally in selling or leasing automobiles and an automobile is made available in the year to the individual or a person to whom the individual is related by the individual's employer or a person to whom the individual's employer is related."

(2) Paragraph 2 of subsection 1 applies from the taxation year 2000.

(3) In addition, where paragraphs *a* and *b* of section 41.1.1R1 of the Regulation, replaced by paragraph 2 of subsection 1, apply to the taxation year 1996, they shall be read with "12 cents" in paragraph *a* replaced by "13 cents" and "9 cents" in paragraph *b* replaced by "10 cents", and where those paragraphs apply to the taxation years 1997 to 1999, they shall be read with "12 cents" in paragraph *a* replaced by "14 cents" and "9 cents" in paragraph *b* replaced by "11 cents".

24. Section 47.16R1 of the Regulation is replaced, in the English text, by the following:

"**47.16R1.** A plan or arrangement referred to in paragraph *l* of section 47.16 of the Act is an arrangement in writing

(a) between an employer and an employee that is established after 27 July 1986 where

i. it is reasonable to conclude, having regard to the circumstances, including the terms and conditions of the arrangement and any agreement relating thereto, that the arrangement is not established to provide benefits to the employee on or after retirement but is established for the main purpose of permitting the employee to fund, through salary or wage deferrals, a leave of absence from the employee's employment of not less than three consecutive months if the leave is to be taken by the employee for the purpose of permitting the full-time attendance of the employee at a designated educational institution within the meaning assigned by subsection 1 of section 118.6 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or of six consecutive months in any other case, that is to commence immediately after a period, in this section referred to as the "deferral period", not exceeding six years after the date on which the deferrals for the leave of absence commence,

ii. the part of the salary or wages deferred by the employee under the arrangement or any other similar arrangement for the services rendered by the employee to the employer in a taxation year does not exceed one-third of the amount of the salary or wages that the employee would, but for the arrangements, have reasonably expected to receive in the year in respect of the services,

iii. the arrangement provides that throughout the period of the leave of absence referred to in subparagraph *i* the employee will not receive any salary or wages from the employer, or from any other person or partnership with whom the employer does not deal at arm's length, other than

(1) the amount by which the employee's salary or wages under the arrangement was deferred or is to be reduced, or amounts that are based on a percentage of the salary or wage scale of employees of the employer, which percentage is fixed in respect of the employee for the deferral period and the leave of absence referred to in subparagraph *i*, or;

(2) the reasonable fringe benefits that the employer usually pays to or on behalf of employees,

iv. the arrangement provides

(1) that the amounts deferred in respect of the employee under the arrangement are held by or for the account of a trust governed by a plan or arrangement that is an employee benefit plan and that the amount that may reasonably be considered to be the income of the trust for a taxation year that has been earned by it for the benefit of the employee shall be paid in the year to the employee, or

(2) that the amounts deferred in respect of the employee under the arrangement are held by or for the account of any person other than a trust referred to in subparagraph 1 and that the amount in respect of interest or other additional amounts that may reasonably be considered to have accrued to or for the benefit of the employee to the end of a taxation year shall be paid in the year to the employee;

v. the arrangement provides that the employee is to return to the employee's regular employment with the employer or an employer that participates in the same or a similar arrangement after the leave of absence referred to in subparagraph *i* for a period that is not less than the period of leave of absence, and

vi. subject to subparagraph *iv*, the arrangement provides that all amounts held for the employee's benefit under the arrangement shall be paid to the employee not later than the end of the first taxation year that commences after the end of the deferral period;

(*b*) between an employer and an employee that is established before 28 July 1986 where it is reasonable to conclude, having regard to the circumstances, including the terms and conditions of the arrangement and any agreement relating thereto, that the arrangement is not

established to provide benefits to the employee on or after retirement but is established for the main purpose of permitting the employee to fund, through salary or wage deferrals, a leave of absence from the employee's employment and under which the deferrals for the leave of absence commenced before 1 January 1987;

(*c*) that is established for the purpose of deferring the salary or wages of a professional referee or linesman for the referee's or linesman's services as such with the National Hockey League if, in the case of a professional referee or linesman resident in Canada, the trust or any other person having custody and control of any funds, investments or other property under the arrangement is resident in Canada; or

(*d*) subject to section 47.16R2, between a corporation and an employee of the corporation or a corporation related thereto under which the employee, or, after the employee's death, a dependant, the legal representative or a relation of the employee, may or shall receive an amount that may reasonably be attributed to duties of an office or employment performed by the employee on behalf of the corporation or a corporation related thereto where

i. all amounts that may be received under the arrangement shall be received after the time of the employee's death or retirement from, or loss of, the office or employment, but not later than the end of the first calendar year commencing thereafter, and

ii. the total of all amounts each of which may be received under the arrangement depends on the fair market value of shares of the capital stock of the corporation or a corporation related thereto at a time within the period that commences one year before the time of the employee's death or retirement from, or loss of, the office or employment and that ends at the time the amount is received."

25. Section 47.16R2 of the Regulation is replaced, in the English text, by the following:

"**47.16R2.** An arrangement referred to in paragraph *d* of section 47.16R1 does not include an arrangement between a corporation and an employee of that corporation or a corporation related thereto where, by reason of the arrangement or a series of transactions that includes the arrangement, the employee or a person with whom the employee does not deal at arm's length is entitled, either immediately or in the future and either absolutely or contingently, to receive or obtain any amount or benefit granted or to be granted for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the shares of the capital stock of the corporation or a corporation related thereto."

26. Section 64R1 of the Regulation is replaced, in the English text, by the following:

“**64R1.** In computing the individual’s income from an office or employment for a taxation year, an individual referred to in section 64 of the Act may deduct, in respect of an aircraft or an automobile, such part of the capital cost thereof as is determined for the year under section 130R1.”

27. Section 78.4R1 of the Regulation is replaced, in the English text, by the following:

“**78.4R1.** In computing the individual’s income from an office or employment for a taxation year, an individual referred to in section 78.4 of the Act may deduct, in respect of a musical instrument, such part of the capital cost thereof as is determined for the year under section 130R1.”

28. Section 83R2 of the Regulation is replaced, in the English text, by the following:

“**83R2.** A taxpayer may, in computing the income of the taxpayer from a business for a taxation year, value all the property included in all the inventories of the business at its fair market value.”

29. Section 83R3 of the Regulation is amended by replacing, in the French text, the words “dans la forme prescrite” by the words “au moyen du formulaire prescrit”.

30. (1) The Regulation is amended by inserting, after section 83R6, the following section:

“**87R0.1.** The amount referred to in paragraph *e.1* of section 87 of the Act in respect of an insurer for a taxation year is

(*a*) where the amount determined under section 152R12 in respect of the insurer for the year is less than nil, that amount expressed as a positive number; and

(*b*) in any other case, nil.”

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

31. Section 87R1 of the Regulation is replaced by the following:

“**87R1.** For the purposes of paragraph *p* of section 87 of the Act, the prescribed amount is the amount deducted by the taxpayer pursuant to subsection 13 or 14 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in comput-

ing the tax otherwise payable by the taxpayer for the year under Part I of the said Income Tax Act.”

32. Section 92.5R4 of the Regulation is replaced, in the English text, by the following:

“**92.5R4.** The amount determined as interest on a debt obligation referred to in section 92.5 of the Act is

(*a*) in the case of a debt obligation referred to in subparagraph *a* of the first paragraph of section 92.5R3, the amount of interest determined under section 92.5R5;

(*b*) in the case of a debt obligation referred to in subparagraph *b* of the first paragraph of section 92.5R3, the amount of interest determined under section 92.5R6;

(*c*) in the case of a debt obligation referred to in subparagraph *c* of the first paragraph of section 92.5R3, other than an obligation in respect of which paragraph *c.1* applies, the amount of interest determined under section 92.5R8;

(*c.1*) in the case of a debt obligation referred to in subparagraph *c* of the first paragraph of section 92.5R3 for which the rate of interest stipulated to be payable in respect of each period throughout which the obligation is outstanding is fixed at the date of issue of the obligation and the stipulated rate of interest applicable at each time is not less than each stipulated rate of interest applicable before that time, the amount of interest determined under section 92.5R8.1;

(*d*) in the case of a debt obligation referred to in subparagraph *d* of the first paragraph of section 92.5R3, the amount of interest determined under section 92.5R10.”

33. (1) Section 93.6R1 of the Regulation is replaced by the following:

“**93.6R1.** Property referred to in subparagraph *t* of the first paragraph, or the second or fourth paragraph, of Class 12 of Schedule B is prescribed property for the purposes of section 93.6 of the Act.”;

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

34. (1) Section 93.7R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

35. (1) Section 99R2 of the Regulation is amended

(1) by replacing, in the French text, the portion before paragraph *a* by the following:

“**99R2.** Pour l’application du paragraphe *d.3* de l’article 99 de la Loi, les montants suivants sont prescrits:”;

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

“(b) in respect of a passenger vehicle acquired after 31 December 1990, the amount determined by the formula

A + B.”;

(3) by adding the following paragraph:

“In the formula provided for in subparagraph *b* of the first paragraph,

(a) A is

i. \$24,000, if the passenger vehicle was acquired before 1 January 1997,

ii. \$25,000, if the passenger vehicle was acquired after 31 December 1996 and before 1 January 1998;

iii. \$26,000, if the passenger vehicle was acquired after 31 December 1997 and before 1 January 2000, and

iv. \$27,000, if the passenger vehicle was acquired after 31 December 1999; and

(b) B is the sum that would have been payable in respect of federal and provincial sales taxes on the acquisition of the passenger vehicle if it had been acquired, at a cost equal to the amount determined in subparagraph *a* before the application of the federal and provincial sales taxes, at the time of the acquisition.”.

(2) Subsection 1 has effect from 1 January 1997.

36. (1) Section 130R2 of the Regulation is amended by replacing paragraph *q* of subsection 1 by the following:

“(q) “Québec film production” means a motion picture film or a video tape recognized as a Québec film by the Société de développement des entreprises culturelles, incorporated under the Act respecting the Société de développement des entreprises culturelles (R.S.Q., c. S-10.002), and in respect of which the Société has made a favourable advance ruling that is in force or has issued a certificate that has not been revoked as provided in paragraph *b.01* of subsection 8, certifying that it is a Québec film for which the principal taping or filming work began after 18 December 1990 and before the end of the taxation year, or was completed not later than 60 days after the end of the taxation year.”.

(2) Subsection 1 applies in respect of productions the principal taping or filming work began after 19 December 1990.

37. (1) Section 130R55.7 of the Regulation is amended

(1) by replacing, in the English text, the portion before subparagraph *a* of the second paragraph by the following:

“**130R55.7.** Where, in a taxation year, a taxpayer added an amount to the undepreciated capital cost to the taxpayer of property of a class in Schedule B, the amount that the taxpayer may deduct for the year under section 130R1 in respect of property of the class shall be computed as if the undepreciated capital cost to the taxpayer at the end of the year, before any deduction under section 130R1 for the year, of the property were reduced by half the amount determined in respect of that class at the end of the year under section 130R55.8.

The rule prescribed in the first paragraph does not apply in respect of an amount added to the undepreciated capital cost to the taxpayer of”;

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

“(a) property that is

i. property referred to in any of sections 130R34, 130R82.1, 130R98.5 and 130R98.5.1,

ii. property included in any of Classes 13, 14, 15, 23, 24, 27, 29 and 34 of Schedule B, or

iii. property included in a separate class pursuant to an election made by the taxpayer in accordance with section 130R98.9 or 130R98.10;”.

(2) Paragraph 2 of subsection 1 applies in respect of property acquired after 27 February 2000. However, where subparagraph *a* of the second paragraph of section 130R55.7 of the Regulation applies in respect of property acquired before 15 March 2000, it shall be read as follows:

“(a) property that is

i. property referred to in any of sections 130R34, 130R82.1 and 130R98.5,

ii. property included in any of Classes 13, 14, 15, 23, 24, 27, 29 and 34 of Schedule B, or

iii. property included in a separate class pursuant to an election made by the taxpayer in accordance with section 130R98.10;”.

38. (1) Section 130R56 of the Regulation is amended by replacing “section 130R98.5” by “section 130R98.5 or 130R98.5.1”.

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

39. (1) Section 130R64.2 of the Regulation is replaced by the following :

“**130R64.2.** For the purposes of this Title and Schedule B, where one or more properties of a taxpayer are included in a separate class pursuant to an election made by the taxpayer in accordance with section 130R98.9 or 130R98.10, all the properties in that class immediately after the beginning of the taxpayer’s fifth taxation year beginning after the end of the first taxation year in which a property of the class became available for use by the taxpayer for the purposes of section 93.6 of the Act shall be transferred immediately after the beginning of that fifth taxation year from the separate class to the class in which the property would, but for the election, have been included.”.

(2) Subsection 1 applies in respect of property acquired after 27 February 2000.

40. (1) The Regulation is amended by inserting, after section 130R98.5, the following section :

“**130R98.5.1.** A separate class is to be created for all property of a taxpayer that is included in Class 12 of Schedule B because of the fourth paragraph of that Class.”.

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

41. (1) Section 130R98.9 of the Regulation is amended by replacing the portion before paragraph *a* by the following :

“**130R98.9.** A separate class is to be created for one or more properties of a taxpayer acquired in a taxation year and included in the year in Class 8 of Schedule B, or for one or more properties of a taxpayer acquired in a taxation year and included in the year in Class 10 of that Schedule, in respect of which the taxpayer has, by letter attached to the taxpayer’s fiscal return filed in accordance with sections 1000 to 1003 of the Act for that taxation year, elected that this section apply, where each of the properties has a capital cost to the taxpayer of at least \$400 and is”.

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

42. (1) The Regulation is amended by inserting, after section 130R98.9, the following section :

“**130R98.10.** A separate class is to be created for one or more properties of a taxpayer acquired in a taxation year and included in the year in Class 43 of Schedule B because of paragraph *a* of that Class, in respect of which the taxpayer has, by letter attached to the taxpayer’s fiscal return filed in accordance with sections 1000 to 1003 of the Act for that taxation year, elected that this section apply, where each of the properties has a capital cost to the taxpayer of at least \$400.”.

(2) Subsection 1 applies in respect of property acquired after 27 February 2000.

43. (1) Section 133.2.1R1 of the Regulation is replaced by the following :

“**133.2.1R1.** For the purposes of section 133.2.1 of the Act, the amount prescribed in respect of the use of one or more automobiles in a taxation year by an individual for kilometres driven in the year for the purpose of earning income of the individual is the aggregate of

(*a*) the product of \$0.37 multiplied by the number of those kilometres, up to and including 5,000;

(*b*) the product of \$0.31 multiplied by the number of those kilometres in excess of 5,000; and

(*c*) the product of \$0.04 multiplied by the number of those kilometres driven in the Yukon Territory, the Northwest Territories or Nunavut.”.

(2) Subsection 1 applies in respect of kilometres driven after 31 December 1999.

(3) In addition, where section 133.2.1R1 of the Regulation applies in respect of kilometres driven

(1) after 31 December 1994 and before 1 January 1996, it shall be read as follows :

“**133.2.1R1.** For the purposes of section 133.2.1 of the Act, the amount prescribed in respect of the use of one or more automobiles in a taxation year by an individual for kilometres driven in the year for the purpose of earning income of the individual is the aggregate of

(*a*) the product of \$0.31 multiplied by the number of those kilometres, up to and including 5,000;

(b) the product of \$0.25 multiplied by the number of those kilometres in excess of 5,000; and

(c) the product of \$0.04 multiplied by the number of those kilometres driven in the Yukon Territory or the Northwest Territories.”;

(2) after 31 December 1995 and before 1 January 1997, it shall be read as follows:

“**133.2.1R1.** For the purposes of section 133.2.1 of the Act, the amount prescribed in respect of the use of one or more automobiles in a taxation year by an individual for kilometres driven in the year for the purpose of earning income of the individual is the aggregate of

(a) the product of \$0.33 multiplied by the number of those kilometres, up to and including 5,000;

(b) the product of \$0.27 multiplied by the number of those kilometres in excess of 5,000; and

(c) the product of \$0.04 multiplied by the number of those kilometres driven in the Yukon Territory or the Northwest Territories.”;

(3) after 31 December 1996 and before 1 April 1999, it shall be read as follows:

“**133.2.1R1.** For the purposes of section 133.2.1 of the Act, the amount prescribed in respect of the use of one or more automobiles in a taxation year by an individual for kilometres driven in the year for the purpose of earning income of the individual is the aggregate of

(a) the product of \$0.35 multiplied by the number of those kilometres, up to and including 5,000;

(b) the product of \$0.29 multiplied by the number of those kilometres in excess of 5,000; and

(c) the product of \$0.04 multiplied by the number of those kilometres driven in the Yukon Territory or the Northwest Territories.”;

(4) after 31 March 1999 and before 1 January 2000, it shall be read as follows:

“**133.2.1R1.** For the purposes of section 133.2.1 of the Act, the amount prescribed in respect of the use of one or more automobiles in a taxation year by an individual for kilometres driven in the year for the purpose of earning income of the individual is the aggregate of

(a) the product of \$0.35 multiplied by the number of those kilometres, up to and including 5,000;

(b) the product of \$0.29 multiplied by the number of those kilometres in excess of 5,000; and

(c) the product of \$0.04 multiplied by the number of those kilometres driven in the Yukon Territory, the Northwest Territories or Nunavut.”.

44. (1) Section 140.1R2 of the Regulation is amended by replacing “paragraph *a* of section 140.1” by “subparagraph *a* of the first paragraph of section 140.1” and “paragraph *b* of section 140.1”, wherever it appears, by “subparagraph *b* of the first paragraph of section 140.1”.

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

45. (1) Section 152R1 of the Regulation is replaced by the following:

“**152R1.** In this chapter,

“claim liability” of an insurer at the end of a taxation year means

(a) in respect of a claim made to the insurer before that time under an insurance policy, an amount equal to the amount by which the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the insurer’s future payments and claim adjustment expenses in respect of the claim exceeds the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the amounts that the insurer will recover after that time in respect of the claim because of salvage, subrogation or any other reason; or

(b) in respect of the possibility that there are claims under an insurance policy incurred before that time that have not been made to the insurer before that time, an amount equal to the amount by which the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the insurer’s payments and claim adjustment expenses in respect of those claims exceeds the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the amounts that the insurer will recover in respect of those claims because of salvage, subrogation or any other reason;

“extended motor vehicle warranty” means an agreement, in this definition referred to as the “extended warranty”, under which a person agrees to provide property or render services in respect of the repair or maintenance of a motor vehicle manufactured by the person or a corporation related to the person where

(a) the extended warranty is in addition to a basic or limited warranty in respect of the vehicle;

(b) the basic or limited warranty has a term of three or more years, although it may expire before the end of such term on the vehicle’s odometer registering a specified number of kilometres or miles;

(c) more than 50% of the expenses to be incurred under the extended warranty are reasonably expected to be incurred after the expiry of the basic or limited warranty; and

(d) the person’s risk under the extended warranty is insured by an insurer that is subject to the supervision of the Superintendent of Financial Institutions;

“net premium for the policy” has the meaning assigned by section 840R1;

“non-cancellable or guaranteed renewable accident and sickness policy” has the meaning assigned by section 840R1;

“policy liability” has the meaning assigned by section 840R1;

“post-1995 non-cancellable or guaranteed renewable accident and sickness policy” has the meaning assigned by section 840R1;

“pre-1996 non-cancellable or guaranteed renewable accident and sickness policy” has the meaning assigned by sections 840R1 and 840R3.2;

“reinsurance commission”, in respect of a policy, means

(a) where the risk under the policy is fully reinsured, the amount by which the amount of the net premium for the policy exceeds the amount of the consideration payable by the insurer in respect of the reinsurance of the risk; or

(b) where only a portion of the risk under the policy is reinsured, the amount by which the portion of the amount of the net premium for the policy that may reasonably be considered to be in respect of the portion of the risk that is reinsured with a reinsurer exceeds the

amount of the consideration payable by the insurer to the reinsurer in respect of the reinsurance of that portion of the risk;

“reported reserve” has the meaning assigned by section 840R1;

“Superintendent of Financial Institutions” has the meaning assigned by section 840R1.”.

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

46. (1) Section 152R1.1 of the Regulation is revoked.

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

47. (1) The Regulation is amended by inserting, after section 152R1.1, the following section:

“**152R1.2.** For the purposes of this chapter, the following rules apply:

(a) a reference to a premium paid by the policyholder shall, depending on the method regularly followed by the insurer in computing its income, be read as a reference to a premium paid or payable by the policyholder;

(b) in determining the premium paid by a policyholder for a policy, the insurer may deduct the portion of the premium that

i. can reasonably be considered, at the time the policy is issued, to be a deposit that, pursuant to the terms of the policy or the by-laws of the insurer, will be returned to the policyholder, or credited to the account of the policyholder, by the insurer on the termination of the policy, and

ii. was not otherwise deducted under section 832 of the Act; and

(c) any rider that is attached to a policy and that provides for additional non-cancellable or guaranteed renewable accident or sickness insurance, as the case may be, is a separate non-cancellable or guaranteed renewable accident and sickness policy.”.

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

48. (1) Sections 152R2 and 152R3 of the Regulation are replaced by the following:

“**152R2.** For the purposes of the second paragraph of section 152 of the Act, the amount prescribed in respect of an insurer for a taxation year is

(a) the amount determined under section 152R12 in respect of the insurer for the year, where that amount is greater than nil; and

(b) nil, in any other case.

152R3. Any amount determined under this chapter shall be determined on a net of reinsurance ceded basis.

In addition, any amount referred to or determined under this chapter may be equal to, or less than, nil.”

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

49. (1) Sections 152R4 to 152R11 of the Regulation are revoked.

(2) Subsection 1 applies from the taxation year 1996. In addition, where sections 152R6 and 152R6.1 of the Regulation, revoked by subsection 1, apply to taxation years that end after 22 February 1994, they shall be read as follows:

“**152R6.** An insurer may deduct in respect of policies, other than a policy in respect of which an amount can be determined under section 152R6.1, under which a claim that was incurred before the end of the year has been reported to the insurer before the end of the year and in respect of which the insurer is, or may be, required to make a payment or incur an expense after the year, or there may be a claim incurred before the end of the year that has not been reported to the insurer before the end of the year, an amount not exceeding 95% of the lesser of the total of all amounts each of which is the insurer’s actuarial liability at the end of the year in respect of such claims or possible claims and the total of all amounts each of which is the insurer’s reported reserve at the end of the year in respect of such claims or possible claims.

152R6.1. An insurer may deduct in respect of policies under which a claim that was incurred before the end of the year has been reported to the insurer before the end of the year, and the claim is in respect of damages for personal injury or death and the insurer has agreed to a structured settlement of the claim, an amount not exceeding the lesser of the total of all amounts each of which is the insurer’s actuarial liability at the end of the year in respect of such claims and the total of all amounts each of which is the insurer’s reported reserve at the end of the year in respect of such claims.”

50. (1) The Regulation is amended by inserting, after section 152R11, the following sections:

“**152R12.** For the purposes of paragraph *a* of sections 87R0.1 and 152R2, the amount to be determined under this section in respect of an insurer for a taxation year is the amount, greater or less than nil, determined by the formula

$$A + B + C + D + E + F + G + H + I + J + K + L.$$

In the formula provided for in the first paragraph,

(a) A is the total of all amounts each of which is, in respect of a policy other than a policy that insures a risk in respect of one of the following items, the unearned portion at the end of the year of the net premium for the policy, which is determined by apportioning the net premium equally over the period to which that premium relates:

- i. a financial loss of a lender on a loan made on the security of an immovable property,
- ii. a home warranty,
- iii. a lease guarantee, or
- iv. an extended motor vehicle warranty;

(b) B is the total of all amounts each of which is an amount determined in respect of a policy that insures a risk in respect of any of the items referred to in subparagraphs *i* to *iv* of subparagraph *a* equal to the lesser of

- i. the amount of the reported reserve of the insurer at the end of the year in respect of the unearned portion at the end of the year of the net premium for the policy, and
- ii. a reasonable amount as a reserve determined at the end of the year in respect of the unearned portion at the end of the year of the net premium for the policy;

(c) C is the total of all amounts each of which is the amount in respect of a policy, where all or a portion of a risk under the policy was reinsured, equal to the unearned portion at the end of the year of a reinsurance commission in respect of the policy determined by apportioning the reinsurance commission equally over the period to which it relates;

(d) D is the amount, in respect of policies, other than policies in respect of which an amount can be determined under subparagraph *e*, under which a claim that was incurred before the end of the year has been made to the insurer before the end of the year and in respect of which the insurer is, or may be, required to make a

payment or incur an expense after the year, or there may be a claim incurred before the end of the year that has not been made to the insurer before that time, equal to 95% of the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such claims or possible claims, and

ii. the total of the claim liabilities of the insurer at the end of the year in respect of such claims or possible claims ;

(e) E is the amount in respect of policies under which a claim that was incurred before the end of the year has been made to the insurer before the end of the year and the claim is in respect of damages for personal injury or death and the insurer has agreed to a structured settlement of the claim, equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such claims, and

ii. the total of the claim liabilities of the insurer at the end of the year in respect of such claims ;

(f) F is an additional amount, in respect of policies that insure a nuclear risk, a fidelity risk, a surety risk or a risk related to a financial loss of a lender on a loan made on the security of an immovable property, equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *e* and *g* to *l*, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *e* and *g* to *l* ;

(g) G is the amount of a guarantee fund at the end of the year provided for under an agreement in writing between the insurer and Her Majesty in right of Canada under which Her Majesty has agreed to guarantee the obligations of the insurer under a policy that insures a risk related to a financial loss of a lender on a loan made on the security of an immovable property ;

(h) H is the amount in respect of risks under pre-1996 non-cancellable or guaranteed renewable accident and sickness policies equal to

i. where the amounts determined under each of subparagraphs 1 and 2 are greater than nil, the lesser of

(1) the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *g* and *i* to *l*, and

(2) a reasonable amount as a reserve determined at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *g* and *i* to *l*, and

ii. in any other case, nil ;

(i) I is the amount in respect of risks under post-1995 non-cancellable or guaranteed renewable accident and sickness policies equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *h* and *j* to *l*, and

ii. the total of the policy liabilities of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *h* and *j* to *l* ;

(j) J is the total of all amounts each of which

i. is not an amount deductible under section 832 of the Act,

ii. is the amount, in respect of a dividend, refund of premiums or refund of premium deposits provided for under the terms of a group accident and sickness insurance policy that will be used by the insurer to reduce or eliminate a future adverse claims experience under the policy, paid or unconditionally credited to the policyholder by the insurer or applied in discharge, in whole or in part, of a liability of the policyholder to pay premiums to the insurer under the policy, and

iii. is equal to the least of

(1) a reasonable amount as a reserve determined at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits,

(2) 25% of the amount of the premium payable under the terms of the policy for the 12-month period ending, if the policy is terminated in the year, on the date the policy is terminated, or in any other case, at the end of the year, and

(3) the reported reserve of the insurer at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits;

(k) K is the total of all amounts each of which is the amount, in respect of a policy under which a portion of the particular amount paid or payable by the policyholder for the policy before the end of the year is deducted under paragraph *b* of section 152R1.2 or 840R4, equal to the portion of that particular amount that the insurer has determined will, after the end of the year, be returned to or credited to the account of the policyholder on the termination of the policy; and

(l) L is an amount in respect of policies that insure earthquake risks in Canada equal to the lesser of

i. the portion of the reported reserve of the insurer at the end of the year in respect of those risks that is attributable to accumulations from premiums in respect of those risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *k*, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of those risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *k*.

152R13. Where an insurer, other than an insurer that is required by law to report to the Superintendent of Financial Institutions of Canada, is not required by the Superintendent of Financial Institutions to determine its liabilities in respect of claims referred to in subparagraphs *d* and *e* of the second paragraph of section 152R12, in accordance with actuarial principles, the following rules apply:

(a) the amount determined under that subparagraph *d* is deemed to be equal to 95% of the total determined under subparagraph *i* of that subparagraph *d*; and

(b) the amount determined under that subparagraph *e* is deemed to be equal to the total determined under subparagraph *i* of that subparagraph *e*.

152R14. Notwithstanding section 152R12, the amount determined under that section in respect of an insurer, other than a life insurer, for a taxation year that ends before 1 January 2001 is deemed to be equal to the amount determined by the formula

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

In the formula provided for in the first paragraph,

(a) A is the amount that would, but for this section, be the amount determined under section 152R12 in respect of the insurer for the year;

(b) B is, where the year ends in

i. 1996, 100%,

ii. 1997, 80%,

iii. 1998, 60%,

iv. 1999, 40%, and

v. 2000, 20%;

(c) C is the total of all amounts each of which is the amount, expressed as a positive number, of any amount that is less than nil and that is used in computing the amount that is the lesser of the totals determined for the year under subparagraphs *i* and *ii* of subparagraph *i* of the second paragraph of section 152R12, in respect of a risk under a post-1995 non-cancellable or guaranteed renewable accident and sickness policy; and

(d) D is the lesser of the amount determined under subparagraph *c* and 5% of the total of all amounts each of which is a premium received by the insurer in the year or any preceding taxation year ending after 31 December 1995, in respect of a non-cancellable or guaranteed renewable accident and sickness policy.”

(2) Subsection 1 applies from the taxation year 1996. However, where subparagraph *l* of the second paragraph of section 152R12 of the Regulation applies to the taxation years 1996 and 1997, it shall be read as follows:

“(l) L is an amount equal to nil.”

51. (1) Section 156.2R1 of the Regulation is replaced by the following:

“**156.2R1.** Depreciable property referred to in subparagraph *a* of the second paragraph of section 156.2 of the Act in respect of an individual is property of that individual included in Class 12 of Schedule B because of subparagraph *t* of the first paragraph or the second or fourth paragraph of that Class, other than property leased to another person by the individual and in respect of which that person and the individual made the joint election provided for in section 125.1 of the Act.”

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

52. (1) Section 156.3R1 of the Regulation is replaced by the following:

“**156.3R1.** Depreciable property referred to in subparagraph *a* of the second paragraph of section 156.3 of the Act in respect of a corporation is property of that corporation included in Class 12 of Schedule B because of subparagraph *t* of the first paragraph or the second or fourth paragraph of that Class, other than property leased to another person by the corporation and in respect of which that person and the corporation made the joint election provided for in section 125.1 of the Act.”.

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

53. (1) Section 241.0.1R1 of the Regulation is amended by replacing paragraph *d* by the following:

“(d) a corporation registered under the provisions of Part II of the Community Small Business Investment Funds Act (S.O., 1992, c. 18).”.

(2) Subsection 1 has effect from 8 May 1997.

54. (1) Section 241.0.1R2 of the Regulation is amended, in the first paragraph,

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

(2) by replacing, in subparagraph *a.2*, “Labour Sponsored Venture Capital Corporations Act, 1992” by “Community Small Business Investment Funds Act”;

(3) by replacing, in subparagraph *b*, “*j*” by “*k*”.

(2) Paragraph 2 of subsection 1 has effect from 8 May 1997.

(3) Paragraph 3 of subsection 1 applies from the taxation year 1998.

55. (1) Section 247.2R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

56. (1) Chapter V.1 of Title XII of the Regulation is revoked.

(2) Subsection 1 has effect from 23 May 2001.

57. (1) Section 359.1R1 of the Regulation is amended

(1) by replacing, in the English text, subparagraph *ii* of paragraph *a* of the definition of “excluded obligation” by the following:

“ii. the making of an election respecting the assistance referred to in subparagraph *i* and the transfer of such assistance to the holder of the share in accordance with any of the Acts referred to in subparagraph *i*; and”;

(2) by replacing, in subparagraph *ii* of paragraph *b* of the definition of “excluded obligation”, the word “renounced” by the words “purported to be renounced by the corporation”.

(2) Paragraph 2 of subsection 1 applies in respect of renunciations purported to be made after 31 December 1996.

58. Section 421.5R1 of the Regulation is amended by replacing, in the French text, the words “Aux fins” by the words “Pour l’application”.

59. (1) Section 421.6R1 of the Regulation is amended

(1) by replacing, in the French text, the portion before paragraph *a* by the following:

“**421.6R1.** Pour l’application du paragraphe *a* du deuxième alinéa de l’article 421.6 de la Loi, le montant suivant est prescrit pour une année d’imposition d’un locataire :”;

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

“(b) with respect to a passenger vehicle leased under a lease entered into after 31 December 1990, the amount determined by the formula

$A + B.$ ”;

(3) by adding the following paragraph:

“In the formula provided for in subparagraph *b* of the first paragraph,

(a) A is

i. where the passenger vehicle was leased under a lease entered into before 1 January 1997, \$650,

ii. where the passenger vehicle was leased under a lease entered into after 31 December 1996 and before 1 January 1998, \$550,

iii. where the passenger vehicle was leased under a lease entered into after 31 December 1997 and before 1 January 2000, \$650, and

iv. where the passenger vehicle was leased under a lease entered into after 31 December 1999, \$700; and

(b) B is the sum of the federal and provincial sales taxes that would have been payable on a monthly payment under the lease in the taxation year of the lessee if, before those taxes, the lease had required monthly payments equal to the amount determined in subparagraph a.”.

(2) Subsection 1 has effect from 1 January 1997.

60. (1) Section 421.6R2 of the Regulation is amended

(1) by replacing, in the French text, the portion before paragraph a by the following:

“421.6R2. Pour l’application du paragraphe g du deuxième alinéa de l’article 421.6 de la Loi, le montant suivant est prescrit:”;

(2) by replacing paragraph b by the following:

“(b) with respect to a passenger vehicle leased under a lease entered into after 31 December 1990, the amount determined by the formula

$A + B$.”;

(3) by adding the following paragraph:

“In the formula provided for in subparagraph b of the first paragraph:

(a) A is

i. where the passenger vehicle was leased under a lease entered into before 1 January 1997, \$24,000,

ii. where the passenger vehicle was leased under a lease entered into after 31 December 1996 and before 1 January 1998, \$25,000,

iii. where the passenger vehicle was leased under a lease entered into after 31 December 1997 and before 1 January 2000, \$26,000, and

iv. where the passenger vehicle was leased under a lease entered into after 31 December 1999, \$27,000; and

(b) B is the sum of the federal and provincial sales taxes that would have been payable on the acquisition of the passenger vehicle if it has been acquired at the time the lease was entered into at a cost, before those taxes, equal to the amount determined in subparagraph a.”.

(2) Subsection 1 has effect from 1 January 1997.

61. Section 421.6R3 of the Regulation is amended by replacing, in the French text, the words “Aux fins” by the words “Pour l’application”.

62. (1) Section 487.0.2R1 of the Regulation is amended

(1) by replacing the period at the end of paragraph e by a semicolon;

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

“(f) for the calendar year 1995,

i. in the Province of Manitoba, the Local Government Districts of Alonsa, Fisher, Grahamdale, Grand Rapids and Mountain (South), the areas designated under The Northern Affairs Act of Manitoba (c. N100) as the communities of Camperville, Crane River, Duck Bay, Homebrook, Mallard, Meadow Portage, Rock Ridge, Spence Lake and Waterhen, the Rural Municipalities of Eriksdale, Lawrence, Mossey River, Ste. Rose and Siglunes, and Skownan,

ii. in the Province of Saskatchewan, the Rural Municipalities of Antelope Park, Battle River, Beaver River, Biggar, Blaine Lake, Britannia, Buffalo, Cut Knife, Douglas, Eagle Creek, Eldon, Eye Hill, Frenchman Butte, Glenside, Grandview, Grass Lake, Great Bend, Heart’s Hill, Hillsdale, Kindersley, Loon Lake, Manitou Lake, Mariposa, Mayfield, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milton, Mountain View, North Battleford, Oakdale, Paynton, Parkdale, Perdue, Pleasant Valley, Prairie, Prairiedale, Progress, Redberry, Reford, Round Hill, Round Valley, Rosemont, Senlac, Spiritwood, Tramping Lake, Turtle River, Wilton and Winslow, and

iii. in the Province of Alberta, the Counties of Beaver, Camrose, Flagstaff, Lamont, Minburn, Paintearth, Smoky Lake, St. Paul, Strathcona, Thorhild, Two Hills and Vermilion River, the Municipal Districts of Bonnyville, MacKenzie, Northern Lights, Provost and Wainwright, and Special Areas 2, 3 and 4;

(g) for the calendar year 1997,

i. in the Province of Ontario, the Counties of Hastings and Renfrew,

ii. the Province of Nova Scotia,

iii. in the Province of Manitoba, the Rural Municipalities of Albert, Alonsa, Archie, Arthur, Birtle, Boulton, Brenda, Cameron, Clanwilliam, Dauphin, Edward, Ellice, Glenella, Grahamdale, Harrison, Lakeview, Langford, Lansdowne, Lawrence, McCreary, Miniota, Minto, Morton, Ochre River, Park (South), Pipestone, Rosedale, Rossburn, Russell, Ste. Rose, Shellmouth, Shoal Lake, Sifton, Siglunes, Silver Creek, Strathclair, Turtle Mountain, Wallace, Westbourne, Whitewater and Winchester,

iv. in the Province of Saskatchewan, the Rural Municipalities of Abernethy, Antelope Park, Antler, Argyle, Baildon, Bengough, Benson, Big Stick, Biggar, Bratt's Lake, Brock, Brokenshell, Browning, Buchanan, Calder, Caledonia, Cambria, Cana, Chester, Chesterfield, Churchbridge, Clinworth, Coalfields, Cote, Cymri, Deer Forks, Elcapo, Elmsthorpe, Emerald, Enniskillen, Enterprise, Estevan, Excel, Eye Hill, Fertile Belt, Fillmore, Foam Lake, Francis, Fox Valley, Garry, Glenside, Golden West, Good Lake, Grandview, Grass Lake, Grayson, Griffin, Happyland, Happy Valley, Hart Butte, Hazelwood, Heart's Hill, Indian Head, Insinger, Ituna Bon Accord, Invermay, Kellross, Key West, Keys, Kingsley, Lajord, Lake Alma, Lake Johnston, Lake of The Rivers, Langenburg, Laurier, Lipton, Livingston, Lomond, Maple Creek, Mariposa, Martin, Maryfield, McLeod, Milton, Montmartre, Moose Creek, Moose Jaw, Moose Mountain, Moosomin, Mountain View, Mount Pleasant, North Qu'Appelle, Norton, Oakdale, Orkney, Old Post, Poplar Valley, Prairie, Prairiedale, Progress, Reciprocity, Redburn, Reford, Rocanville, Rosemount, St. Philips, Saltcoats, Scott, Silverwood, Sliding Hills, Souris Valley, South Qu'Appelle, Spy Hill, Stanley, Stonehenge, Storthoaks, Surprise Valley, Tecumseh, Terrell, The Gap, Tramping Lake, Tullymet, Wallace, Walpole, Waverley, Wawken, Wellington, Weyburn, Willow Bunch, Willowdale, Winslow and Wolseley, and

v. in the Province of Alberta, the County of Forty Mile, the Municipal Districts of Acadia Valley, Cypress, Pincher Creek, Provost and Willow Creek, and Special Areas 2, 3 and 4;

(h) for the calendar year 1998,

i. in the Province of Ontario, the Counties of Bruce, Grey, Huron and Oxford, and the Districts of Nipissing, Parry Sound, Sudbury and Thunder Bay,

ii. in the Province of Nova Scotia, the Counties of Annapolis, Colchester, Cumberland, Digby, Hants and Kings,

iii. in the Province of Saskatchewan, the Rural Municipalities of Aberdeen, Antelope Park, Arlington, Auvergne, Battle River, Bayne, Beaver River, Biggar, Blaine Lake, Blucher, Bone Creek, Britannia, Buffalo, Canaan, Chaplin, Chesterfield, Clinworth, Corman Park, Coteau, Coulee, Cut Knife, Douglas, Dundurn, Eagle Creek, Eldon, Enfield, Excelsior, Eye Hill, Fertile Valley, Frenchman Butte, Frontier, Glen Bain, Glen McPherson, Glenside, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Great Bend, Harris, Hart Butte, Heart's Hill, Hillsdale, Kindersley, King George, Lac Pelletier, Lacadena, Laird, Lake of The Rivers, Lawtonia, Lone Tree, Loon Lake, Loreburn, Mankota, Manitou Lake, Maple Bush, Mariposa, Marriott, Mayfield, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milden, Milton, Miry Creek, Monet, Montrose, Morse, Mountain View, Newcombe, North Battleford, Oakdale, Old Post, Parkdale, Paynton, Perdue, Pinto Creek, Pleasant Valley, Poplar Valley, Prairie, Prairiedale, Progress, Redberry, Reford, Reno, Riverside, Rosedale, Rosemount, Round Hill, Round Valley, Rosthern, Rudy, St. Andrews, Saskatchewan Landing, Senlac, Shamrock, Snipe Lake, Stonehenge, Swift Current, Tramping Lake, Turtle River, Val Marie, Vanscoy, Victory, Waverly, Webb, Whiska Creek, White Valley, Willow Bunch, Wilton, Winslow, Wise Creek, and Wood River, and

iv. in the Province of Alberta, the Counties of Beaver, Camrose, Flagstaff, Grande Prairie, Lamont, Minburn, Paintearth, St. Paul, Smoky Lake, Stettler, Two Hills and Vermilion River, the Municipal Districts of Acadia, Big Lakes, Birch Hills, Bonnyville, Clear Hills, East Peace, Fairview, Greenview, Northern Lights, Peace, Provost, Saddle Hills, Smoky River, Spirit River, Starland, Wainwright and Yellowhead, and Special Areas 2, 3 and 4."

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

63. (1) Section 550.6R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

64. Section 579R1 of the Regulation is replaced by the following:

"**579R1.** For the purposes of section 579 of the Act, the foreign accrual property income of a foreign affiliate of a taxpayer means an amount equal to the amount so determined in respect of the affiliate, at the same time and for the same purposes, under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and the regulations thereunder."

65. (1) The Regulation is amended by inserting, after section 737.22.0.0.3R1, the following section:

“**737.22.0.0.7R1.** For the purposes of section 737.22.0.0.7 of the Act, an eligible employer shall attest, in the manner prescribed in section 1086R8.12.0.0.2, the eligible income for the taxation year of a foreign expert.”.

(2) Subsection 1 applies from the taxation year 1999.

66. (1) Section 737.22.0.3R1 of the Regulation is amended by replacing the word “instructor” by the word “specialist”.

(2) Subsection 1 applies from the taxation year 1997.

67. (1) The Regulation is amended by inserting, after section 737.25R1, the following section:

“**739R1.** For the purposes of paragraph *a* of section 739 of the Act, the prescribed tax is that provided for in Part VII of the Income Tax Act (Statutes of Canada), as it read on 31 March 1977.”.

(2) Subsection 1 has effect from 27 April 1995.

68. (1) Section 740.3R1 of the Regulation is revoked.

(2) Subsection 1 has effect from 26 November 1999.

69. (1) Sections 741R1 to 745R1 of the Regulation are revoked.

(2) Subsection 1 has effect from 27 April 1995.

70. (1) Section 771R3.2 of the Regulation is replaced by the following:

“**771R3.2.** For the purposes of this Title, an employee of a corporation is, in a taxation year, an employee of an establishment of the corporation situated in Québec where, in that year, in reference to the location where the employee mainly reports for work, the location where the employee principally performs the employee’s duties, the employee’s principal place of residence, the location from which the employee is paid, the establishment where the employee is supervised, the nature of the duties performed by the employee or any other similar criterion, it may reasonably be considered that the employee is an employee of an establishment of the corporation situated in Québec.”.

(2) Subsection 1 applies in respect of salary or wages paid or deemed paid after 25 March 1997.

71. (1) Title XX.1.1 of the Regulation is revoked.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

72. (1) Title XXII.1 of the Regulation is revoked.

(2) Subsection 1 has effect from 15 November 2000.

73. The Regulation is amended by inserting, before the heading of Chapter I of Title XXIII, the following:

“**CHAPTER 0.1**
APPLICATION”

818R0.1. Chapters VI.0.0.1 and VI.0.0.2 apply from the taxation year 1999 and Chapters I to VI apply to taxation years that are prior to the taxation year 1999.”.

74. (1) Section 818R1 of the Regulation is amended

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

“(g) “surplus funds derived from operations” has the meaning assigned by paragraph *l* of section 835 of the Act;”;

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

“(h) “amount payable”, “participating life insurance policy”, “policy loan”, “segregated fund” and “segregated fund policy” have the meanings assigned by section 835 of the Act;”;

(3) by replacing, wherever they appear in the French text of paragraphs *p* and *q*, the words “aux fins de l’impôt” by the words “pour l’impôt”;

(4) by inserting, in subparagraph *iv* of paragraph *s*, after “835 of the Act”, the words “as it read before being struck out”;

(5) by inserting, after paragraph *s.1*, the following paragraph:

“(s.2) “Superintendent of Financial Institutions” has the meaning assigned by paragraph *a* of section 835 of the Act before being struck out;”;

(6) by replacing, in paragraph *t*, the words “surplus derived from property and casualty insurance” by the words “property and casualty insurance surplus”;

(7) by replacing, wherever they appear in the French text of the portion of paragraph *u* before subparagraph *i*, the words “d’assurance de biens et de risques divers” by the words “d’assurances multirisques”;

(8) by replacing subparagraph *iii* of paragraph *u* by the following:

“iii. one-half of the aggregate of its investment valuation reserve at the end of the year and its investment valuation reserve at the end of the preceding taxation year.”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 1996.

(3) Paragraphs 2 and 5 of subsection 1 apply from the taxation year 1997.

(4) Paragraph 4 of subsection 1 applies to taxation years that begin after 22 February 1994.

75. (1) Section 818R1.1 of the Regulation is amended by inserting, in paragraph *b*, after “835 of the Act”, the words “as it read before being struck out”.

(2) Subsection 1 applies to taxation years that begin after 22 February 1994.

76. Section 818R7 of the Regulation is amended by replacing, in the French text of paragraph *b*, the words “d’assurance de biens et de risques divers” by the words “d’assurances multirisques”.

77. Section 818R8 of the Regulation is amended

(1) by replacing, in the French text of paragraph *a*, the words “aux fins de l’impôt” by the words “pour l’impôt”;

(2) by replacing, in paragraph *b*, the words “a sickness and accident” by the words “an accident and sickness”;

(3) by replacing, in the French text of paragraphs *d* and *e*, the words “d’assurance de biens et de risques divers” by the words “d’assurances multirisques”.

78. Section 818R9 of the Regulation is replaced by the following:

“**818R9.** For the purposes of paragraphs *d* and *e* of section 818R8, a liability or a debt does not include a debt referred to in paragraph *b* of section 818R20.

In addition, for the purposes of paragraph *d* of section 818R8, a reserve does not include the insurer’s investment valuation reserve.”.

79. Section 818R11 of the Regulation is amended

(1) by replacing, in paragraph *a*, the words “a sickness and accident” by the words “an accident and sickness”;

(2) by replacing, in the French text of paragraph *b*, the words “d’assurance de biens et de risques divers” by the words “d’assurances multirisques”.

80. Section 818R15 of the Regulation is amended by replacing, in paragraph *a*, the words “a sickness and accident” by the words “an accident and sickness”.

81. Section 818R18 of the Regulation is amended by replacing, in the French text of paragraph *b*, the words “d’assurance de biens et de risques divers” by the words “d’assurances multirisques”.

82. Section 818R19 of the Regulation is amended by replacing, wherever they appear in the French text of paragraph *b*, the words “d’assurance de biens et de risques divers” by the words “d’assurances multirisques”.

83. Section 818R29.1 of the Regulation is amended by replacing subparagraph *iv* of paragraph *f* by the following:

“iv. by a political subdivision of Canada; or”.

84. Section 818R30 of the Regulation is amended by replacing, in the French text of subparagraph *iii* of paragraph *b* and of the portion of subparagraph *iv* of that paragraph before subparagraph 1, the words “la maladie et les accidents” by the words “les accidents et la maladie”.

85. (1) Section 818R36 of the Regulation is replaced by the following:

“**818R36.** For the purposes of sections 818R23 and 818R30, a property acquired by an insurer in a taxation year as consideration for or in exchange for a property of the insurer that was, for the year, insurance property in respect of a particular business for the preceding taxation year is deemed to be insurance property in respect of that particular business for that preceding taxation year where the acquisition results from an amalgamation within the meaning of section 544 of the Act, a transaction in respect of which any of sections 301, 301.1, 301.3, 536, 540 and 541 of the Act applies, the winding-up of a corporation in respect of which section 556 of the Act applies or a transaction in respect of which an election referred to in section 518 or 529 of the Act is made.”.

(2) Subsection 1 applies in respect of transactions made after 31 October 1994.

86. (1) The Regulation is amended by inserting, after section 818R50, the following:

**“CHAPTER VI.0.0.1
INTERPRETATION AND GENERAL**

**DIVISION I
DEFINITIONS**

818R51. In Chapters VI.0.0.1 to VIII, X and XII.1,

“attributed surplus” of an insurer not resident in Canada for a taxation year means the aggregate of the insurer’s property and casualty insurance surplus for the year and either

(a) where the insurer elects for the year in prescribed form and manner, 50% of the aggregate of all amounts each of which would have been determined at the end of the taxation year or at the end of the preceding taxation year in respect of the insurer under section 818R54, if throughout the year or preceding taxation year, as the case may be, the insurer had been a life insurer resident in Canada and had not carried on any insurance business other than a life insurance business or an accident and sickness insurance business; or

(b) where paragraph *a* does not apply, 120% of the aggregate of all amounts each of which is 50% of the amount determined in accordance with regulations and guidelines made under Part XIII of the Insurance Companies Act (Statutes of Canada, 1991, chapter 47) to be the margin of assets in Canada over liabilities in Canada required to be maintained by the insurer at the end of the year or at the end of the preceding taxation year in respect of an insurance business carried on in Canada, other than a property and casualty insurance business;

“Canadian business property” of an insurer for a taxation year in respect of an insurance business means

(a) if the insurer was resident in Canada throughout the year and did not carry on an insurance business outside Canada in the year, property used or held by it in the year in the course of carrying on the business in Canada; and

(b) in any other case, designated insurance property of the insurer for the year in respect of the business;

“Canadian equity property” of a person or partnership, in this definition referred to as the “taxpayer”, at any time means property of the taxpayer that is

(a) a share of the capital stock of a corporation resident in Canada, other than a corporation affiliated with the taxpayer, or an income bond, income debenture, small business development bond or small business bond issued by a person resident in Canada, other than a corporation affiliated with the taxpayer, or a Canadian partnership; or

(b) that proportion of the shares of the capital stock of an entity that is a corporation affiliated with the taxpayer or an interest in an entity that is a partnership or trust that the total value for the taxation year or fiscal period of the entity that includes that time of Canadian equity property is of the total value for the taxation year or fiscal period of all property of the entity;

“Canadian investment fund” of an insurer at the end of a taxation year means the amount determined under Division II;

“Canadian investment property” of an insurer for a taxation year means an investment property of the insurer for the year, other than, if the insurer is not resident in Canada, property established by the insurer as not being effectively connected with its insurance business carried on in Canada in the year, that is, at any time in the year,

(a) immovable property situated in Canada;

(b) depreciable property situated in Canada or leased to a person resident in Canada for use inside or outside of Canada;

(c) an obligation secured by a hypothec or mortgage, an agreement of sale or any other form of indebtedness in respect of property described in paragraph *a* or *b*;

(d) a Canadian equity property;

(e) a Canadian resource property;

(f) a deposit balance of the insurer that is in Canadian currency;

(g) a bond, debenture or other form of indebtedness, in Canadian currency, issued by

i. a person resident in Canada or a Canadian partnership, or

ii. the Government of Canada or of a province, or any other political subdivision of Canada;

(h) a property that is a share of the capital stock of a corporation resident in Canada that is affiliated with the insurer or an interest in a Canadian partnership or a trust resident in Canada, if at least 75% of the value for the year of all property of the corporation, partnership or trust, as the case may be, is attributable to property that would be Canadian investment property if it were owned by an insurer; or

(i) an amount due or an amount accrued to the insurer on account of income that

i. is from designated insurance property for the year that is Canadian investment property of the insurer for the year because of any of paragraphs *a* to *h*, and

ii. was assumed in computing the insurer's Canadian reserve liabilities for the year;

"Canadian outstanding premiums" of an insurer at any time means the aggregate of all amounts each of which is the amount of an outstanding premium of the insurer in respect of an insurance policy at that time, to the extent that the amount of the premium has been assumed to have been paid in computing the insurer's Canadian reserve liabilities at that time;

"Canadian reserve liabilities" of an insurer at the end of a taxation year means the aggregate of the insurer's liabilities and reserves, other than liabilities and reserves in respect of a segregated fund, in respect of insurance policies each of which is

(a) a life insurance policy in Canada;

(b) a fire insurance policy issued or effected in respect of property situated in Canada; or

(c) an insurance policy of any other class covering risks ordinarily within Canada at the time the policy was issued or effected;

"carrying value" of a taxpayer's property for a taxation year, except as otherwise provided, means

(a) if the taxpayer is an insurer, the amounts reflected in the taxpayer's non-consolidated balance sheet at the end of the year that is accepted or, if that non-consolidated balance sheet had been prepared at the end of the year, that would have been accepted by

i. the Superintendent of Financial Institutions of Canada, where the insurer is required under the Insurance Companies Act to report to the Superintendent, or

ii. the General Inspector of Financial Institutions, the Superintendent of Insurance or other similar officer or authority of a province under the laws of which the insurer is incorporated and required by law to report to that officer or authority; and

(b) in any other case, the amounts that would have been reflected in the taxpayer's non-consolidated balance sheet at the end of the year if that non-consolidated balance sheet had been prepared in accordance with generally accepted accounting principles;

"deposit balance" of an insurer means an amount standing to the insurer's credit as or on account of amounts deposited with a corporation authorized to accept deposits or to carry on the business of offering to the public its services as a trustee;

"equity limit" of an insurer for a taxation year means the amount determined under Division III;

"equity property" of a person or partnership, in this definition referred to as the "taxpayer", at any time means property of the taxpayer that is

(a) a share of the capital stock of a corporation, other than a corporation affiliated with the taxpayer, or an income bond, income debenture, small business development bond or small business bond issued by a person, other than a corporation affiliated with the taxpayer, or partnership; or

(b) that proportion of the shares of the capital stock of an entity that is a corporation affiliated with the taxpayer or an interest in an entity that is a partnership or trust that the total value for the taxation year or fiscal period of the entity that includes that time of equity property of the entity is of the total value for the year or fiscal period of all property of the entity;

"financial institution" means a corporation that is

(a) a corporation described in any of paragraphs *a* to *e* of the definition of "restricted financial institution" in section 1 of the Act; or

(b) a particular corporation all or substantially all of the value of the assets of which is attributable to shares or indebtedness of one or more corporations referred to in paragraph *a* to which the particular corporation is affiliated;

"foreign policy loan" means an amount advanced by an insurer to a policyholder in accordance with the terms and conditions of a life insurance policy, other than a life insurance policy in Canada;

“gross Canadian life investment income” of a life insurer for a taxation year means the amount determined under Division IV;

“investment property” of an insurer for a taxation year means property described in section 818R62;

“mean Canadian investment fund” of an insurer for a taxation year means the amount determined under Division VII;

“mean Canadian outstanding premiums” of an insurer for a taxation year means 50% of the aggregate of its Canadian outstanding premiums at the end of the year and its Canadian outstanding premiums at the end of its preceding taxation year;

“mean Canadian reserve liabilities” of an insurer for a taxation year means 50% of the aggregate of its Canadian reserve liabilities at the end of the year and its Canadian reserve liabilities at the end of its preceding taxation year;

“mean maximum tax actuarial reserve” in respect of a particular class of life insurance policies of an insurer for a taxation year means 50% of the aggregate of its maximum tax actuarial reserve for that class of policies for the year and its maximum tax actuarial reserve for that class of policies for its preceding taxation year;

“mean policy loans” of an insurer for a taxation year means 50% of the aggregate of its policy loans at the end of the year and its policy loans at the end of its preceding taxation year;

“outstanding premiums” of an insurer with respect to an insurance policy at any time means premiums due to the insurer under the policy at that time but unpaid;

“property and casualty insurance surplus” of an insurer for a taxation year means the aggregate of the following amounts in respect of the insurer’s property and casualty insurance business:

(a) 7.5% of the aggregate of its unearned premium reserve at the end of the year, its unearned premium reserve at the end of its preceding taxation year, its provision for unpaid claims and adjustment expenses at the end of the year and its provision for unpaid claims and adjustment expenses at the end of its preceding taxation year, each of those reserves and provisions being net of reinsurance recoverables; and

(b) 50% of the aggregate of its investment valuation reserve at the end of the year and its investment valuation reserve at the end of its preceding taxation year;

“reinsurance recoverable” means

(a) in respect of an insurance business, other than a life insurance business, of an insurer that is not resident in Canada, the aggregate of all amounts each of which is an item reported as an asset of the insurer at the end of a taxation year in respect of an amount recoverable from a reinsurer for unearned premiums or unpaid claims and adjustment expenses in respect of the reinsurance of a policy that was issued in the course of carrying on the insurance business to the extent that the amount is included in the insurer’s Canadian reserve liabilities at that time and the amount is not an outstanding premium, policy loan or investment property; and

(b) in any other case, nil;

“value” for a taxation year of a property of a person or partnership means the amount determined under Division VI;

“weighted Canadian liabilities” of an insurer at the end of a taxation year means the aggregate of

(a) 300% of the amount by which the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer in Canada and that is reported as a liability, other than a liability in respect of an amount payable out of a segregated fund, of the insurer in respect of a life insurance policy in Canada, other than an annuity, or an accident and sickness insurance policy at the end of the year exceeds the aggregate of the insurer’s policy loans, other than policy loans in respect of annuities, at the end of the year; and

(b) the amount by which the aggregate of all amounts each of which is an amount in respect of an insurance business carried on by the insurer in Canada that is reported as a liability of the insurer at the end of the year exceeds the aggregate of the insurer’s policy loans in respect of annuities at the end of the year, except to the extent that the amount is

i. in respect of an insurance policy described in paragraph *a*,

ii. a liability in respect of an amount payable out of a segregated fund, or

iii. a debt incurred or assumed by the insurer to acquire a property of the insurer;

“weighted total liabilities” of an insurer at the end of a taxation year means the aggregate of

(a) 300% of the amount by which the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer and that is reported as a liability, other than a liability in respect of an amount payable out of a segregated fund, of the insurer in respect of a life insurance policy, other than an annuity, or an accident and sickness insurance policy exceeds the aggregate of the insurer's policy loans and foreign policy loans, other than policy loans and foreign policy loans in respect of annuities, at the end of the year; and

(b) the amount by which the aggregate of all amounts each of which is an amount in respect of an insurance business carried on by the insurer that is reported as a liability of the insurer at the end of the year exceeds the aggregate of the insurer's policy loans and foreign policy loans in respect of annuities at the end of the year, except to the extent that the amount is

- i. in respect of an insurance policy described in paragraph *a*,
- ii. a liability in respect of an amount payable out of a segregated fund, or
- iii. a debt incurred or assumed by the insurer to acquire a property of the insurer.

DIVISION II CANADIAN INVESTMENT FUND OF AN INSURER

818R52. The Canadian investment fund of an insurer at the end of a taxation year is

(a) in the case of a life insurer resident in Canada, the amount described in section 818R53; or

(b) in the case of a life insurer not resident in Canada, the amount described in section 818R55.

818R53. The amount to which paragraph *a* of section 818R52 refers in respect of an insurer at the end of a taxation year is equal to the aggregate of the amount described in section 818R54 and the amount determined by the formula

$$A - B.$$

In the formula provided for in the first paragraph,

(a) *A* is the amount of the insurer's Canadian reserve liabilities at the end of the year, to the extent that the amount exceeds the amount of surplus appropriations included in that amount; and

(b) *B* is the amount of the insurer's Canadian outstanding premiums and policy loans at the end of the year, to the extent that the Canadian outstanding premiums and the amount of policy loans are in respect of policies referred to in paragraphs *a* to *c* of the definition of "Canadian reserve liabilities" in section 818R51 and were not otherwise deducted in computing the amount of the insurer's Canadian reserve liabilities at the end of the year.

818R54. The amount to which the first paragraph of section 818R53 refers in respect of an insurer at the end of a taxation year is equal to the greater of

(a) the amount determined by the formula

$$A + ((B - C + D) \times (E/F)); \text{ and}$$

(b) the amount determined by the formula

$$(G - H + I + B) \times (E/F).$$

In the formulas provided for in the first paragraph,

(a) *A* is 8% of the amount determined by the formula provided for in the first paragraph of section 818R53;

(b) *B* is the aggregate of all amounts each of which is the amount of a deferred realized net gain or an amount expressed as a negative number of a deferred realized net loss of the insurer at the end of the year;

(c) *C* is the aggregate of all amounts each of which is the amount of an item reported as an asset that is owned by the insurer at the end of the year and is a share of the capital stock of, or a debt owing to the insurer by, a financial institution affiliated with the insurer;

(d) *D* is the aggregate of all amounts each of which is the amount at the end of the year of a debt incurred or assumed by the insurer in respect of the acquisition of an asset described in paragraph *c* or another property for which such an asset is a substituted property;

(e) *E* is the amount of the insurer's weighted Canadian liabilities at the end of the year;

(f) *F* is the amount of the insurer's weighted total liabilities at the end of the year;

(g) *G* is the aggregate of all amounts each of which is the amount of an item reported as an asset of the insurer at the end of the year, other than an item that at no time in the year was used or held by the insurer in the course of carrying on an insurance business;

(h) H is the aggregate of all amounts each of which is the amount of an item reported as a liability of the insurer at the end of the year in respect of an insurance business carried on by the insurer in the year, other than a liability that was at any time in the year connected with an asset that was not used or held by the insurer in the course of carrying on an insurance business at any time in the year; and

(i) I is the aggregate of all amounts each of which is an amount of an item reported by the insurer at the end of the year as a general provision or allowance for impairment in respect of investment property of the insurer for the year.

818R55. The amount to which paragraph *b* of section 818R52 refers in respect of an insurer at the end of a taxation year is equal to the aggregate of

(a) the amount by which the amount of the insurer's Canadian reserve liabilities at the end of the year exceeds the aggregate of

i. the total of the insurer's Canadian outstanding premiums, policy loans and reinsurance recoverables at the end of the year, to the extent that each of those amounts is in respect of policies referred to in paragraphs *a* to *c* of the definition of "Canadian reserve liabilities" in section 818R51 and was not otherwise deducted in computing the amount of the insurer's Canadian reserve liabilities at the end of the year, and

ii. the amount of the insurer's deferred acquisition expenses at the end of the year in respect of its property and casualty insurance business carried on in Canada; and

(b) the greatest of

i. the aggregate of

(1) 8% of the amount described in paragraph *a*, and

(2) the aggregate of all amounts each of which is an amount of a deferred realized net gain or an amount expressed as a negative number of a deferred realized net loss of the insurer at the end of the year in respect of an insurance business carried on by the insurer in Canada,

ii. the amount by which the aggregate of the following amounts exceeds the aggregate of all amounts each of which is an amount described in any of subparagraphs *ii* to *v* of paragraph *a* of subsection 4 of section 219 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the insurer at the end of the year:

(1) the amount of the insurer's surplus funds derived from operations at the end of its preceding taxation year,

(2) the aggregate described in subparagraph 2 of subparagraph *i*, to the extent that it is not included in the amount described in subparagraph 1, and

(3) the aggregate of all amounts in respect of which the insurer made an election under subsection 4 or 5.2 of section 219 of the Income Tax Act, each of which is an amount included in the aggregate determined in respect of the insurer at the end of its preceding taxation year under subparagraph *i.1* of paragraph *a* of subsection 4 of that section 219, and

iii. the aggregate of

(1) the amount of the insurer's attributed surplus for the year, and

(2) where the amount described in subparagraph 1 was determined without the taxpayer electing under paragraph *a* of the definition of "attributed surplus" in section 818R51, the amount described in subparagraph 2 of subparagraph *i*.

DIVISION III EQUITY LIMIT OF AN INSURER

818R56. The equity limit of an insurer for a taxation year is

(a) in respect of a life insurer resident in Canada, the amount described in section 818R57;

(b) in respect of an insurer not resident in Canada, other than a life insurer, the amount described in section 818R58; or

(c) in respect of a life insurer not resident in Canada, the amount described in section 818R59.

818R57. The amount to which paragraph *a* of section 818R56 refers in respect of an insurer for a taxation year is equal to that proportion of the aggregate of all amounts each of which is the value for the year of an equity property of the insurer that the insurer's weighted Canadian liabilities at the end of the year is of the insurer's weighted total liabilities at the end of the year.

818R58. The amount to which paragraph *b* of section 818R56 refers in respect of an insurer for a taxation year is equal to 25% of the aggregate of

(a) the amount by which the insurer's mean Canadian reserve liabilities for the year exceeds the aggregate of

i. 50% of the aggregate of its premiums receivable and deferred acquisition expenses at the end of the year and its premiums receivable and deferred acquisition expenses at the end of its preceding taxation year to the extent that those amounts were included in the insurer's Canadian reserve liabilities for the year or the preceding taxation year, as the case may be, in respect of the insurer's business in Canada, and

ii. 50% of the aggregate of its reinsurance recoverables at the end of the year and its reinsurance recoverables at the end of the preceding taxation year that are in respect of policies referred to in paragraphs *b* and *c* of the definition of "Canadian reserve liabilities" in section 818R51; and

(b) the insurer's property and casualty insurance surplus for the year.

818R59. The amount to which paragraph *c* of section 818R56 refers in respect of an insurer for a taxation year is equal to the aggregate of

(a) either

i. if the insurer makes an election referred to in paragraph *a* of the definition of "attributed surplus" in section 818R51 for the year, the greater of

(1) that proportion of the aggregate of all amounts each of which is the value for the year of an equity property of the insurer that the insurer's weighted Canadian liabilities at the end of the year is of the insurer's weighted total liabilities at the end of the year, and

(2) 8% of the insurer's mean Canadian investment fund for the year, or

ii. where subparagraph *i* does not apply, the amount described in subparagraph 2 of subparagraph *i* in respect of the insurer;

(b) 25% of the amount by which the insurer's mean Canadian reserve liabilities for the year exceeds 50% of the aggregate of its premiums receivable and deferred acquisition expenses at the end of the year and its premiums receivable and deferred acquisition expenses at the end of its preceding taxation year, to the extent that those amounts were included in the insurer's Canadian reserve liabilities at the end of the year or the preceding taxation year, as the case may be; and

(c) 25% of the insurer's property and casualty insurance surplus for the year.

For the purposes of subparagraph *b* of the first paragraph, the insurer's mean Canadian reserve liabilities for the year or the insurer's Canadian reserve liabilities at the end of a taxation year is determined on the assumption that the insurer's property and casualty insurance business carried on in Canada during the year was its only insurance business carried on in Canada that year.

DIVISION IV GROSS CANADIAN LIFE INVESTMENT INCOME OF AN INSURER

818R60. The gross Canadian life investment income of a life insurer for a taxation year means the amount by which the aggregate of all amounts each of which is any of the following amounts exceeds the amount described in section 818R61:

(a) the insurer's gross investment revenue for the year, to the extent that the revenue is from Canadian business property of the insurer for the year in respect of the insurer's life insurance business;

(b) the amount included in computing the insurer's income for the year under paragraph *a.1* of section 844 of the Act;

(c) the portion of the amount deducted under section 140 of the Act in computing the insurer's income for its preceding taxation year that was in respect of Canadian business property of the insurer for that year in respect of the insurer's life insurance business;

(d) the amount included under Division II of Chapter II of Title V.1 of Book VI of Part I of the Act in computing the insurer's income for the year in respect of property disposed of by the insurer that was, in the taxation year of disposition, Canadian business property of the insurer for that year in respect of the insurer's life insurance business;

(e) the insurer's gain for the year from the disposition of a Canadian business property of the insurer for the year in respect of the insurer's life insurance business, other than a capital property or a property in respect of the disposition of which Division II of Chapter II of Title V.1 of Book VI of Part I of the Act applies; or

(f) the insurer's taxable capital gain for the year from the disposition of a Canadian business property of the insurer for the year in respect of the insurer's life insurance business.

818R61. The amount to which section 818R60 refers in respect of an insurer for a taxation year is equal to the aggregate of all amounts each of which is

(a) the portion of the amount deducted under section 140 of the Act in computing the insurer's income for the year that is in respect of Canadian business property of the insurer for the year in respect of the insurer's life insurance business;

(b) the amount deductible under Division II of Chapter II of Title V.1 of Book VI of Part I of the Act in computing the insurer's income for the year in respect of a property disposed of by the insurer that was, in the taxation year of disposition, a Canadian business property of the insurer for that year in respect of the insurer's life insurance business;

(c) the insurer's loss for the year from the disposition of a Canadian business property of the insurer for the year in respect of the insurer's life insurance business, other than a capital property or a property in respect of the disposition of which Division II of Chapter II of Title V.1 of Book VI of Part I of the Act applies; or

(d) the insurer's allowable capital loss for the year from the disposition of a Canadian business property of the insurer for the year in respect of the insurer's life insurance business.

DIVISION V

INVESTMENT PROPERTY OF AN INSURER

818R62. Property to which the definition of "investment property" of an insurer for a taxation year in section 818R51 refers is property owned by an insurer, other than a policy loan payable to the insurer, at any time in the year, that is not included in a segregated fund and that is

(a) subject to section 818R63, property acquired by the insurer for the purpose of earning gross investment revenue in the year;

(b) that proportion of property of the insurer that is property described in section 818R64 that the use made of the property by the insurer in the year for the purpose of earning gross investment revenue in the year is of the whole use made of the property by the insurer in the year;

(c) if the insurer is a life insurer, property described in any of subparagraphs *a* to *d* of the second paragraph of section 844.3 of the Act;

(d) subject to section 818R65, a share of the capital stock of, or a debt owing to the insurer by, a corporation, other than a corporation that is a financial institution, affiliated with the insurer or an interest in a trust or partnership; or

(e) an amount due or an amount accrued to the insurer on account of income that

i. is from designated insurance property for the year that is investment property of the insurer for the year because of any of paragraphs *a* to *d*, and

ii. was assumed in computing the insurer's Canadian reserve liabilities for the year.

818R63. Property described in paragraph *a* of section 818R62 does not include, in respect of an insurer for a taxation year,

(a) property, a proportion of which is investment property of the insurer for the year because of paragraph *b* of section 818R62;

(b) a share of the capital stock of, or a debt owing to the insurer by, a corporation affiliated with the insurer;

(c) an interest in a trust; or

(d) an interest in a partnership.

818R64. Property to which paragraph *b* of section 818R62 refers in respect of an insurer for a taxation year means property of the insurer that is land, depreciable property or property that would be depreciable property if it were situated in Canada and used or held by the insurer in the year in the course of carrying on an insurance business in Canada.

818R65. Paragraph *d* of section 818R62 applies to property for a taxation year only if the value for the year of all investment property of the corporation, trust or partnership, as the case may be, for the year is not less than 75% of the value for the year of all its property.

For the purposes of the first paragraph, a corporation, trust or partnership is deemed to be an insurer.

DIVISION VI

VALUE OF A PROPERTY OF A PERSON OR PARTNERSHIP

818R66. The value for a taxation year of a property of a person or partnership, in this division referred to as the "owner", is

(a) in the case of a property that is an obligation secured by a hypothec or mortgage, an agreement of sale or an investment property that is a deposit balance, the amount by which the amount obtained when the gross investment revenue of the owner for the year from the property is divided by the average rate of interest earned by the owner, expressed as an annual rate, on the amortized cost of the property during the year exceeds the amount described in section 818R67;

(b) in the case of a property that is an amount due or an amount accrued to the owner, the amount obtained when the aggregate of all amounts each of which is an amount due or accrued at the end of each day in the year is divided by the number of days in the year;

(c) in the case of a property, other than a property referred to in paragraph *a* or *b*, that was not owned by the owner throughout the year, the amount by which that proportion of the carrying value of the property at the end of the preceding taxation year, if the property was owned by the owner at that time, of the carrying value of the property at the end of the year, if the property was owned by the owner at that time and not at the end of the preceding taxation year or, in any other case, of the cost of the property to the owner when it was acquired, that the number of days that are in the year and at the end of which the owner owned the property is of the number of days in the year, exceeds the amount described in section 818R67; or

(d) in the case of any other property, the amount by which 50% of the aggregate of the carrying value of the property at the end of the year and the carrying value of the property at the end of the preceding taxation year exceeds the amount described in section 818R67.

818R67. The amount to which paragraphs *a*, *c* and *d* of section 818R66 refer in respect of property of an owner for a taxation year is equal to the amount obtained when the interest payable by the owner, for the period in the year during which the property was held by the owner, on debt incurred or assumed by the owner in respect of the acquisition of the property, or another property for which the property is a substituted property, is divided by the average rate of interest payable by the owner, expressed as an annual rate, on the debt for the year.

DIVISION VII **MEAN CANADIAN INVESTMENT FUND OF AN** **INSURER**

818R68. The mean Canadian investment fund of an insurer for a particular taxation year is the aggregate of

(a) 50% of the aggregate of its Canadian investment fund at the end of the particular year and either

i. if the insurer is resident in Canada, its Canadian investment fund at the end of its preceding taxation year, or

ii. if the insurer is not resident in Canada, its Canadian investment fund at the end of its preceding taxation year determined as if its attributed surplus for that preceding taxation year were its attributed surplus for the particular year; and

(b) the insurer's cash-flow adjustment for the particular year.

818R69. For the purposes of this division, an insurer's cash-flow adjustment for a taxation year is the amount equal to

(a) if the year ended two months or more after it began, the positive or negative amount determined by the formula

$$50\% \times (A - B/C); \text{ or}$$

(b) where subparagraph *a* does not apply, nil.

In the formula provided for in the first paragraph,

(a) *A* is the aggregate of all amounts each of which is the amount computed under section 818R71 in respect of a full month in the year, or in respect of the part of the month that ends after the last full month in the year, if that part is greater than 15 days;

(b) *B* is the amount described in section 818R70; and

(c) *C* is the number of full months in the year plus 1, if the year ends more than 15 days after the end of the last full month in the year.

818R70. The amount to which subparagraph *b* of the second paragraph of section 818R69 refers in respect of an insurer for a taxation year is equal to the aggregate of all amounts each of which is the amount determined, in respect of a particular full month in the year or in respect of the part of the particular month that ends after the last full month in the year, if that part is greater than 15 days, by the formula

$$A \times (1 + 2B).$$

In the formula provided for in the first paragraph,

(a) A is the amount computed under section 818R71 in respect of the particular month or part of the particular month; and

(b) B is the number of months in the year that ended before the beginning of the particular month or part of the particular month.

818R71. For the purposes of this division, the amount computed in respect of an insurer for a particular month or part of a particular month, in this section referred to as a “month”, in a taxation year is the positive or negative amount determined by the formula

A - B.

In the formula provided for in the first paragraph,

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

i. the amount of a premium or consideration received by the insurer in the month in respect of a contract of insurance, including a settlement annuity, entered into in the course of carrying on its insurance businesses in Canada,

ii. an amount received by the insurer in the month in respect of interest on or a repayment in respect of a policy loan made under a life insurance policy in Canada, or

iii. an amount received by the insurer in the month in respect of reinsurance, other than reinsurance undertaken to effect a transfer of a business in respect of which section 832.3, 832.7 or 832.9 of the Act applies, arising in the course of carrying on its insurance businesses in Canada; and

(b) B is the aggregate of all amounts each of which is

i. the amount of a benefit or indemnity, including a payment under an annuity or settlement annuity, a payment of a policy dividend and an amount paid on a lapsed or terminated policy, a refund of premiums, a premium or a commission paid by the insurer in the month under a contract of insurance in the course of carrying on its insurance businesses in Canada,

ii. the amount of a policy loan made by the insurer in the month under a life insurance policy in Canada, or

iii. an amount paid by the insurer in the month in respect of reinsurance, other than reinsurance undertaken to effect a transfer of a business in respect of which section 832.3, 832.7 or 832.9 of the Act applies, in the course of carrying on its insurance businesses in Canada.

818R72. In this division, a reference to a “month” means

(a) if an insurer’s taxation year does not begin on the first day of a calendar month and the insurer elects to have this paragraph apply for the year, the period beginning on the day in a calendar month that has the same calendar number as the particular day on which the taxation year began and ending

i. on the day immediately before the day in the next calendar month that has the same calendar number as the particular day, or

ii. the last day of the next calendar month, if the next calendar month does not have a day that has the same calendar number as the particular day; and

(b) in any other case, a calendar month.

DIVISION VIII GENERAL

818R73. A reference in Chapters VI.0.0.1 to VIII, X and XII.1 to an amount or item reported as an asset or liability of an insurer at the end of a taxation year means an amount or item reported as an asset or liability in the insurer’s non-consolidated balance sheet at the end of the year that is accepted or, if that non-consolidated balance sheet had been prepared at the end of the year, the non-consolidated balance sheet that would have been accepted, by

(a) the Superintendent of Financial Institutions of Canada, where the insurer is required under the Insurance Companies Act to report to the Superintendent; or

(b) the General Inspector of Financial Institutions, the Superintendent of Insurance or other similar officer or authority of a province, where the insurer is incorporated under the laws of a province and is required by law to report to that officer or authority.

818R74. For the purposes of Chapters VI.0.0.1 to VIII, X and XII.1, except section 818R85, an asset of an insurer is deemed not to have been used or held by the insurer in a taxation year in the course of carrying on an insurance business if the asset is owned by the insurer at the end of the year and is a share of the capital stock of, or a debt owing to the insurer by, a financial institution affiliated with the insurer during each of the days in the year during which the insurer owned the asset.

818R75. For the purposes of subparagraph *b* of the first paragraph of section 818R54, an asset of an insurer is deemed not to have been used or held by the insurer in a taxation year in the course of carrying on an insurance business if

(a) the asset is owned by the insurer at the end of the year; and

(b) the asset is

i. goodwill which arose as a result of an amalgamation, a winding-up of an affiliated financial institution, or the assumption by the insurer of any obligation of another insurer with which the insurer deals at arm's length if a reserve in respect of the obligation may be claimed by the insurer under the second paragraph of section 152 or paragraph *a* or *a.1* of section 840 of the Act or could be claimed by the insurer under any of those provisions if the obligation were insurance policies in Canada, or

ii. immovable property, or the portion of immovable property, owned by the insurer and occupied by the insurer for the purpose of carrying on an insurance business.

818R76. A particular property or a particular portion of a property shall not, directly or indirectly, be used or included more than once in determining, for a taxation year, the equity property or the Canadian equity property of a person or partnership.

CHAPTER VI.0.0.2 DESIGNATED INSURANCE PROPERTY

DIVISION I GENERAL

818R77. In section 818 of the Act, "designated insurance property" of an insurer for a taxation year means property that is designated in accordance with sections 818R78 to 818R85 for the year, by the insurer in its fiscal return under Part I of the Act for the year or by the Minister, if the Minister determines that the insurer has not made a designation that is in accordance with the rules set out in this chapter.

818R78. Notwithstanding any other provision in Chapters VI.0.0.1 to VIII, X and XII.1, a policy loan payable to an insurer is not designated insurance property of the insurer.

DIVISION II DESIGNATION RULES

818R79. For the purposes of section 818R77, the following rules apply:

(a) an insurer or, as the case may be, the Minister shall designate for a taxation year investment property of the insurer for the year with a total value for the year

equal to the amount by which the insurer's mean Canadian reserve liabilities for the year in respect of its life insurance business in Canada exceeds the aggregate of

i. the insurer's mean Canadian outstanding premiums for the year in respect of that business, and

ii. the insurer's mean policy loans for the year in respect of that business, to the extent that the amount of the mean policy loans was not otherwise deducted in computing the insurer's mean Canadian reserve liabilities for the year;

(b) an insurer or, as the case may be, the Minister shall designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the amount by which the insurer's mean Canadian reserve liabilities for the year in respect of its accident and sickness insurance business exceeds the aggregate of

i. the insurer's mean Canadian outstanding premiums for the year in respect of that business, and

ii. 50% of the aggregate of all amounts each of which is its total reinsurance recoverables, at the end of the year or at the end of the preceding taxation year, that are in respect of that business;

(c) an insurer or, as the case may be, the Minister shall designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the amount by which the insurer's mean Canadian reserve liabilities for the year in respect of the insurer's insurance business in Canada, other than a life insurance business or an accident and sickness insurance business, exceeds the aggregate of

i. 50% of the aggregate of all amounts each of which is the amount, at the end of the year or at the end of its preceding taxation year, of a premium receivable or a deferred acquisition expense of the insurer in respect of that business, to the extent that it is included in the insurer's Canadian reserve liabilities at the end of the year or at the end of the preceding taxation year, as the case may be, and

ii. 50% of the aggregate of all amounts each of which is its total reinsurance recoverables, at the end of the year or at the end of the preceding taxation year, that are in respect of that business; and

(d) an insurer or, as the case may be, the Minister shall, if the insurer's mean Canadian investment fund for a taxation year exceeds the total value for the year of all property required to be designated under paragraphs *a* to *c*

for the year, designate for the year, in respect of a particular insurance business that the insurer carries on in Canada, investment property of the insurer for the year with a total value for the year equal to that excess.

818R80. No investment property, or portion of investment property, designated for a taxation year under any of paragraphs *a* to *d* of section 818R79 may be designated again for the year under any other of those paragraphs.

818R81. The insurer or the Minister may designate for a taxation year only a portion of a particular investment property under any of paragraphs *a* to *d* of section 818R79, if the designation of the entire property would result in a designation of property with a total value for the year exceeding that required to be designated under that paragraph for the year.

818R82. For the purposes of section 818R79, investment property of an insurer for a taxation year shall be designated for the year in respect of the insurer's insurance businesses carried on by it in Canada in the following order:

(*a*) Canadian investment property of the insurer for the year owned by the insurer at the beginning of the year that was designated insurance property of the insurer for its preceding taxation year, except that such property shall be designated in the following order:

i. immovable property and depreciable property,

ii. obligations secured by a hypothec or mortgage, agreements of sale and other forms of indebtedness in respect of immovable property situated in Canada or depreciable property situated in Canada or depreciable property leased to a person resident in Canada for use inside or outside of Canada, and

iii. other property;

(*b*) investment property, other than Canadian investment property of the insurer for the year, owned by the insurer at the beginning of the year that was designated insurance property of the insurer for its preceding taxation year;

(*c*) Canadian investment property of the insurer for the year, other than property described in paragraph *a*, in the order set out in subparagraphs *i* to *iii* of that paragraph; and

(*d*) other investment property.

DIVISION III OTHER RULES

818R83. Notwithstanding Division II, the following rules apply:

(*a*) the total value for the year of Canadian equity property of an insurer that may be designated in respect of the insurer's insurance businesses for a taxation year shall not exceed the insurer's equity limit for the year; and

(*b*) for a taxation year a portion of a particular Canadian equity property of an insurer may be designated if the designation of the entire Canadian equity property would result in a designation of Canadian equity property of the insurer for the year with a total value for the year exceeding the insurer's equity limit for the year.

818R84. For the purposes of section 818R82, property acquired by an insurer in a particular taxation year as consideration for or in exchange for property of the insurer that was designated insurance property of the insurer in respect of a particular insurance business of the insurer for its preceding taxation year is deemed to be designated insurance property of the insurer in respect of the particular insurance business for its preceding taxation year and to have been owned by the insurer at the beginning of the particular taxation year if the property was acquired by reason of a transaction to which any of Divisions XIII and XIII.1 of Chapter IV of Title IV of Book III of Part I of the Act, Division VI of Chapter IV of Title IX of that Book III or Chapter V of that Title IX applies, by reason of a transaction in respect of which an election is made under section 518 or 529 of the Act, by reason of an amalgamation within the meaning of section 544 of the Act or by reason of a winding-up of a corporation to which Chapter VII of Title IX of Book III of Part I of the Act applies.

818R85. Property owned by an insurer at any time in a taxation year, other than investment property of the insurer for the year, that is not included in a segregated fund and that is used or held by the insurer in the year in the course of carrying on an insurance business in Canada is deemed to be designated insurance property of the insurer for the year in respect of the business.”.

(2) Subsection 1 applies from the taxation year 1999.

87. (1) The heading of Chapter VI.0.1 of Title XXIII of the Regulation is amended by striking out the word “ADDITIONAL”.

(2) Subsection 1 applies from the taxation year 1997.

88. (1) Section 825R2 of the Regulation is amended

(1) by striking out, in the portion of the first paragraph before the formula, the word “additional”;

(2) by replacing the formula in the first paragraph by the following:

“ $A - (B + B.1 + C)$.”;

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

“(b) B is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R6 in respect of the insurer’s investment property for the year that is designated insurance property of the insurer for the year;”;

(4) by inserting, after subparagraph *b* of the second paragraph, the following subparagraph:

“(b.1) B.1 is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R6.1 in respect of property disposed of by the insurer in a taxation year for which it was designated insurance property of the insurer; and”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 1997.

(3) Paragraphs 2 and 4 of subsection 1 apply from the taxation year 1995. However, where subparagraph *b.1* of the second paragraph of section 825R2 of the Regulation applies to taxation years prior to the taxation year 1999, it shall be read as follows:

“(b.1) B.1 is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R6.1 in respect of property disposed of by the insurer that was, in the taxation year of disposition, investment property designated by the insurer under sections 818R23 and 818R30 as property used by it in the year in, or held by it in the year in the course of, carrying on an insurance business in Canada; and”.

(4) Paragraph 3 of subsection 1 applies from the taxation year 1999.

89. (1) Section 825R4 of the Regulation is amended

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

“**825R4.** The positive or negative amount, as the case may be, that is to be determined under this section in

respect of an insurer for a taxation year, for the purposes of subparagraph *a* of the second paragraph of section 825R2, shall be

(a) if the value for the year of the insurer’s foreign investment property that is designated insurance property for the year is not greater than 5% of the amount of the insurer’s mean Canadian investment fund for the year and the insurer so elects in its fiscal return under Part I of the Act for the year, the amount determined by the formula

$$[(A + A.1)/B] \times (C + I) + [(D/E) \times F]$$
; and

(b) in any other case, the amount determined by the formula

$$[(A + A.1)/B] \times C + [(D/E) \times F] + [((G + G.1)/H) \times I]$$
.”;

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

“(a.1) A.1 is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R6.1 in respect of Canadian investment property, other than Canadian equity property, disposed of by the insurer in the year or a preceding taxation year;”;

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

“(c) C is the value for the year of all of the insurer’s Canadian investment property for the year, other than Canadian equity property or any property described in paragraph *i* of the definition of “Canadian investment property” in section 818R51, that is designated insurance property of the insurer for the year;”;

(4) by replacing subparagraph *f* of the second paragraph by the following:

“(f) F is the value for the year of all of the insurer’s Canadian investment property for the year, other than any property described in paragraph *i* of the definition of “Canadian investment property” in section 818R51, that is Canadian equity property and designated insurance property of the insurer for the year;”;

(5) by inserting, after subparagraph *g* of the second paragraph, the following subparagraph:

“(g.1) G.1 is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R6.1 in respect of foreign investment property disposed of by the insurer in the year or a preceding taxation year;”;

(6) by replacing subparagraph *i* of the second paragraph by the following:

“(i) I is the value for the year of all of the insurer’s foreign investment property, other than any property described in paragraph *e* of section 818R62, that is designated insurance property for the year.”.

(2) Paragraphs 1, 2 and 5 of subsection 1 apply from the taxation year 1995. However, where the portion of subparagraph *a* of the first paragraph of section 825R4 of the Regulation before the formula applies to taxation years prior to the taxation year 1999, it shall be read as follows:

“(a) if the value for the year of the insurer’s foreign investment property designated by the insurer for the year pursuant to sections 818R23 and 818R30 as investment property used by it in the year in, or held by it in the year in the course of, carrying on an insurance business in Canada is not greater than 5% of the amount of the insurer’s mean Canadian investment fund for the year and the insurer so elects, the amount determined by the formula”.

(3) Paragraphs 3, 4 and 6 of subsection 1 apply from the taxation year 1999.

90. (1) Section 825R5 of the Regulation is revoked.

(2) Subsection 1 applies from the taxation year 1999.

91. (1) Section 825R6 of the Regulation is amended by replacing the portion of subparagraph *a* of the second paragraph before subparagraph *i* by the following:

“(a) A is the total of the following amounts determined in respect of the particular property for the year, or that would be determined in respect of the particular property for the year if the particular property were designated insurance property of the insurer in respect of an insurance business in Canada for each taxation year in which the property was held by the insurer:”.

(2) Subsection 1 applies to taxation years that end after 1 June 1995. However, where the portion of subparagraph *a* of the second paragraph of section 825R6 of the Regulation before subparagraph *i* applies to taxation years prior to the taxation year 1999, it shall be read as follows:

“(a) A is the total of the following amounts determined in respect of the particular property for the year, or that would be determined in respect of the particular property for the year if it were insurance property of the

insurer for the year in respect of an insurance business in Canada and if it had been insurance property of the insurer in respect of an insurance business in Canada for each preceding taxation year in which it was held by the insurer:”.

92. (1) The Regulation is amended by inserting, after section 825R6, the following section:

“**825R6.1.** The positive or negative amount, as the case may be, that is to be determined under this section in respect of an insurer for a taxation year in respect of particular property disposed of by the insurer in the year or a preceding taxation year is, for the purposes of subparagraph *b.1* of the second paragraph of section 825R2 and subparagraphs *a.1* and *g.1* of the second paragraph of section 825R4, the amount determined by the formula

A - B.

In the formula provided for in the first paragraph,

(a) A is the aggregate of the amounts included under paragraphs *a* and *c* of section 851.22.11 of the Act in computing the insurer’s income for the year in respect of the particular property, or that would be so included if the particular property were designated insurance property of the insurer in respect of an insurance business in Canada for each taxation year in which it was held by the insurer; and

(b) B is the aggregate of the amounts deductible under paragraphs *b* and *d* of section 851.22.11 of the Act in computing the insurer’s income for the year in respect of the particular property, or that would be so deductible if the particular property were designated insurance property of the insurer in respect of an insurance business in Canada for each taxation year in which it was held by the insurer.”

(2) Subsection 1 applies from the taxation year 1995. However, where subparagraphs *a* and *b* of the second paragraph of section 825R6.1 of the Regulation apply to taxation years prior to the taxation year 1999, they shall be read as follows:

“(a) A is the aggregate of the amounts included under paragraphs *a* and *c* of section 851.22.11 of the Act in computing the insurer’s income for the year in respect of the particular property, or that would be so included if the particular property had been insurance property of the insurer in respect of an insurance business in Canada for each taxation year in which it was held by the insurer; and

(b) B is the aggregate of the amounts deductible under paragraphs *b* and *d* of section 851.22.11 of the Act in computing the insurer's income for the year in respect of the particular property, or that would be so deductible if the particular property had been insurance property of the insurer in respect of an insurance business in Canada for each taxation year in which it was held by the insurer."

93. (1) Section 825R8 of the Regulation is amended

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

"**825R8.** For the purposes of subparagraph *c* of the second paragraph of section 825R2, the balance of an insurer's cumulative excess account at the end of a taxation year is equal to the amount by which the amount described in section 825R9 is exceeded by the aggregate of all amounts each of which is a positive amount determined in respect of each of its seven preceding taxation years that began after 17 June 1987 and ended after 31 December 1987 by the formula

B - A.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies from the taxation year 1999.

94. (1) The Regulation is amended by inserting, after section 825R8, the following section:

"**825R9.** The amount to which the first paragraph of section 825R8 refers in respect of an insurer at the end of a taxation year is equal to the aggregate of all amounts each of which is an amount claimed by the insurer under section 825R2 in respect of its cumulative excess account for a preceding taxation year that can be attributed to a positive amount determined under that first paragraph for that year.

For the purposes of the first paragraph, a positive amount determined in respect of a particular taxation year is deemed to have been claimed before a positive amount determined in respect of any subsequent taxation year."

(2) Subsection 1 applies from the taxation year 1999.

95. (1) Section 840R1 of the Regulation is replaced by the following:

"**840R1.** In this chapter,

"acquisition costs", in respect of a policy of an insurer, means

(a) an amount equal to 5% of the premium paid by the policyholder for the policy where the policy is

i. a group insurance policy,

ii. a policy that insures a risk in respect of a financial loss of a lender on a loan made on the security of immovable property,

iii. a policy issued under an arrangement between the insurer and a person, other than an insurer or an insurance agent or broker, with whom the insurer does not deal at arm's length whereby a customer of the person is referred to the insurer,

iv. a policy issued to a member of a savings and credit union as a consequence of an arrangement between the insurer and a savings and credit union, where the insurer was established primarily to provide insurance to members of savings and credit unions, the policyholder was referred to the insurer and the principal business of the insurer is the provision of insurance to members of savings and credit unions, or

v. a policy issued to a policyholder that is a corporation with which the insurer does not deal at arm's length; and

(b) in any other case, an amount equal to 20% of the premium paid by the policyholder for the policy;

"amount payable" has the meaning assigned by paragraph *j* of section 835 of the Act;

"benefit", in respect of a policy, includes a policy dividend, other than a policy dividend in respect of a policy described in paragraph *a* of section 840R14, in respect of the policy to the extent that the dividend was specifically treated as a benefit by the insurer in determining a premium for the policy, and an expense of maintaining the policy after all premiums in respect of the policy have been paid to the extent that the expense was specifically provided for by the insurer in determining a premium for the policy, but does not include

(a) a policy loan;

(b) interest on funds left on deposit with the insurer under the terms of the policy; and

(c) any other amount under the policy that was not specifically provided for by the insurer in determining a premium for the policy;

“capital tax” means a tax imposed under Part I.3 or VI of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or a similar tax imposed under a law of a province;

“cash surrender value” has the meaning assigned by paragraph *d* of section 966 of the Act;

“general amending provision” of an insurance policy means a provision of the policy that allows it to be amended with the consent of the policyholder;

“interest” has the meaning assigned by paragraph *i* of section 835 of the Act;

“lapse-supported policy” means a life insurance policy that would require materially higher premiums if premiums were determined using policy lapse rates that are zero from the sixth policy year;

“modified net premium”, in respect of a premium under a policy, other than a prepaid premium under a policy that may be refunded only on termination of the policy, means

(a) where all benefits, other than policy dividends, and premiums, other than the frequency of payment of premiums, in respect of the policy are determined at the date of issue of the policy, the amount determined under section 840R1.1; or

(b) where paragraph *a* does not apply, the amount that would be determined under paragraph *a* if that paragraph applied and the amount were adjusted in a manner that is reasonable in the circumstances;

“net premium for the policy” means the amount by which the premium paid by the policyholder for the policy exceeds the acquisition costs of the policy;

“non-cancellable or guaranteed renewable accident and sickness policy” includes a non-cancellable or guaranteed renewable accident and sickness benefit under a group policy;

“participating life insurance policy” has the meaning assigned by paragraph *f* of section 835 of the Act;

“policy liability” of an insurer at the end of a taxation year in respect of an insurance policy or a claim, possible claim or risk under an insurance policy means the positive or negative amount of the insurer’s reserve in

respect of its potential liability in respect of the policy, claim, possible claim or risk at the end of the year determined in accordance with accepted actuarial practice, but without reference to projected income and capital taxes, other than the tax payable under Part XII.3 of the Income Tax Act;

“policy loan” has the meaning assigned by paragraph *h* of section 835 of the Act;

“post-1995 life insurance policy” means a life insurance policy that is not a pre-1996 life insurance policy;

“post-1995 non-cancellable or guaranteed renewable accident and sickness policy” means a non-cancellable or guaranteed renewable accident and sickness policy that is not a pre-1996 non-cancellable or guaranteed renewable accident and sickness policy;

“pre-1996 life insurance policy”, at a particular time, means a life insurance policy where

(a) the policy was issued before 1 January 1996; and

(b) after 31 December 1995 and before the particular time there has been no change, except in accordance with the provisions, other than a general amending provision, of the policy as they existed on 31 December 1995, to

i. the amount of any benefit under the policy,

ii. the amount of any premium or other amount payable under the policy, or

iii. the number of premiums or other payments under the policy;

“pre-1996 non-cancellable or guaranteed renewable accident and sickness policy”, at a particular time, means a non-cancellable or guaranteed renewable accident and sickness policy where

(a) the policy was issued before 1 January 1996; and

(b) after 31 December 1995 and before the particular time there has been no change, except in accordance with the provisions, other than a general amending provision, of the policy as they existed on 31 December 1995, to

i. the amount of any benefit under the policy,

ii. the amount of any premium or other amount payable under the policy, or

iii. the number of premiums or other payments under the policy ;

“qualified annuity” means a contract, other than a deposit administration fund policy or a policy to which section 628.8 of the former Regulation, within the meaning of section 2000R1, applied as that section 628.8 read for its application to the taxation year 1977 of the insurer, that is an annuity contract issued before 1 January 1982

(a) in respect of which regular periodic annuity payments have commenced ;

(b) in respect of which a contract or certificate has been issued that provides for regular periodic annuity payments to commence within one year after the date of issue of the contract or certificate ;

(c) that

i. is not issued as or under a registered retirement savings plan, registered pension plan or deferred profit sharing plan,

ii. does not provide for a guaranteed cash surrender value at any time, and

iii. provides for regular periodic annuity payments to commence not later than the attainment of age 71 by the annuitant ; or

(d) that

i. is issued as or under a registered retirement savings plan, registered pension plan or deferred profit sharing plan, if

ii. the interest rate is guaranteed for at least 10 years, and

iii. the plan does not provide for any participation in profits, directly or indirectly ;

“reported reserve” of an insurer at the end of a taxation year in respect of an insurance policy or a claim, possible claim, risk, dividend, premium, refund of premiums or refund of premium deposits under an insurance policy means

(a) where the insurer is required to file an annual report with the Superintendent of Financial Institutions for a period ending coincidentally with the year, the positive or negative amount of the reserve that would be reported in that report in respect of the insurer’s potential liability under the policy if the reserve were deter-

mined without reference to projected income and capital taxes, other than tax payable under Part XII.3 of the Income Tax Act ;

(b) where the insurer is, throughout the year, subject to the supervision of the Superintendent of Financial Institutions and paragraph *a* does not apply, the positive or negative amount of the reserve that would be reported in its financial statements for the year in respect of the insurer’s potential liability under the policy if those financial statements were prepared in accordance with generally accepted accounting principles and the reserve were determined without reference to projected income and capital taxes, other than the tax payable under Part XII.3 of the Income Tax Act ;

(c) where the insurer is the Canada Mortgage and Housing Corporation or a foreign affiliate of a taxpayer resident in Canada, the positive or negative amount of the reserve that would be reported in its financial statements for the year in respect of the insurer’s potential liability under the policy if those financial statements were prepared in accordance with generally accepted accounting principles and the reserve were determined without reference to projected income and capital taxes, other than the tax payable under Part XII.3 of the Income Tax Act ; and

(d) in any other case, nil ;

“segregated fund” has the meaning assigned by paragraph *b* of section 835 of the Act ;

“segregated fund policy” has the meaning assigned by paragraph *g* of section 835 of the Act ;

“Superintendent of Financial Institutions”, in respect of an insurer, means

(a) the Superintendent of Financial Institutions of Canada, where the insurer is required by law to report to the Superintendent ; or

(b) in any other case, where the insurer is incorporated under the laws of Québec, the General Inspector of Financial Institutions or where the insurer is incorporated under the laws of another province, the Superintendent of Insurance or other similar agent or authority of the other province.”.

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

96. (1) Section 840R1.1 of the Regulation is amended

(1) by replacing the portion before the formula in the first paragraph by the following :

“840R1.1. The amount to be determined under this section for the purposes of paragraph *a* of the definition of “modified net premium” in section 840R1, in respect of a particular premium under a policy, is determined, subject to the third paragraph, by the formula”;

(2) by replacing, in the portion of the second paragraph before subparagraph *a*, the word “contemplated” by the words “provided for”;

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

“However, in respect of the particular premium for the second year of the policy, the amount determined by the formula in the first paragraph is deemed to be equal to one-half of the aggregate of the amount that would otherwise be determined under the formula and the amount of a one-year term life insurance premium, determined without regard to the frequency of payment of the premium, that would be payable under the policy.”.

(2) Paragraphs 1 and 3 of subsection 1 apply from the taxation year 1996. In addition, where section 840R1.1 of the Regulation applies to taxation years prior to 1996, it shall be read with the word “second” replaced by the word “third”, in the portion of the first paragraph before the formula.

97. Section 840R2 of the Regulation is revoked.

98. (1) The Regulation is amended by inserting, after section 840R3, the following sections:

“840R3.1. For the purposes of this chapter, any rider that is attached to a policy and that provides for additional non-cancellable or guaranteed renewable accident and sickness insurance, as the case may be, is a separate non-cancellable or guaranteed renewable accident and sickness policy.

840R3.2. For the purposes of the definition of “pre-1996 life insurance policy” and of “pre-1996 non-cancellable or guaranteed renewable accident and sickness policy” in section 840R1, a change in the amount of any benefit or in the amount or number of any premiums or other amounts payable under a policy is deemed not to have occurred where the change results from

(a) a change in an underwriting class;

(b) a change in frequency of premium payments within a year that does not alter the present value, at the beginning of the year, of the total premiums to be paid under the policy in the year;

(c) the deletion of a rider;

(d) the correction of erroneous information;

(e) the reinstatement of the policy after its lapse, if the reinstatement occurs not later than 60 days after the end of the calendar year in which the lapse occurred;

(f) the redating of the policy for policy loan indebtedness; or

(g) a change in the amount of a benefit under the policy that is granted by the insurer on a class basis, where

i. no consideration was payable by the policyholder or any other person for the change, and

ii. the change was not made because of the terms or conditions of the policy or any other policy or contract to which the insurer is a party.”.

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

99. (1) Section 840R4 of the Regulation is amended

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

(2) by striking out, in paragraph *a*, the words “at any particular time” and “at that time”;

(3) by striking out, in the French text of paragraph *a* and of subparagraph *i* of paragraph *b*, the word “étant”;

(4) by replacing, in subparagraph *i* of paragraph *b*, the words “at the cancellation or expiry of the policy” by the words “on the termination of the policy”.

(2) Paragraphs 2 and 4 of subsection 1 apply from the taxation year 1996.

100. (1) Section 840R4.1 of the Regulation is revoked.

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

101. (1) Sections 840R5 and 840R6 of the Regulation are replaced by the following:

“840R5. For the purposes of the formula in the first paragraph of section 840R1.1, it may be assumed that premiums are payable annually in advance.

840R6. The definition of “group term life insurance policy” in section 1 of the Act does not apply to this chapter.”.

(2) Subsection 1 applies from the taxation year 1996. In addition, where section 840R5 of the Regulation, replaced by subsection 1, applies to taxation years that begin after 17 June 1987 and end after 31 December 1987, it shall be read with “For the purposes of calculating the proportion referred to in subparagraph i of paragraph *h* of section 840R1” replaced by “For the purposes of the formula in the first paragraph of section 840R1.1”.

102. (1) Section 840R7 of the Regulation is amended

(1) by replacing, in the French text, the words “Aux fins” and “prévus par les” by the words “Pour l’application” and “prévus aux”, respectively;

(2) by adding the following paragraph:

“However, an amount may be deducted under the first paragraph only in respect of a life insurance policy in Canada that is a pre-1996 life insurance policy.”.

(2) Paragraph 2 of subsection 1 applies from the taxation year 1996.

103. (1) The Regulation is amended by inserting, after section 840R7, the following section:

“**840R7.1.** For the purposes of paragraph *a* of section 840 of the Act, a life insurer may also deduct, in computing its income from carrying on its life insurance business in Canada for a taxation year in respect of its life insurance policies in Canada that are post-1995 life insurance policies, the amount provided for in Division VII.1.”.

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

104. (1) Sections 840R8 and 840R9 of the Regulation are replaced by the following:

“**840R8.** Any amount determined under this chapter shall be determined on a net of reinsurance ceded basis.

840R9. The following rules apply for determining the amounts that an insurer may deduct under sections 840R7, 840R7.1 and 840R9.3:

(*a*) in the case of section 840R7, except for the deduction provided for in section 840R21 in respect of a guarantee referred to in paragraph *c* of section 840R22, the amounts shall not include an amount in respect of a liability of a segregated fund; and

(*b*) in the case of sections 840R7.1 and 840R9.3, the amounts must be calculated without reference to any liability in respect of a segregated fund, other than a liability in respect of a guarantee in respect of a segregated fund policy.”.

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

105. (1) The Regulation is amended by inserting, after section 840R9.1, the following:

“**840R9.1.1.** Any amount referred to in section 840R9.3 or Division VII.1 or determined under that section or that division may be equal to, or less than, nil.

DIVISION II.1 UNPAID CLAIMS”.

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

106. (1) Section 840R9.2 of the Regulation is replaced by the following:

“**840R9.2.** For the purposes of paragraph *a.1* of section 840 of the Act, a life insurer may deduct, in computing its income for a taxation year, as a reserve in respect of unpaid claims received by it before the end of the year under life insurance policies in Canada that are pre-1996 life insurance policies, an amount not exceeding the present value at the end of the year, computed using a rate of interest that is reasonable in the circumstances, of a reasonable amount in respect of those unpaid claims.”.

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

107. (1) The Regulation is amended by inserting, after section 840R9.2, the following section:

“**840R9.3.** For the purposes of paragraph *a.1* of section 840 of the Act, a life insurer may deduct, in computing its income for a taxation year, as a reserve in respect of an unpaid claim received by it before the end of the year under a life insurance policy in Canada that is a post-1995 life insurance policy, an amount not exceeding the lesser of

(*a*) the reported reserve of the insurer at the end of the year in respect of the claim; and

(*b*) the policy liability of the insurer at the end of the year in respect of the claim.”.

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

108. (1) The heading of Division III of Chapter IX of Title XXIII of the Regulation is replaced by the following:

“PRE-1996 DEPOSIT ADMINISTRATION FUND POLICIES”.

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

109. (1) The heading of Division IV of Chapter IX of Title XXIII of the Regulation is replaced by the following:

“PRE-1996 GROUP LIFE INSURANCE POLICIES”.

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

110. (1) Section 840R11 of the Regulation is amended by replacing, in the French text, the words “police collective d’assurance temporaire sur la vie” by the words “police d’assurance sur la vie collective temporaire”.

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

111. (1) Section 840R11.2 of the Regulation is amended by replacing, in the French text of the portion of the first paragraph before subparagraph *a*, the words “police collective d’assurance sur la vie” by the words “police d’assurance sur la vie collective”.

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

112. (1) The heading of Division V of Chapter IX of Title XXIII of the Regulation is replaced by the following:

“PRE-1996 QUALIFIED ANNUITIES”.

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

113. (1) The heading of Division VI of Chapter IX of Title XXIII of the Regulation is replaced by the following:

“PRE-1996 LIFE INSURANCE POLICIES”.

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

114. (1) The heading of Division VII of Chapter IX of Title XXIII of the Regulation is replaced by the following:

“OTHER DEDUCTIONS IN RESPECT OF PRE-1996 POLICIES”.

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

115. (1) The Regulation is amended by inserting, after section 840R23, the following:

“**DIVISION VII.1**
POST-1995 LIFE INSURANCE POLICIES

840R23.1. An insurer may deduct, in respect of its life insurance policies in Canada that are post-1995 life insurance policies, an amount not exceeding

(a) the amount determined under section 840R23.2 in respect of the insurer for the year, where that amount is greater than nil; or

(b) nil, in any other case.

840R23.2. For the purposes of paragraph *a* of sections 840R23.1 and 844R2, the amount to be determined under this section in respect of an insurer for a taxation year, in respect of its life insurance policies in Canada that are post-1995 life insurance policies, is the amount, which may be positive or negative, determined by the formula

$$A + B + C + D - E.$$

In the formula provided for in the first paragraph,

(a) *A* is the amount, in respect of the insurer’s life insurance policies in Canada that are post-1995 life insurance policies, except to the extent that the amount is determined in respect of a claim, dividend, premium or refund in respect of which an amount is included in computing any of the amounts determined under subparagraphs *b* to *d*, equal to the lesser of the total of the reported reserves of the insurer at the end of the year in respect of those policies and the total of the policy liabilities of the insurer at that time in respect of those policies;

(b) *B* is the amount, in respect of the insurer’s life insurance policies in Canada that are post-1995 life insurance policies under which there may be claims incurred before the end of the year that have not been made to the insurer before the end of the year, equal to 95% of the lesser of the total of the reported reserves of the insurer at the end of the year in respect of the possibility that there are such claims and the total of the policy liabilities of the insurer at the end of the year in respect of the possibility that there are such claims;

(c) *C* is the total of all amounts each of which is the unearned portion at the end of the year of the net premium for the policy, determined by apportioning the net premium equally over the period to which that premium relates, where the policy is a life insurance policy in Canada that is a group term life insurance policy that provides coverage for a period that does not exceed 12 months and is a post-1995 life insurance policy;

(d) D is the total of all amounts each of which

i. is not an amount deductible under paragraph *b* of section 841 of the Act,

ii. is the amount, in respect of a dividend, refund of premiums or refund of premium deposits provided for under the terms of a life insurance policy in Canada that is a group life insurance policy and a post-1995 life insurance policy, that will be used by the insurer to reduce or eliminate a future adverse claims experience under the policy, paid or unconditionally credited to the policyholder by the insurer, or applied in discharge, in whole or in part, of a liability of the policyholder to pay premiums to the insurer under the policy, and

iii. is equal to the least of

(1) a reasonable amount as a reserve determined at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits provided for under the terms of the policy,

(2) 25% of the amount of the premium under the terms of the policy for the 12-month period ending on the day the policy is terminated, if the policy is terminated in the year, or at the end of the year, in any other case, and

(3) the amount of the reported reserve of the insurer at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits provided for under the terms of the policy; and

(e) E is the total of all amounts determined in respect of a life insurance policy in Canada that is a post-1995 life insurance policy each of which is an amount payable in respect of a policy loan under a policy or interest that has accrued to the insurer to the end of the year in respect of a policy loan under the policy.

840R23.3. Notwithstanding section 840R23.2, the amount determined under that section in respect of an insurer for a taxation year that ends before 1 January 2001 is deemed to be the amount determined by the formula

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

In the formula provided for in the first paragraph,

(a) A is the amount that would, but for this section, be the amount determined under section 840R23.2 in respect of the insurer for the year;

(b) B is, where the year ends in

i. 1996, 100%,

ii. 1997, 80%,

iii. 1998, 60%,

iv. 1999, 40%, and

v. 2000, 20% ;

(c) C is the total of all amounts each of which is the amount, expressed as a positive number, of any amount that is less than nil and that is used in computing

i. the amount that is the lesser of the amounts determined for the year under subparagraphs *i* and *ii* of subparagraph *i* of the second paragraph of section 152R12, in respect of a risk under a post-1995 non-cancellable or guaranteed renewable accident and sickness policy, or

ii. the amount that is the lesser of the totals determined for the year under subparagraph *a* of the second paragraph of section 840R23.2, in respect of a liability or risk under a life insurance policy in Canada that is a post-1995 life insurance policy; and

(d) D is the lesser of the amount determined under subparagraph *c* and 5% of the total of all amounts each of which is a premium received by the insurer in the year or any preceding taxation year ending after 31 December 1995 in respect of a non-cancellable or guaranteed renewable accident and sickness policy or a life insurance policy in Canada.”

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

116. Section 841R2 of the Regulation is amended by replacing, in the French text of subparagraphs *i* and *ii* of paragraph *a* and in the French text of paragraph *c*, the words “aux fins de l’impôt” by the words “pour l’impôt”.

117. Section 841R3 of the Regulation is amended by replacing, in the French text of paragraph *a*, the words “aux fins de l’impôt” by the words “pour l’impôt”.

118. Section 841R6 of the Regulation is amended, in the French text,

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

(2) by replacing, in paragraph *a*, the words “aux fins de l’impôt” by the words “pour l’impôt”.

119. (1) Chapter XI.1 of Title XXIII of the Regulation is revoked.

(2) Subsection 1 has effect from 15 November 2000.

120. (1) The Regulation is amended by inserting, after section 844R1, the following:

**“CHAPTER XI.2
AMOUNT TO BE INCLUDED IN RESPECT OF
POST-1995 LIFE INSURANCE POLICIES**

844R2. The amount referred to in paragraph *a.1* of section 844 of the Act in respect of an insurer for a taxation year, in respect of its life insurance policies in Canada that are post-1995 life insurance policies, is

(*a*) where the amount determined under section 840R23.2 in respect of the insurer for the year is less than nil, that amount expressed as a positive number; and

(*b*) in any other case, nil.”.

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

121. (1) Section 844.3R1 of the Regulation is amended

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

“844.3R1. For the purposes of the first paragraph of section 844.3 of the Act, the amount prescribed in respect of an insurer’s cost or capital cost of a property for a period in a taxation year is the amount determined by the formula

$[(A \times B) \times C/365] - D.$ ”;

(2) by replacing subparagraphs *c* and *d* of the second paragraph by the following:

“(*c*) *C* is the number of days in the period; and

(*d*) *D* is the income derived from the property in the period by the person or partnership that owned the property.”;

(3) by striking out subparagraphs *e* and *f* of the second paragraph.

(2) Subsection 1 applies from the taxation year 1999.

122. (1) Section 844.3R2 of the Regulation is revoked.

(2) Subsection 1 applies from the taxation year 1999.

123. (1) Chapter XIII of Title XXIII of the Regulation is revoked.

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

124. (1) The Regulation is amended by inserting, after section 851.20R1, the following:

**“TITLE XXIII.1
TAX SHELTER INVESTMENT**

851.42R1. For the purposes of section 851.42 of the Act, the prescribed rate of interest at a particular time is the rate determined in accordance with subparagraph *i* of paragraph *a* of section 4301 of the regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the period that includes the particular time.”.

(2) Subsection 1 applies in respect of property acquired and to outlays or expenses made or incurred by the taxpayer after 30 November 1994.

125. (1) Section 985.9.2R1 of the Regulation is amended by striking out paragraph *b*.

(2) Subsection 1 has effect from 26 November 1999.

126. (1) Section 985.9.2R3 of the Regulation is amended by replacing, in subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph, the words “stock exchange” by the words “Canadian or foreign stock exchange”.

(2) Subsection 1 has effect from 26 November 1999.

127. (1) Section 1015R1 of the Regulation is amended

(1) by replacing the portion before paragraph *a* of the definition of “personal tax credits” by the following:

“1015R1. In this Chapter,

“personal tax credits”, in respect of a particular taxation year, means the product obtained by multiplying 5”;

(2) by replacing, in subparagraph *ii* of paragraph *b* of the definition of “personal tax credits”, “752.0.9” by “752.0.8”;

(3) by replacing subparagraphs *i* and *ii* of paragraph *a* of the definition of “adjustment factor” by the following:

"i. 4 where the employee's personal income for the year does not exceed \$26,000, and

ii. 3.25 where the employee's personal income for the year is greater than \$26,000;"

(4) by replacing subparagraphs *i* and *ii* of paragraph *b* of the definition of "adjustment factor" by the following:

"i. 3.25 where the employee's personal income for the year does not exceed \$26,000, and

ii. 2.5 where the employee's personal income for the year is greater than \$26,000;"

(5) by replacing subparagraphs *i* and *ii* of paragraph *c* of the definition of "adjustment factor" by the following:

"i. 2.5 where the employee's personal income for the year does not exceed \$26,000, and

ii. 2 where the employee's personal income for the year is greater than \$26,000;"

(6) by replacing subparagraphs *i* to *iii* of paragraph *d* of the definition of "adjustment factor" by the following:

"i. 2.25 where the employee's personal income for the year does not exceed \$26,000,

ii. 1.75 where the employee's personal income for the year is greater than \$26,000 but does not exceed \$52,000, and

iii. 1.5 where the employee's personal income for the year is greater than \$52,000;"

(7) by replacing paragraphs *e* and *f* of the definition of "adjustment factor" by the following:

"(e) where the family income of the employee for the year is greater than \$60,000 but does not exceed \$73,000,

i. 1.5 where the employee's personal income for the year does not exceed \$26,000,

ii. 1.25 where the employee's personal income for the year is greater than \$26,000 but does not exceed \$52,000, and

iii. 1 where the employee's personal income for the year is greater than \$52,000; and

(f) where the family income of the employee for the year is greater than \$73,000,

i. 1.25 where the employee's personal income for the year does not exceed \$26,000, and

ii. 1 where the employee's personal income for the year is greater than \$26,000;"

(8) by replacing the definition of "child care expense" and of "qualified child care expense" by the following:

"child care expense", in respect of an employee for a particular taxation year, means the amount obtained by multiplying the aggregate of the employee's qualified child care expenses for the year and, where the employee has a spouse at the end of 31 December of the year who is not living separate and apart from the employee at that time, the spouse's qualified child care expenses for the year, in respect of an eligible child of the employee, by the appropriate adjustment factor;

"qualified child care expense" of an individual for a particular taxation year means the individual's qualified child care expenses that are taken into account in computing an amount that is deemed to have been paid to the Minister for the particular year under section 1029.8.79 of the Act;"

(9) by replacing paragraph *j* of the definition of "remuneration" by the following:

"(j) a payment made during the lifetime of an annuitant, within the meaning of paragraph *d* of section 961.1.5 of the Act, under a registered retirement income fund of that annuitant, other than a particular payment to the extent that

i. the particular payment is in respect of the minimum amount, within the meaning of paragraph *c* of that section 961.1.5, under the fund for a year, or

ii. where the fund governs a trust, the particular payment would be in respect of the minimum amount, within the meaning of paragraph *c* of that section 961.1.5, under the fund for a year if each amount that, at the beginning of the year, is scheduled to be paid after the time of the particular payment and in the year to the trust under an annuity contract that is held by the trust both at the beginning of the year and at the time of the particular payment, is paid to the trust in the year;"

(10) by replacing the English text of paragraph *k* of the definition of "remuneration" by the following:

“(k) a payment made during the lifetime of an individual referred to in the definition of “retirement savings plan” in subsection 1 of section 146 of the Income Tax Act out of or under a registered retirement savings plan under which a retirement income is to be provided for the individual, other than a periodic annuity payment or a payment made by a person who has reasonable grounds to believe that the payment may be deducted under section 924 of the Act in computing the income of an individual;”.

(2) Paragraph 1 of subsection 1, where it replaces the portion of section 1015R1 of the Regulation before the definition of “personal tax credits”, has effect from 13 December 1999.

(3) Paragraph 1 of subsection 1, where it replaces the portion of the definition of “personal tax credits” in section 1015R1 of the Regulation before paragraph *a*, applies in respect of remuneration paid after 30 June 2001. In addition, where the portion of the definition of “personal tax credits” in that section 1015R1 before paragraph *a* applies in respect of remuneration paid

(1) after 31 December 2000 and before 1 July 2001, it shall be read with “5” replaced by “4.65”;

(2) after 30 April 2000 and before 1 January 2001, it shall be read with “5” replaced by “4.6”.

(4) Paragraphs 2 and 9 of subsection 1 apply from the taxation year 1998.

(5) Paragraphs 3 to 7 of subsection 1 apply in respect of remuneration paid after 30 April 2000.

(6) Paragraph 8 of subsection 1 applies from the taxation year 1999.

128. (1) Section 1015R2.3 of the Regulation is amended

(1) by replacing, in the English text, the portion before subparagraph *a* of the second paragraph by the following:

“**1015R2.3.** For the purposes of this Chapter, the amount of remuneration otherwise determined in respect of an employee for a pay period in a taxation year, including the amount deemed by section 1015R2 to be the amount of the employee’s remuneration, shall be reduced by an amount equal to the quotient obtained by dividing the amount of the reduction for the year determined in respect of the employee under the second paragraph by the number of pay periods in the year.

For the purposes of the first paragraph, the amount of the reduction for a taxation year determined in respect of an employee is the aggregate of the following amounts, as shown on the employee’s return most recently filed with the employer in accordance with section 1015.3 of the Act:”;

(2) by replacing, in subparagraph ii of subparagraph *a* of the second paragraph, “\$2,200” and “5.5%” by “\$2,400” and “6.5%”, respectively.

(2) Paragraph 2 of subsection 1 has effect from 1 January 2001.

129. (1) Section 1015R3 of the Regulation is amended by replacing “Schedule A” by “the tables drawn up by the Minister under section 1015 of the Act”.

(2) Subsection 1 has effect from 13 December 1999.

130. (1) Section 1015R4 of the Regulation is amended by replacing the first paragraph by the following:

“**1015R4.** Where an employee’s pay period is not provided for in the tables drawn up by the Minister under section 1015 of the Act, or the amount of the employee’s remuneration is greater than the amount provided for in those tables, the employer shall deduct from any such payment to the employee an amount equal to that proportion of the payment that the employee’s tax as estimated for the year, on the basis of current rates and the employee’s personal tax credits, is of the employee’s estimated annual pay.”.

(2) Subsection 1 has effect from 13 December 1999.

131. (1) Section 1015R5 of the Regulation is replaced by the following:

“**1015R5.** Where a payment of a bonus or a retroactive increase is made to an employee whose estimated annual pay, including the bonus or retroactive increase, does not exceed \$9,750, the employer shall deduct 9% therefrom.”.

(2) Subsection 1 has effect from 13 December 1999. However, where section 1015R5 of the Regulation applies in respect of payments made before 1 May 2000, it shall be read with “\$9,750” and “9%” replaced by “\$9,500” and “10%”, respectively.

132. (1) Section 1015R6 of the Regulation is amended by replacing the portion before paragraph *c* by the following:

“1015R6. Where a bonus is paid to an employee whose estimated annual pay, including the bonus, exceeds \$9,750, the amount to be deducted therefrom shall be established by the employer

(a) by calculating the amount established in accordance with the tables drawn up by the Minister under section 1015 of the Act in respect of a remuneration equal to the amount of regular remuneration to which was added the amount obtained by dividing the amount of the bonus by the number of pay periods in the year;

(b) by subtracting the amount appearing in the tables drawn up by the Minister under section 1015 of the Act in respect of the amount of regular remuneration from the sum obtained under paragraph a; and”.

(2) Subsection 1, where it replaces the portion of section 1015R6 of the Regulation before paragraph a, applies in respect of payments made after 30 April 2000 and, where it replaces paragraphs a and b of that section 1015R6, has effect from 13 December 1999.

133. (1) Section 1015R7 of the Regulation is amended by replacing the portion before paragraph c by the following:

“1015R7. Where a retroactive increase in remuneration is paid to an employee whose estimated annual pay, including the retroactive increase, exceeds \$9,750, the amount to be deducted therefrom shall be established by the employer

(a) by calculating the amount established in accordance with the tables drawn up by the Minister under section 1015 of the Act, on the basis of the new rate of remuneration;

(b) by subtracting from the amount obtained under paragraph a the amount established in accordance with the tables drawn up by the Minister under section 1015 of the Act, on the basis of the previous rate of remuneration; and”.

(2) Subsection 1, where it replaces the portion of section 1015R7 of the Regulation before paragraph a, applies in respect of payments made after 30 April 2000 and, where it replaces paragraphs a and b of that section 1015R7, has effect from 13 December 1999.

134. (1) Section 1015R9 of the Regulation is amended by replacing the first paragraph by the following:

“1015R9. An employer who makes a lump sum payment described in section 1015R11 shall deduct therefrom 16% if the payment does not exceed \$5,000 and 20% if the payment exceeds \$5,000.”.

(2) Subsection 1 applies in respect of payments made after 31 December 2001. In addition, where section 1015R9 of the Regulation applies in respect of payments made

(1) after 30 June 2001 and before 1 January 2002, it shall be read with “16%” and “20%” replaced by “17%” and “20.75%”, respectively;

(2) after 31 December 2000 and before 1 July 2001, it shall be read with “16%” and “20%” replaced by “18%” and “21.5%”, respectively;

(3) after 30 April 2000 and before 1 January 2001, it shall be read with “16%” and “20%” replaced by “19%” and “22%”, respectively.

135. (1) Section 1015R13.3 of the Regulation is amended by replacing “20%” by “16%”.

(2) Subsection 1 applies in respect of payments made after 31 December 2001. In addition, where section 1015R13.3 of the Regulation applies in respect of payments made

(1) after 30 June 2001 and before 1 January 2002, it shall be read with “16%” replaced by “17%”;

(2) after 31 December 2000 and before 1 July 2001, it shall be read with “16%” replaced by “18%”;

(3) after 30 April 2000 and before 1 January 2001, it shall be read with “16%” replaced by “19%”.

136. (1) Section 1025R1 of the Regulation is amended by adding the following paragraph:

“(d) the specified tax consequences for the year.”.

(2) Subsection 1 applies in computing instalments of tax payable by an individual from the taxation year 1997.

137. (1) Section 1027R1 of the Regulation is amended by adding, in the second paragraph, the following subparagraph:

“(c) the specified tax consequences for the year.”.

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

138. (1) Section 1029.8.1R0.3 of the Regulation is amended

(1) by replacing the period at the end of paragraph *f* by a semicolon;

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

“(g) the Centre de recherche Les Buissons inc.”.

(2) Subsection 1 applies in respect of scientific research and experimental development carried on after 9 March 1999 under an eligible research contract entered into after that date.

139. Section 1029.8.1R1 of the Regulation is amended

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

“(c) the Centre francophone d’informatisation des organisations (CEFRIO);”;

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

“(i) the Centre de recherche informatique de Montréal inc.”.

140. (1) Section 1029.8.1R2 of the Regulation is amended

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

“ii. Montréal Neurological Hospital, before 20 August 1998;”;

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

“iv. Montréal Children’s Hospital, before 20 August 1998;”;

(3) by replacing subparagraphs *v.1* and *vi* of paragraph *a* by the following:

“v.1. Montreal General Hospital, before 7 April 1999;

vi. Royal Victoria Hospital, before 20 August 1998;”;

(4) by adding, in paragraph *a*, the following subparagraph:

“vii. McGill University Health Centre;”;

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

“ii. Hôpital l’Enfant-Jésus, before 11 April 1997;”;

(6) by adding, in paragraph *c*, the following subparagraph:

“vii. Centre hospitalier affilié universitaire de Québec;”;

(7) by replacing paragraph *e* by the following:

“(e) Centre universitaire de santé de l’Estrie, after 30 June 1995 and before 12 July 2000;”;

(8) by adding the following paragraph:

“(f) Centre hospitalier universitaire de Sherbrooke.”.

(2) Paragraphs 1 and 2 of subsection 1 and paragraph 3 of that subsection, where it replaces subparagraph *vi* of paragraph *a* of section 1029.8.1R2 of the Regulation, have effect from 20 August 1998.

(3) Paragraph 3 of subsection 1, where it replaces subparagraph *v.1* of paragraph *a* of section 1029.8.1R2 of the Regulation, and paragraph 4 of subsection 1 have effect from 7 April 1999.

(4) Paragraphs 5 and 6 of subsection 1 have effect from 11 April 1997.

(5) Paragraphs 7 and 8 of subsection 1 have effect from 12 July 2000.

141. (1) The Regulation is amended by inserting, after section 1029.8.18.2R1, the following sections:

“**1029.8.21.17R1.** For the purposes of the definition of “eligible college centre for technology transfer” in the first paragraph of section 1029.8.21.17 of the Act, the following college centres for technology transfer are prescribed college centres for technology transfer:

(a) EQMBO-ENTREPRISES, Centre d’aide technique et technologique inc.;

(b) the Centre de géomatique du Québec inc.;

(c) the Centre de matériaux composite de Saint-Jérôme;

(d) the Centre d’enseignement et de recherche en foresterie inc. (Sainte-Foy);

(e) the Centre de recherche et de développement en agriculture;

(f) the Centre de robotique industrielle inc.;

(g) the Centre des technologies textiles (Québec) inc.;

(h) the Centre de technologie des systèmes ordinés (CETSO);

(i) the Centre de technologie minérale et de plasturgie inc.;

(j) the Centre d'innovation technologique agroalimentaire (Cintech AA);

(k) the Centre Microtech du Collège de Sherbrooke inc.;

(l) the Centre national en électrochimie et en technologies environnementales inc.;

(m) C.S.M.Q. (Centre spécialisé de la mode du Québec);

(n) the Centre spécialisé des pêches;

(o) the Centre spécialisé de technologie physique du Québec inc.;

(p) the Centre technologique en aérospatiale C.T.A.;

(q) the Collège de Jonquière, in respect of its Centre de production automatisé;

(r) the Collège de Maisonneuve, in respect of its Institut de chimie et pétrochimie;

(s) the Collège de Trois-Rivières, in respect of

i. its Centre de métallurgie du Québec, or

ii. its Centre spécialisé en pâtes et papiers;

(t) the Institut des communications graphiques du Québec;

(u) MUSILAB inc.; and

(v) TRANS BIO TECH Centre collégial de transfert en biotechnologies.

1029.8.21.17R2. For the purposes of the definition of “eligible liaison and transfer centre” in the first paragraph of section 1029.8.21.17 of the Act, the following liaison and transfer centres are prescribed liaison and transfer centres:

(a) the Centre de recherche en calcul appliqué (CERCA);

(b) the Centre de recherche informatique de Montréal inc.;

(c) the Centre francophone d'informatisation des organisations (CEFRIO);

(d) the Centre interuniversitaire de recherche en analyse des organisations (CIRANO);

(e) the Centre québécois de recherche et de développement de l'aluminium; and

(f) the Centre québécois de valorisation des biomasses et des biotechnologies.

1029.8.21.17R3. For the purposes of the definition of “eligible competitive intelligence centre” in the first paragraph of section 1029.8.21.17 of the Act, the following competitive intelligence centres are prescribed competitive intelligence centres:

(a) the Centre d'étude sur les médias inc., in respect of the Centre de veille sur les médias;

(b) the Centre de veille de la construction (CeVeC);

(c) the Centre de veille des équipements de transport terrestre (CVETT);

(d) the Centre de veille sur les métaux légers – CVML;

(e) the CEVEIL (Cellule de veille en industrie de la langue);

(f) the Institut des communications graphiques inc., in respect of its Centre de veille concurrentielle sur les communications graphiques (Vigicom);

(g) the Institut québécois du développement de l'horticulture ornementale (IQDHO);

(h) the Observatoire des technologies de l'information du Québec (OBTIQ);

(i) the Réseau de veille concurrentielle en environnement;

(j) the Réseau de veille stratégique bioalimentaire;

(k) the Réseau d'information stratégique de la mode et des textiles;

(l) the Réseau d'information stratégique de l'industrie chimique (RISIC);

(m) the Réseau d'informations stratégiques de la plasturgie; and

(n) the Réseau d'information sur les produits du bois inc.

1029.8.21.17R4. For the purposes of the definition of “eligible liaison and transfer service” in the first paragraph of section 1029.8.21.17 of the Act, the following products and services are prescribed liaison and transfer products or services:

- (a) locating and brokering research results;
- (b) assessment of the needs of businesses;
- (c) bringing together stakeholders;
- (d) the carrying out of technical feasibility studies and studies assessing the commercial potential of innovation projects;
- (e) supporting businesses through the various stages of realizing innovation projects; and
- (f) software certification tests.

1029.8.21.17R5. For the purposes of the definition of “eligible competitive intelligence service” in the first paragraph of section 1029.8.21.17 of the Act, the following products and services are prescribed competitive intelligence products or services:

- (a) the publication of monthly newsletters;
- (b) customized information services;
- (c) the preparation of summaries;
- (d) the preparation of multi-client studies;
- (e) one-stop information lines;
- (f) systematic monitoring of international markets;
- (g) an internet site;
- (h) the organization of symposia and seminars; and
- (i) business networking activities.”.

(2) Subsection 1, where it enacts sections 1029.8.21.17R1, 1029.8.21.17R2, 1029.8.21.17R3, except paragraph *g* thereof, 1029.8.21.17R4 and 1029.8.21.17R5 of the Regulation, applies in respect of eligible expenses incurred after 9 March 1999 in relation to products and services available after that date.

(3) Subsection 1, where it enacts paragraph *g* of section 1029.8.21.17R3 of the Regulation, applies in respect of eligible expenses incurred after 21 December 2000 in relation to products and services available after that date.

142. Section 1056.4R1 of the Regulation is amended by striking out subparagraph *a.1* of the first paragraph.

143. Section 1086R8.12 of the Regulation is amended by replacing the first paragraph by the following:

“**1086R8.12.** Every eligible employer shall file a statement of the amount of wages that is eligible income paid for a taxation year to a foreign researcher by the eligible employer and remit two copies of the statement to the foreign researcher in person or send the copies to the foreign researcher at the foreign researcher’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.”.

144. (1) The Regulation is amended by inserting, after section 1086R8.12, the following section:

“**1086R8.12.0.0.1.** Every corporation or partnership that carries on a recognized business for a taxation year shall remit, in person, to every foreign specialist in its employ in the year two copies of the valid certificate issued for the year by the Minister of Finance, certifying that the foreign specialist is employed by the corporation or partnership, in the carrying on of the recognized business, as an administrator or professional whose expertise is widely recognized in the individual’s community, or send the copies to the foreign specialist at the foreign specialist’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “foreign specialist” and “recognized business” have the meanings assigned by section 737.18.6 of the Act.”.

(2) Subsection 1 applies from the taxation year 1999.

145. Section 1086R8.12.0.0.1 of the Regulation is amended by replacing the first paragraph by the following:

“**1086R8.12.0.0.1.** Every eligible employer shall file a statement of the amount of wages that is eligible income paid for a taxation year to a foreign researcher on a post-doctoral internship by the eligible employer and remit two copies of the statement to the foreign researcher in person or send the copies to the foreign researcher at the foreign researcher’s last known ad-

dress, on or before the last day of February of each year in respect of the preceding calendar year.”.

146. (1) The Regulation is amended by inserting, after section 1086R8.12.0.0.1, the following section:

“**1086R8.12.0.0.2.** Every eligible employer shall file a statement of the amount of wages that is eligible income paid for a taxation year to a foreign expert by the eligible employer and remit two copies of the statement to the foreign expert in person or send the copies to the foreign expert at the foreign expert’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign expert” have the meanings assigned by section 737.22.0.0.5 of the Act.”.

(2) Subsection 1 applies from the taxation year 1999.

147. (1) Section 1086R8.12.0.1 of the Regulation is replaced by the following:

“**1086R8.12.0.1.** Every eligible employer shall file a statement of the amount of wages that is eligible income paid for a taxation year to a foreign specialist by the eligible employer and remit two copies of the statement to the foreign specialist in person or send the copies to the foreign specialist at the foreign specialist’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign specialist” have the meanings assigned section 737.22.0.1 of the Act.”.

(2) Subsection 1, where it replaces the word “instructor” by the word “specialist”, applies from the taxation year 1997.

148. Section 1086R8.16 of the Regulation is amended by replacing the first paragraph by the following:

“**1086R8.16.** Every corporation shall file a statement of the amount that is paid in a taxation year to an individual by the corporation and that the individual receives as an eligible beneficiary under a registered gain-sharing plan that is part of quality approach of that corporation, and remit two copies of the statement to the individual in person or send the copies to the individual at the individual’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.”.

149. Section 1086R17 of the Regulation is replaced by the following:

“**1086R17.** Every person who is required under this Title to file an information return, other than that required by section 1086R23.12, shall forward to each person in respect of whom the return is filed two copies of that part of the return concerning the person; the copies of the return shall be sent to the person at the person’s last known address or remitted to the person in person, on or before the day on which the return is required to be filed with the Minister.”.

150. Section 1086R23.14 of the Regulation is amended by replacing the first paragraph by the following:

“**1086R23.14.** Every participating municipality that, in a calendar year, issues a valid certificate in respect of an eligible housing unit acquired by an individual shall, in that year, remit a copy of the certificate to the individual in person or send the copy to the individual at the individual’s last known address and file an information return in prescribed form in respect of that eligible housing unit acquired by the individual.”.

151. Section 1086R23.16 of the Regulation is amended by replacing the second paragraph by the following:

“The information return that is required to be forwarded to a taxpayer under the first paragraph shall be sent to the taxpayer at the taxpayer’s latest known address or remitted to the taxpayer in person.”.

152. (1) Section 1088R14 of the Regulation is amended

(1) by replacing the English text of the first paragraph by the following:

“**1088R14.** Where the aggregate of the amounts that is the income for a taxation year from a business carried on in Québec and elsewhere by an individual referred to in section 25 of the Act is greater than the individual’s income for the year, the portion of the individual’s income from a business that is attributable to an establishment in Québec is deemed to be equal to the proportion of the individual’s income for the year that the individual’s income for the year from the carrying on of a business that is attributable to an establishment in Québec, as otherwise determined, is of that aggregate.”;

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

“For the purposes of the first paragraph, the income for a taxation year of an individual is the amount by which the individual’s income, computed without reference to section 1029.8.50 of the Act, that would be determined for the year under section 28 of the Act had the individual been resident in Québec on the last day of the taxation year, exceeds any amount that is deducted by the individual in computing the individual’s taxable income for the year under any of sections 726.20.2, 737.14, 737.16, 737.16.1, 737.18.10, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.25 and 737.28 of the Act.”.

(2) Paragraph 2 of subsection 1 applies from the taxation year 1999.

153. (1) Section 1117R1 of the Regulation is amended by replacing “j” by “k”.

(2) Subsection 1 applies from the taxation year 1998.

154. (1) Schedule A to the Regulation is revoked.

(2) Subsection 1 has effect from 13 December 1999.

155. (1) Class 12 of Schedule B to the Regulation is amended

(1) by replacing, in the English text, subparagraphs *i* and *ii* of subparagraph *c* of the second paragraph by the following:

“i. the taxpayer, in the portion of that period during which the taxpayer owns the property and does not lease that property to another person;

ii. a person, other than the taxpayer, having acquired the property in one of the circumstances described in section 130R71, in the portion of that period during which the person owns the property and does not lease that property to another person; or”;

(2) by adding the following paragraphs:

“Property that would otherwise be included in another class that is acquired by the taxpayer after 14 March 2000 and before 1 April 2005 and that

(a) before being acquired by the taxpayer, has not been used, or acquired for use or lease, for any purpose whatever;

(b) is

i. coaxial cable that would otherwise be included in Class 3 pursuant to paragraph *j* of that Class,

ii. fibre-optic cable that would otherwise be included in Class 42, or

iii. electronic or optoelectronic equipment, other than switches, that is part of and connected to a network that consists of property described in subparagraph *i* or *ii*; and

(c) must begin to be used within a reasonable time after it is acquired by the taxpayer and is, during a period of at least 730 consecutive days following the beginning of the use or during a shorter period in the case of the loss or involuntary destruction of the property by fire, theft or water or a major breakdown of the property, to be used solely in a region described in the fifth paragraph and primarily in the carrying on of a business by

i. the taxpayer, in the portion of that period during which the taxpayer owns the property and does not lease that property to another person,

ii. a person, other than the taxpayer, having acquired the property in one of the circumstances described in section 130R71, in the portion of that period during which the person owns the property and does not lease that property to another person, or

iii. a lessee of the property, in the portion of that period during which the property is leased by the taxpayer or, as the case may be, a person referred to in subparagraph *ii* to the lessee.

The region to which subparagraph *c* of the fourth paragraph refers is any of the administrative regions of Québec that are established by Order in Council 2000-87 dated 22 December 1987, amended by Orders in Council 1399-88 dated 14 September 1988, 1389-89 dated 23 August 1989, 965-97 dated 30 July 1997 and 1437-99 dated 15 December 1999, other than

(a) the administrative region of Montréal;

(b) the administrative region of Laval; and

(c) in the administrative region of Québec, the municipalities mentioned in Schedule A to the Act respecting the Communauté urbaine de Québec (R.S.Q., c. C-37.3).”.

(2) Paragraph 2 of subsection 1 applies in respect of property acquired by a taxpayer after 14 March 2000, other than property that is acquired by the taxpayer pursuant to an agreement in writing entered into before 15 March 2000 or the construction of which, by or on behalf of the taxpayer, was underway on 14 March 2000.

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

Regulation to amend the Regulation respecting fiscal administration*

An Act respecting the Ministère du Revenu (R.S.Q., c. M-31, ss. 7, 96 and 97)

1. Section 7R3 of the Regulation respecting fiscal administration is amended

(1) by replacing paragraph 1 by the following:

“(1) the provisions mentioned in sections 7R3.2 and 7R4;”;

(2) by striking out paragraph 2.

2. The Regulation is amended by inserting, before section 7R4, the following section:

“**7R3.2.** A public servant who holds a position of head of a service at the Direction des oppositions-Québec or the Direction des oppositions-Montréal within the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of

(1) the provisions mentioned in section 7R4; and

(2) section 93.1.4 of the Act.

The first paragraph does not apply to a public servant who holds the position of Head of the Service du soutien et du registraire at the Direction des oppositions-Québec or Head of the Service de soutien administratif at the Direction des oppositions-Montréal.”.

3. (1) Section 7R4 of the Regulation is amended

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

“**7R4.** A public servant governed by the collective labour agreement for professionals who holds a position of objection officer at the Direction des oppositions-Québec or the Direction des oppositions-Montréal within

the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of”;

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

“(2.1) section 62 of the Act to facilitate the payment of support (R.S.Q., c. P-2.2);”;

(3) by replacing, in the first paragraph, subparagraph 3 by the following:

“(3) sections 65 and 69 of the Act respecting the Québec Pension Plan (R.S.Q., c. R-9); and”;

(4) by striking out the second paragraph.

(2) Paragraph 2 of subsection 1 has effect from 19 March 2001.

(3) Paragraph 3 of subsection 1 has effect from 22 September 1997.

4. (1) Section 7R5 of the Regulation is amended by replacing the portion before paragraph 1 by the following:

“**7R5.** A public servant who holds the position of Director, Income Tax Laws, Head of the Service de l’interprétation relative aux entreprises or Head of the Service de l’interprétation relative aux particuliers at the Direction des lois sur les impôts within the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of”.

(2) Subsection 1 has effect from 1 April 2001.

5. (1) Section 7R6 of the Regulation is amended

(1) by replacing, in the first paragraph, subparagraph 1 by the following:

“(1) the provisions mentioned in section 7R7;”;

(2) by adding, after subparagraph 2 of the first paragraph, the following subparagraph:

“(3) section 14 of the Regulation respecting the prescribed manner of identifying a beer container made by Order 1995-1 of the Minister of Revenue dated 10 January 1995 (1995, *G.O.* 2, 153).”;

(3) by striking out the second paragraph.

* The Regulation respecting fiscal administration (R.R.Q., 1981, c. M-31, r.1) was last amended by the Regulation made by Order in Council 1451-2000 dated 13 December 2000 (2000, *G.O.* 2, 5885). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2000, updated to 1 November 2000.

(2) Paragraph 2 of subsection 1 has effect from 2 September 1997.

6. Section 7R7 of the Regulation is amended

(1) by striking out paragraph 1;

(2) by replacing, in the French text, paragraph 4 by the following:

“4° les articles 1, 165, 166, 167 et 383 de la Loi sur la taxe de vente du Québec (L.R.Q., c. T-0.1).”

7. Section 7R8 of the Regulation is replaced by the following:

“**7R8.** A public servant who holds a position of advocate or notary at the Direction des lois sur les taxes, le recouvrement et l’administration within the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of the second paragraph of section 34 of the Land Transfer Duties Act (R.S.Q., c. D-17).”

8. (1) Section 7R9 of the Regulation is revoked.

(2) Subsection 1 has effect from 1 January 2002. In addition, for the period that begins on 1 April 2001 and ends on 31 December 2001, section 7R9 of the Regulation shall be read as follows:

“**7R9.** A public servant who holds the position of Director, Legislation Respecting Confidentiality and Collection of Support Payments, or who holds a position of advocate or notary at the Direction des lois sur la confidentialité et la perception des pensions alimentaires within the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of section 62 of the Act to facilitate the payment of support (R.S.Q., c. P-2.2).”

9. Section 7R12 of the Regulation is amended by striking out paragraphs 5 and 6.

10. (1) Section 7R13 of the Regulation is amended

(1) by replacing paragraph 1 by the following:

“(1) the provisions mentioned in sections 7R14 to 7R15.2;”;

(2) by replacing paragraph 2 by the following:

“(2) sections 15.3, 17, 17.2 to 17.6, 21, 36.1, 71 and 86 of the Act;”;

(3) by inserting, after paragraph 2, the following paragraph:

“(2.1) sections 9.2 and 123.6 of the Companies Act (R.S.Q., c. C-38);”;

(4) by replacing paragraph 3 by the following:

“(3) sections 6.7, 13.5 and 13.4.3 of the Tobacco Tax Act (R.S.Q., c. I-2);”;

(5) by inserting, after paragraph 4, the following paragraph:

“(4.1) section 54 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., c. P-45); and”;

(6) by replacing paragraph 5 by the following:

“(5) sections 27.2, 27.3, 27.4, 27.7, 40.4, 40.5, 50.0.6 and 50.0.9 of the Fuel Tax Act (R.S.Q., c. T-1).”

(2) Subsection 1 has effect from 1 July 2001.

11. (1) Section 7R14 of the Regulation is amended

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

“**7R14.** A public servant who holds a position of head of an inspection service, head of a fraud investigation service or head of a fraud investigation and enforcement service at the Direction des enquêtes-Québec or the Direction des enquêtes-Montréal of the Direction principale des enquêtes within the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of”;

(2) by replacing paragraph 2 by the following:

“(2) sections 27.0.2, 30, 30.1, 31, 31.1, 34, 35, 35.5, 35.6, 39, 58.1 and 94.1 of the Act;”;

(3) by inserting, after paragraph 2, the following paragraph:

“(2.1) article 66 of the Code of Penal Procedure (R.S.Q., c. C-25.1);”;

(4) by replacing paragraphs 4 and 5 by the following:

“(4) section 7.0.6, paragraph *f* of subsection 2 of section 1000 and section 1001 of the Taxation Act (R.S.Q., c. I-3);

(5) sections 56, 202 and 383, subparagraph 3 of the second paragraph of section 434 and sections 458.6, 473.3, 475, 476, 477, 494, 495, 498 and 505 of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1); and”.

(2) Subsection 1 has effect from 1 July 2001.

12. (1) The Regulation is amended by inserting, before section 7R16, the following section:

“**7R15.2.** A public servant governed by the collective labour agreement for professionals who holds a position of business process analyst for the Groupe des ententes of the Direction principale des enquêtes within the Direction générale de la législation et des enquêtes is authorized to sign the documents required for the purposes of section 51 of the Fuel Tax Act (R.S.Q., c. T-1) concerning an authorization to advance working capital in respect of a retail dealer or a wholesale dealer.”.

(2) Subsection 1 has effect from 1 July 2001.

13. Section 7R16 of the Regulation is replaced by the following:

“**7R16.** A public servant who holds the position of Director, Records Management at the Direction centrale du traitement-Québec or that of Director, Records Management or Director, Mail at the Direction centrale du traitement-Montréal or who holds the position of Head of the Service de gestion des dossiers de particuliers et de mise à jour des fichiers at the Direction de la gestion des dossiers of the Direction centrale du traitement-Québec or that of Head of the Service des dossiers de particuliers at the Direction de la gestion des dossiers or Head of the Service de traitement systémique et de réception des déclarations de revenu at the Direction du courrier of the Direction centrale du traitement-Montréal within the Direction générale du traitement et des technologies is authorized to sign the documents required for the purposes of sections 42, 58.1, 71 and 86 of the Act.”.

14. Section 7R20 of the Regulation is amended by replacing paragraph 2 by the following:

“(2) sections 17, 17.5 to 17.7, 17.9.1 and 27.0.2 of the Act;”.

15. Section 7R22 of the Regulation is amended by replacing subparagraph 2 of the first paragraph by the following:

“(2) sections 9.2, 10, 12.1, 13, 15 to 15.4, 16, 17.2 to 17.4, 30.4, 31.1.1, 39, 58.1, 71 and 94.1 of the Act;”.

16. Section 7R24 of the Regulation is amended by replacing subparagraph 2 of the first paragraph by the following:

“(2) articles 794 and 1326 of the Civil Code of Québec concerning the declaration of claim to the Public Curator; and”.

17. Section 7R26 of the Regulation is amended by replacing paragraph 4 by the following:

“(4) section 286.1, subparagraph *c* of the second paragraph of section 309.1, sections 325, 435, 444, 525 and 527.1, the second paragraph of section 647, the second paragraph of section 678, subparagraph *e* of the second paragraph of section 725.1.2 and section 752.0.18 of the Taxation Act (R.S.Q., c. I-3).”.

18. Section 7R27 of the Regulation is amended

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

“**7R27.** A public servant who holds the position of Director, Assessment of Mandataries and Accounting at the Direction centrale de la cotisation et de la comptabilisation within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of”;

(2) by adding the following paragraph:

“The public servant mentioned in the first paragraph, designated by the Minister to act in the stead of the “Commissioner” for the purposes of the Agreement referred to in section 2 of the Act, is also authorized to sign, within the limits of the public servant’s duties, the documents required for the purposes of sections R340, R420.100, R1250.100 and R1360.200 of the International Fuel Tax Agreement.”.

19. Section 7R28 of the Regulation is amended

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

“**7R28.** A public servant who holds a position of head of a service at the Direction de la cotisation des mandataires et de la comptabilisation of the Direction centrale de la cotisation et de la comptabilisation within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of”;

(2) by replacing paragraph 3 by the following:

“(3) sections 6.2, 6.3, 6.4, 6.7, 7.12 and 11.1 of the Tobacco Tax Act (R.S.Q., c. I-2);”;

(3) by striking out paragraph 4;

(4) by replacing paragraph 8 by the following:

“(8) sections 13, 14.1, 27.2, 27.3, 27.4, 27.7, 33 and 53 of the Fuel Tax Act (R.S.Q., c. T-1).”.

20. Section 7R29 of the Regulation is amended by replacing the portion before paragraph 1 by the following:

“**7R29.** A public servant governed by the collective labour agreement for public servants who holds a position of tax audit officer or office clerk at the Direction de la cotisation des mandataires et de la comptabilisation of the Direction centrale de la cotisation et de la comptabilisation within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of”.

21. Section 7R30 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, the words “Director, Assessment of Corporations and Tax Accounting” by the words “Director, Assessment of Corporations, Tax Accounting and Reconciliation of At-Source Deductions”;

(2) by replacing, in the first paragraph, subparagraph 4 by the following:

“(4) sections 7.3, 359.12.1, 361, 500, 581, 965.5, 965.11.9, 965.11.13, 965.11.19.3 and 1141.7 of the Taxation Act (R.S.Q., c. I-3);”;

(3) by replacing, in the third paragraph, the words “a position of tax audit officer, information officer” by the words “a position of tax audit officer”;

(4) by replacing, in the third paragraph, subparagraph 2 by the following:

“(2) sections 7.0.6, 84.1, 85, 85.6, 98, 165.4, 195, 216, 771.1.4 and 1141.7 of the Taxation Act.”.

22. Section 7R31 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, the words “Direction de la cotisation des sociétés et de la comptabilisation des impôts” by the words “Direction de la cotisation des sociétés, de la comptabilisation des impôts et de la conciliation des retenues à la source”;

(2) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 7.0.6, 21.22, 21.24, 84.1, 85, 85.6, 98, 165.4, 195, 216, 519.1, 520, 771.1.4, 1006, 1029.7.6, 1029.7.9, 1056.4, 1098, 1100, 1102.1 and 1141.7 and subsection 1 of section 1168 of the Taxation Act (R.S.Q., c. I-3); and”;

(3) by replacing, in the third paragraph, the words “a position of tax audit officer, information officer” by the words “a position of tax audit officer”;

(4) by replacing, in the third paragraph, subparagraph 2 by the following:

“(2) sections 7.0.6, 84.1, 85, 85.6, 98, 165.4, 195, 216, 771.1.4 and 1141.7 of the Taxation Act.”.

23. Section 7R32 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, the words “Direction de la cotisation des sociétés et de la comptabilisation des impôts” by the words “Direction de la cotisation des sociétés, de la comptabilisation des impôts et de la conciliation des retenues à la source”;

(2) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 519.1, 520, 520.1, 522, 1056.4, 1098, 1100 and 1102.1 of the Taxation Act (R.S.Q., c. I-3); and”;

(3) by replacing, in the second paragraph, the words “a position of tax audit officer, information officer” by the words “a position of tax audit officer”;

(4) by replacing, in the second paragraph, subparagraph 2 by the following:

“(2) sections 519.1, 520, 520.1 and 522 of the Taxation Act.”.

24. Section 7R33 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, the words “Direction de la cotisation des sociétés et de la comptabilisation des impôts” by the words “Direction de la cotisation des sociétés, de la comptabilisation des impôts et de la conciliation des retenues à la source”;

(2) by replacing, in the first paragraph, subparagraph 3 by the following:

“(3) sections 752.0.7, 752.0.16 and 776.33, paragraph *f* of subsection 2 of section 1000 and section 1001 of the Taxation Act (R.S.Q., c. I-3);”.

25. Section 7R36 of the Regulation is amended

(1) by replacing, in the portion before paragraph 1, the words “a position of tax audit officer, information officer” by the words “a position of tax audit officer”;

(2) by replacing paragraph 2 by the following:

“(2) sections 7.0.6, 84.1, 85, 85.6, 98, 195 and 216, the second paragraph of section 647, the second paragraph of section 678 and sections 752.0.7, 752.0.16 and 776.33 of the Taxation Act (R.S.Q., c. I-3).”.

26. Section 7R37 of the Regulation is amended

(1) by replacing paragraph 1 by the following:

“(1) the provisions mentioned in sections 7R39 and 7R40;”;

(2) by replacing paragraph 2 by the following:

“(2) sections 17.2 to 17.4 of the Act;”.

27. Section 7R38 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, the words “the position” by the words “a position”;

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

“(1) the provisions mentioned in sections 7R39 and 7R40;”;

(3) by striking out, in the first paragraph, subparagraph 2;

(4) by replacing, in the second paragraph, “the public servant mentioned in the first paragraph, authorized to sign the documents required for the purposes of the provisions mentioned in sections 7R50 and 7R51” by “a public servant holding one of the positions mentioned in the first paragraph, authorized to sign the documents required for the purposes of the provisions mentioned in section 7R47”.

28. Section 7R39 of the Regulation is replaced by the following:

“**7R39.** A public servant who holds the position of Head of the Service de renseignement aux sociétés et de traitement des requêtes at the Direction des services à la clientèle de la Direction régionale de Québec et de la Chaudière-Appalaches within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of

(1) the provisions mentioned in section 7R40;

(2) section 1 of the Taxation Act (R.S.Q., c. I-3) concerning the definition of “recognized arts organization” and sections 985.5, 985.6, 985.7, 985.8, 985.8.1, 985.9.4, 985.15, 985.29, 985.31, 985.33, 985.34 and 1079.3 of the Act; and

(3) sections 985.9.2R2 and 985.9.2R3 of the Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r.1).

The signature of the public servant mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of article 66 of the Code of Penal Procedure (R.S.Q., c. C-25.1), section 1016 of the Taxation Act and sections 985.9.2R2 and 985.9.2R3 of the Regulation respecting the Taxation Act.

A facsimile of that signature may also be engraved, lithographed or printed on the documents required for the purposes of article 66 of the Code of Penal Procedure and sections 985.9.2R2 and 985.9.2R3 of the Regulation respecting the Taxation Act, but then they must be countersigned by a person authorized by the Minister.”.

29. Section 7R40 of the Regulation is amended

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

“**7R40.** A public servant who holds a position of head of a service in one of the directorates of services to clients at the Direction régionale de Québec et de la Chaudière-Appalaches or head of a client services in one of the other regional directorates within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of”;

(2) by striking out subparagraph 1 of the first paragraph;

(3) by inserting, before subparagraph 2 of the first paragraph, the following subparagraph:

“(1.1) sections 12.2, 17.5, 17.5.1, 17.6, 21, 30, 30.1, 31, 31.1, 34, 35, 35.5, 35.6, 39, 42, 58.1, 71, 86 and 94.1 of the Act;”;

(4) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) articles 1769, 2631 and 2654 of the Civil Code of Québec; “;

(5) by inserting, after subparagraph 2 of the first paragraph, the following subparagraphs:

“(2.1) article 66 of the Code of Penal Procedure (R.S.Q., c. C-25.1);

(2.2) sections 6.2, 6.3, 6.4, 6.7, 7.12 and 11.1 of the Tobacco Tax Act (R.S.Q., c. I-2);”;

(6) by replacing, in the first paragraph, subparagraph 3 by the following:

“(3) sections 7.0.6, 7.3, 21.22, 21.24, 42.15, 84.1, 85, 85.6, 98, 165.4, 195, 216 and 286.1, subparagraph *c* of the second paragraph of section 309.1, sections 325, 359.10, 359.12.1, 361, 435, 444, 500, 519.1, 520, 522, 525, 527.1 and 581, the second paragraph of section 647, the second paragraph of section 678, subparagraph *e* of the second paragraph of section 725.1.2, sections 752.0.7, 752.0.16, 771.1.4, 776.33, 965.5, 965.11.9, 965.11.13 and 965.11.19.3, paragraph *f* of subsection 2 of section 1000, sections 1001, 1006, 1016, 1029.7.6, 1029.7.9, 1056.4, 1098, 1100, 1102.1 and 1141.7 and subsection 1 of section 1168 of the Taxation Act (R.S.Q., c. I-3);”;

(7) by adding, after subparagraph 4; of the first paragraph, the following subparagraphs:

“(5) section 1 of the Licenses Act (R.S.Q., c. L-3);

(6) sections 75.1, 202, 297.1.3, 297.1.4, 297.1.6, 297.1.7, 317.1, 317.2, 339, 340, 341, 341.0.1, 343, 344, 345, 350.15, 350.16, 411.1, 415, 416, 416.1, 417, 417.1, 417.2 and 418, paragraph 1 of section 433.9, subparagraph 3 of the second paragraph of section 434 and sections 458.1.2, 458.6, 473.3, 473.7, 475, 476, 477, 494, 495, 498, 505, 526.1, 526.2, 528, 532, 538, 539, 541.31 and 541.43 of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1);

(7) section 442R4 of the Regulation respecting the Québec sales tax made by Order in Council 1607-92 dated 4 November 1992;

(8) sections 13, 14.1, 27.2, 27.3, 27.4, 27.7, 33, 35, 36, 50.0.6, 50.0.9 and 53 of the Fuel Tax Act (R.S.Q., c. T-1); and

(9) sections R325, R345.100, R410.100, R510.200, R640 and R1250.100 of the International Fuel Tax Agreement.”;

(8) by replacing the second and third paragraphs by the following:

“The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of article 66 of the Code of Penal Procedure (R.S.Q., c. C-25.1), section 1016 of the Taxation Act and the provisions of section 7.0.6 and the second paragraph of section 678 of the Taxation Act.

A facsimile of that signature may also be engraved, lithographed or printed on the documents required for the purposes of article 66 of the Code of Penal Procedure and the provisions of section 7.0.6 and the second paragraph of section 678 of the Taxation Act, but then they must be countersigned by a person authorized by the Minister.”.

30. Sections 7R41, 7R42, 7R43, 7R44, 7R45 and 7R46 of the Regulation are revoked.

31. Section 7R47 of the Regulation is amended

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

“**7R47.** A public servant governed by the collective labour agreement for professionals who holds a position of financial management officer or tax research officer or a public servant governed by the collective labour agreement for public servants who holds a position of tax audit officer, information officer or office clerk in one of the directorates of services to clients or one of the client services in one of the regional directorates within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of

(1) sections 12.2, 30, 31, 35.6, 58.1 and 94.1 of the Act;”;

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

“(3) sections 7.0.6, 84.1, 85, 85.6, 98, 165.4, 195 and 216, the second paragraph of section 647, the second paragraph of section 678 and sections 752.0.7, 752.0.16, 771.1.4, 776.33, 1016 and 1141.7 of the Taxation Act (R.S.Q., c. I-3).

The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of section 1016 of the Taxation Act.”

32. Sections 7R48, 7R49, 7R50, 7R51 and 7R52 of the Regulation are revoked.

33. Section 7R53 of the Regulation is amended

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

“**7R53.** A public servant who holds the position of Director, Audit and Fiscal Analysis - Québec or Director, Audit and Fiscal Analysis – Chaudière-Appalaches at the Direction régionale de Québec et de la Chaudière-Appalaches or a public servant who holds a position of head of an audit service, head of a fiscal analysis service, head of an analysis and fiscal examination service, head of an analysis, fiscal examination and audit service, head of a tax analysis and fiscal examination service or head of an audit and fiscal analysis service in one of the regional directorates within the Direction générale de la capitale et des régions is authorized to sign the documents required for the purposes of”;

(2) by striking out, in the first paragraph, subparagraph 1;

(3) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 12.2, 21, 30.1, 31, 34, 35, 35.5, 35.6, 39, 42, 58.1, 71, 86 and 94.1 of the Act;”;

(4) by inserting, after subparagraph 2 of the first paragraph, the following subparagraph:

“(2.1) articles 1769 and 2631 of the Civil Code of Québec;”;

(5) by replacing, in the first paragraph, subparagraph 5 by the following:

“(5) sections 7.0.6, 7.3, 21.22, 21.24, 42.15, 84.1, 85, 85.6, 98, 165.4, 195, 216 and 286.1, subparagraph *c* of the second paragraph of section 309.1, sections 325, 359.12.1, 361, 435, 444, 519.1, 520, 525, 527.1 and 581, the second paragraph of section 647, the second para-

graph of section 678, subparagraph *e* of the second paragraph of section 725.1.2, sections 752.0.7, 752.0.16, 771.1.4, 776.33, 965.5, 965.11.9, 965.11.13 and 965.11.19.3, paragraph *f* of subsection 2 of section 1000, sections 1001, 1006, 1100, 1102.1, 1029.7.6, 1029.7.9, 1056.4, 1098 and 1141.7 and subsection 1 of section 1168 of the Taxation Act (R.S.Q., c. I-3);”;

(6) by inserting, after subparagraph 5 of the first paragraph, the following subparagraph:

“(5.1) paragraph 9 of section 130R2 of the Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r.1);”;

(7) by adding, after the third paragraph, the following paragraph:

“A public servant governed by the collective labour agreement for professionals who holds a position of financial management officer or a public servant governed by the collective labour agreement for public servants who holds a position of tax audit officer is, to the extent that the public servant is under the immediate authority of a public servant holding one of the positions mentioned in the first paragraph, authorized to sign the documents required for the purposes of

(1) sections 12.2, 31, 35.6, 58.1 and 94.1 of the Act;

(2) articles 1769 and 2631 of the Civil Code of Québec; and

(3) sections 7.0.6, 42.15, 84.1, 85, 85.6, 98, 165.4, 195 and 216, the second paragraph of section 647, the second paragraph of section 678 and sections 752.0.7, 752.0.16 and 776.33 of the Taxation Act.”

34. Sections 7R54 and 7R55 of the Regulation are revoked.

35. Section 7R56 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, the words “Director, Administrative and Technical Services” by the words “Director, Specialized Activities”;

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

“The public servant is also authorized to sign, as the “Commissioner” designated by the Minister to be responsible for administration of the Agreement referred to in section 2 of the Act, the documents required for the purposes of sections R340, R420.100, R1250.100 and R1360.200 of the International Fuel Tax Agreement.”

36. Section 7R57 of the Regulation is amended by replacing the words “Direction des services administratifs et techniques” by the words “Direction des activités spécialisées”.

37. Section 7R62 of the Regulation is amended by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 31.1, 34, 35, 35.5, 35.6, 39, 42, 58.1 and 86 of the Act;”.

38. Section 7R63 of the Regulation is amended

(1) by replacing, in the first paragraph, subparagraph 1 by the following:

“(1) sections 12.2, 21, 30, 30.1, 31 and 94.1 of the Act; and”;

(2) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 165.4, 752.0.7, 752.0.16, 771.1.4, 776.33, 1016 and 1141.7 of the Taxation Act (R.S.Q., c. I-3).”;

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

“The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of section 1016 of the Taxation Act.”.

39. The heading of subdivision 5.2 is replaced by the following:

“§§5.2. *Bureau de Toronto and Regional Directorates*”.

40. Section 7R66 of the Regulation is amended

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

“(2) sections 31, 35.5 and 94.1 of the Act;”;

(2) by replacing, in the first paragraph, subparagraph 6 by the following:

“(6) subparagraph *c* of the second paragraph of section 309.1, subparagraph *e* of the second paragraph of section 725.1.2 and sections 985.15 and 1102.1 of the Taxation Act (R.S.Q., c. I-3).”;

(3) by replacing, in the second paragraph of the French text, the words “pour l’application des dispositions des articles” by the words “pour l’application des articles”.

41. Section 7R67 of the Regulation is amended by replacing, in the first paragraph, subparagraph 1 by the following:

“(1) the provisions mentioned in sections 7R70 and 7R73 to 7R75; and”.

42. Section 7R69 of the Regulation is revoked.

43. (1) Section 7R70 of the Regulation is amended by replacing the portion before subparagraph 1 of the first paragraph by the following:

“**7R70.** A public servant who holds a position of Director, Services to Individuals, Director, Services to Individuals and Individuals in Business, Director, Client Services, or a position of Director in any of the directorates of services to individuals in business, directorates of services to businesses or directorates of services to corporations in one of the regional directorates within the Direction générale de la métropole is authorized to sign the documents required for the purposes of”.

(2) Subsection 1, where it adds “Director, Services to Individuals and Individuals in Business, Director, Client Services,” in the portion before subparagraph 1 of the first paragraph of section 7R70 of the Regulation, has effect from 1 April 1999 and, where it adds “, directorates of services to businesses” in the portion before subparagraph 1 of the first paragraph of section 7R70 of the Regulation, has effect from 1 April 2001.

44. (1) Section 7R71 of the Regulation is amended

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

“**7R71.** A public servant who holds the position of Director of the Bureau de Saint-Jean-sur-Richelieu at the Direction régionale de la Montérégie or Director, Front-line Services to Individuals at the Direction régionale de Laval, des Laurentides et de Lanaudière within the Direction générale de la métropole is authorized to sign the documents required for the purposes of”;

(2) by replacing, in the second paragraph, the words “the public servant mentioned” by the words “a public servant holding one of the positions mentioned”.

(2) Paragraph 1 of subsection 1, where it replaces “Saint-Jean-sur-le-Richelieu” by “Saint-Jean-sur-Richelieu” in the portion before subparagraph 1 of the first paragraph of section 7R71 of the Regulation, has effect from 17 February 1997 and, where it adds “or Director, Front-line Services to Individuals at the Direction régionale de Laval, des Laurentides et de Lanaudière” in the portion before subparagraph 1 of the first paragraph of section 7R71 of the Regulation, has effect from 1 April 2001. However, a reference to “Saint-Jean-sur-Richelieu” is deemed, for the period between 24 January 2001 and 25 May 2001, to be a reference to “Saint-Jean-Iberville”.

(3) Paragraph 2 of subsection 1 has effect from 1 April 2001.

45. The Regulation is amended by inserting, after section 7R71, the following section:

“**7R71.1.** A public servant who holds the position of Head of the Service d’activités relatives aux services financiers, aux sociétés de portefeuille et à la construction at the Direction des services aux sociétés 2 of the Direction régionale de Montréal-Centre within the Direction générale de la métropole is authorized to sign the documents required for the purposes of

(1) the provisions mentioned in sections 7R72 to 7R75; and

(2) section 50 of the Act respecting international financial centres (R.S.Q., c. C-8.3).

The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of section 39 of the Act and section 1016 of the Taxation Act (R.S.Q., c. I-3).”

46. Section 7R72 of the Regulation is revoked.

47. (1) Section 7R73 of the Regulation is amended

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

“**7R73.** A public servant who holds a position of head of a service at the Direction des services aux particuliers et aux particuliers en affaires or the Direction des services à la clientèle or holds such a position in any of the directorates of services to individuals, directorates of services to individuals in business, directorates of services to businesses or directorates of services to corporations in one of the regional directorates within the Direction générale de la métropole is authorized to sign the documents required for the purposes of”;

(2) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) section 71 of the Act;”;

(3) by inserting, after subparagraph 2 of the first paragraph, the following subparagraph:

“(2.1) sections 9.2 and 123.6 of the Companies Act (R.S.Q., c. C-38);”;

(4) by inserting, after subparagraph 7 of the first paragraph, the following subparagraph:

“(7.1) section 54 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., c. P-45);”;

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

“The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of section 39 of the Act and section 1016 of the Taxation Act.”

(2) Paragraph 1 of subsection 1, where it adds “at the Direction des services aux particuliers et aux particuliers en affaires or the Direction des services à la clientèle or holds such a position” in the portion before subparagraph 1 of the first paragraph of section 7R73 of the Regulation, has effect from 1 April 1999, and where it adds “, directorates of services to businesses” in the portion before subparagraph 1 of the first paragraph of section 7R73 of the Regulation, has effect from 1 April 2001.

48. (1) Section 7R74 of the Regulation is amended

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

“**7R74.** A public servant who holds a position of head of a service at the Bureau de Saint-Jean-sur-Richelieu of the Direction régionale de la Montérégie or holds such a position at the Direction des services aux particuliers et de l’accueil of the Direction régionale de Laval, des Laurentides et de Lanaudière within the Direction générale de la métropole is authorized to sign the documents required for the purposes of”;

(2) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 31.1, 34, 35, 35.5, 35.6, 39, 42, 58.1 and 86 of the Act;”;

(3) by striking out, in the first paragraph, subparagraphs 3 and 4;

(4) by replacing, in the first paragraph, subparagraph 7 by the following:

“(7) sections 6.2, 6.3, 6.4, 6.7, 7.12 and 11.1 of the Tobacco Tax Act (R.S.Q., c. I-2);”;

(5) by replacing, in the first paragraph, subparagraph 8 by the following:

“(8) sections 7.0.6, 21.22 and 42.15, subparagraph *c* of the second paragraph of section 309.1, sections 519.1, 520 and 525, the second paragraph of section 678, subparagraph *e* of the second paragraph of section 725.1.2 and sections 965.5, 965.11.9, 965.11.13, 965.11.19.3, 985.15, 1029.7.6, 1029.7.9 and 1056.4 of the Taxation Act (R.S.Q., c. I-3);”;

(6) by replacing, in the first paragraph, subparagraph 13 by the following:

“(13) sections 13, 14.1, 27.2, 27.3, 27.4, 27.7, 33, 50.0.6, 50.0.9 and 53 of the Fuel Tax Act (R.S.Q., c. T-1); and”;

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

“The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of section 39 of the Act and section 1016 of the Taxation Act.”.

(2) Paragraph 1 of subsection 1, where it replaces “Saint-Jean-sur-le-Richelieu” by “Saint-Jean-sur-Richelieu” in the portion before subparagraph 1 of the first paragraph of section 7R74 of the Regulation, has effect from 17 February 1997 and, where it adds “or holds such a position at the Direction des services aux particuliers et de l’accueil of the Direction régionale de Laval, des Laurentides et de Lanaudière” in the portion before subparagraph 1 of the first paragraph of section 7R74 of the Regulation, has effect from 1 April 2001. However, a reference to “Saint-Jean-sur-Richelieu” is deemed, for the period between 24 January 2001 and 25 May 2001, to be a reference to “Saint-Jean-Iberville”.

(3) Paragraphs 4 and 6 of subsection 1 have effect from 13 December 1999.

49. (1) Section 7R75 of the Regulation is amended

(1) by replacing, in the portion before subparagraph 1 of the first paragraph, “in any of the directorates of services to individuals, directorates of services to individuals in business” by “at the Direction des services aux particuliers et de l’accueil, the Direction des services aux particuliers et aux particuliers en affaires or the Direction des services à la clientèle or holds one of those positions in any of the directorates of services to individuals, directorates of services to individuals in business, directorates of services to businesses”;

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

“(1) sections 12.2, 21, 30, 30.1, 31 and 94.1 of the Act; and”;

(3) by replacing, in the first paragraph, subparagraph 2 by the following:

“(2) sections 7.0.6, 165.4, 752.0.7, 752.0.16, 771.1.4, 776.33, 1016 and 1141.7 of the Taxation Act (R.S.Q., c. I-3);”;

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

“The signature of a public servant holding one of the positions mentioned in the first paragraph may be affixed by means of an automatic device to the documents required for the purposes of section 1016 of the Taxation Act and the provisions of section 7.0.6 of that Act.”;

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

“A facsimile of that signature may also be engraved, lithographed or printed on the documents required for the purposes of the provisions of section 7.0.6 of the Taxation Act, but then they must be countersigned by a person authorized by the Minister.”.

(2) Paragraph 1 of subsection 1, where it adds “, the Direction des services aux particuliers et aux particuliers en affaires or the Direction des services à la clientèle or holds one of those positions” in the portion before subparagraph 1 of the first paragraph of section 7R75 of the Regulation, has effect from 1 April 1999 and, where it adds “the Direction des services aux particuliers et de l’accueil” and “, directorates of services to businesses” in the portion before subparagraph 1 of the first paragraph of section 7R75 of the Regulation, has effect from 1 April 2001.

(3) Subsection 1, where it adds “7.0.6,” in subparagraph 2 of the first paragraph of section 7R75 of the Regulation, where it adds “and the provisions of section 7.0.6 of that Act” in the second paragraph of section 7R75 of the Regulation and, where it enacts the third paragraph of section 7R75 of the Regulation, has effect from 17 February 1997.

50. (1) Section 7R76 of the Regulation is amended by replacing, in the portion before subparagraph 1 of the first paragraph, “in any of the directorates of services to individuals, directorates of services to individuals in business” by “at the Direction des services aux particuliers et aux particuliers en affaires or the Direction des services à la clientèle or holds one of those positions in any of the directorates of services to individuals, directorates of services to individuals in business, directorates of services to businesses”.

(2) Subsection 1, where it adds “at the Direction des services aux particuliers et aux particuliers en affaires or the Direction des services à la clientèle or holds one of those positions” in the portion before subparagraph 1 of the first paragraph of section 7R76 of the Regulation, has effect from 1 April 1999 and, where it adds “, directorates of services to businesses” in the portion before subparagraph 1 of the first paragraph of section 7R76 of the Regulation, has effect from 1 April 2001.

51. (1) Section 7R77 of the Regulation is amended by replacing, in the portion before subparagraph 1 of the first paragraph, “Saint-Jean-sur-le-Richelieu of the Direction régionale de la Montérégie” by “Saint-Jean-sur-Richelieu of the Direction régionale de la Montérégie or holds one of those positions at the Direction des services aux particuliers et de l'accueil of the Direction régionale de Laval, des Laurentides et de Lanaudière”.

(2) Subsection 1, where it replaces “Saint-Jean-sur-le-Richelieu” by “Saint-Jean-sur-Richelieu” in the portion before subparagraph 1 of the first paragraph of section 7R77 of the Regulation, has effect from 17 February 1997 and, where it adds “or holds one of those positions at the Direction des services aux particuliers et de l'accueil of the Direction régionale de Laval, des Laurentides et de Lanaudière” in the portion before subparagraph 1 of the first paragraph of section 7R77 of the Regulation, has effect from 1 April 2001. However, a reference to “Saint-Jean-sur-Richelieu” is deemed, for the period between 24 January 2001 and 25 May 2001, to be a reference to “Saint-Jean-Iberville”.

52. Section 7R78 of the Regulation is replaced by the following:

“**7R78.** A public servant governed by the collective labour agreement for professionals who holds a position of chartered appraiser or property assessment officer at the Direction des services aux sociétés 1 of the Direction régionale de Montréal-Centre within the Direction générale de la métropole is authorized to sign the documents required for the purposes of section 71 of the Act.”.

53. (1) Section 7R80 of the Regulation is replaced by the following:

“**7R80.** A public servant who holds the position of Head of the Service des solutions WEB et de l'ingénierie de l'information within the Direction générale du traitement et des technologies is authorized to sign, in place of the Minister of Revenue, the documents required for the purposes of sections 8 to 10 and of the first paragraph of section 15 of the Archives Act (R.S.Q., c. A-21.1).”.

(2) Subsection 1 has effect from 1 March 2001.

54. The Regulation is amended by inserting, after section 7R80, the following:

“**§2.1. License**

7R80.1. A public servant who holds the position of Director, Communications of the Ministère du Revenu is authorized to sign, in place of the Minister of Revenue, any license concerning the reproduction and use of the logo “ImpôtNet Québec” and the English version “NetFile Québec” and the logo “TED Québec” and the English version “EFILE Québec”.

55. Section 7R81 of the Regulation is replaced by the following:

“**7R81.** The Assistant Deputy Minister and Director General, Planning, Programs and Budget is authorized to sign, in place of the Minister of Revenue, any purchase, typesetting and printing, leasing or services contract.”.

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

Regulation to amend the Regulation respecting contributions to the Québec Health Insurance Plan*

An Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., c. R-5, ss. 33, 34.1.6, 35 and 36; 2000, c. 39, ss. 268 and 274)

1. (1) Section 1.1 of the Regulation respecting contributions to the Québec Health Insurance Plan is revoked.

(2) Subsection 1 applies from the year 2000. In addition, where section 1.1 of the Regulation applies to the year 1999, it shall be read as follows:

“1.1. The remuneration referred to in paragraph *a* of the definition of “wages” in the first paragraph of section 33 of the Act is the wages paid by a corporation or partnership operating an international financial centre, within the meaning of section 1 of the Taxation Act (R.S.Q., c. I-3), to one of its employees and that are attributable

(*a*) to a period covered by a valid certificate referred to in subparagraph *f* of the second paragraph of section 737.15 or the second paragraph of section 737.16.1 of that Act, issued in respect of the employee in relation to that employment; or

(*b*) for any other period, to the employee's duties with the corporation or partnership that are devoted to the operations of the international financial centre.”

2. (1) Section 3 of the Regulation is amended

(1) by replacing the words “the second paragraph or third paragraph” by the words “the fifth and sixth paragraphs”;

(2) by inserting, after the words “Regulation respecting the Taxation Act”, “, except section 1086R14 and the first paragraph of section 1086R18,”.

(2) Paragraph 1 of subsection 1 applies from the year 1999.

(3) Paragraph 2 of subsection 1 applies from the year 2000.

3. (1) Section 5 of the Regulation is amended by replacing the word “second” by the word “fourth”.

(2) Subsection 1 applies from the year 1998, and to the computation of the contribution payable by an individual under section 34.1.6 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., c. R-5) for any preceding year where the time limits provided for in relation to that contribution in paragraph *a* of subsection 2 of section 1010 of the Taxation Act (R.S.Q., c. I-3) had not expired on 6 November 1998.

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

Regulation to amend the Regulation respecting the Québec sales tax*

An Act respecting the Québec sales tax (R.S.Q., c. T-0.1, s. 677; 2000, c. 39, s. 290)

1. (1) Section 0R1 of the Regulation is replaced by the following:

“0R1. For the purposes of this Regulation, unless the context indicates otherwise,

“Act” means the Act respecting the Québec sales tax (R.S.Q., c. T-0.1);

“tax fraction”, at a particular time, means the amount determined by the formula

$$A \times B$$

where

(1) A is the rate of tax applicable in respect of the supply or bringing into Québec, and

(2) B is the total of 100% and the rate of tax referred to in the description of A in the formula set out in this definition.”.

(2) Subsection 1, where it enacts the definition of “tax fraction” in section 0R1 of the Regulation, has effect from 1 April 1997.

* The Regulation respecting contributions to the Québec Health Insurance Plan (R.R.Q., 1981, c. R-5, r.1) was last amended by the Regulation made by Order in Council 1451-2000 dated 13 December 2000 (2000, G.O. 2, 5885). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2001, updated to 1 September 2001.

* The Regulation respecting the Québec sales tax, made by Order in Council 1607-92 dated 4 November 1992 (1992, G.O., 2, 4952) was last amended by the Regulation made by Order in Council 1451-2000 dated 13 December 2000 (2000, G.O. 2, 5885). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2001, updated to 1 September 2001.

2. (1) The Regulation is amended by inserting, after section 1R1, the following section:

“**1R1.1.** For the purposes of the definition of “financial service” in section 1 of the Act, the following services are prescribed services for the purposes of subparagraph *b* of paragraph 17 of that definition when supplied by a supplier who provides administrative or management services to a person referred to in that paragraph:

(1) the issuance of a financial instrument by, or the transfer of ownership of a financial instrument from, the supplier to the person;

(2) the operation or maintenance of a charge, chequing, deposit, savings, loan or other account that the person has with the supplier; and

(3) if the person is a trust governed by a self-directed registered retirement savings plan or a self-directed registered retirement income fund, the arranging for the issuance, renewal, variation or transfer of ownership of a financial instrument for the person.

For the purposes of the first paragraph, “registered retirement income fund” and “registered retirement savings plan” have the meanings assigned by section 1 of the Taxation Act (R.S.Q., c. I-3).”

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

3. (1) Section 1R3 of the Regulation is amended

(1) by replacing subparagraph 3 of the first paragraph by the following:

“(3) a broker, mandatary or salesperson who arranges for the issuance, renewal or variation, or the transfer of ownership, of the instrument for a person at risk or a person closely related to the person at risk.”;

(2) by replacing, in the second paragraph, the definition of “person at risk” by the following:

““person at risk”, in respect of an instrument in relation to which a service referred to in section 1R2 is provided, means a person who is financially at risk by virtue of the acquisition, issuance or ownership by that person of the instrument or by virtue of an acceptance, a guarantee or an indemnity in respect of the instrument, but does not include a person who becomes so at risk in the course of, and only by virtue of, authorizing a transaction, or supplying a clearing or settlement service, in respect of the instrument.”

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

4. (1) Section 24R1 of the Regulation is revoked.

(2) Subsection 1 applies to supplies made after 31 December 1992.

5. (1) The Regulation is amended by inserting, after section 24R1, the following section:

“**24.1R1.** Subject to section 677R10, for the purposes of section 24.1 of the Act, the following property is prescribed corporeal movable property:

(1) a newspaper, book, periodical, magazine and any other similar publication, other than a publication referred to in paragraph 1 of section 81 of the Act or that would, with the necessary modifications, be referred to in that paragraph if it came from outside Canada; and

(2) an audio recording that relates to a publication referred to in paragraph 1 and that accompanies the publication when it is submitted to the Canada Post Corporation or to a customs officer within the meaning of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement).”

(2) Subsection 1 applies to supplies made after 31 December 1992. However, subject to subsection 3, for the period preceding 27 November 1997, paragraphs 1 and 2 of section 24.1R1 of the Regulation shall be read as follows:

“(1) a newspaper, book, periodical, magazine and any other similar publication, other than a book or publication classified under number 9812.00.00 in Schedule I to the Customs Tariff (Revised Statutes of Canada, 1985, chapter 41, 3rd Supplement) or that would, with the necessary modifications, be classified under that number if it came from outside Canada; and

(2) an audio-cassette pertaining to a publication referred to in paragraph 1 and accompanying that publication when it is submitted to the Canada Post Corporation or to a customs officer within the meaning of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement).”

(3) In addition, for the period beginning on 20 March 1997, paragraph 1 of section 24.1R1 of the French text of the Regulation shall be read with “en faisant les adaptations nécessaires” replaced by “compte tenu des adaptations nécessaires.”

6. (1) Section 81R1 of the Regulation is amended by replacing paragraphs 1, 2 and 3 by the following:

“(1) goods on which a duty of excise is imposed under the Excise Act (Revised Statutes of Canada, 1985, chapter E-14) or would be imposed under that Act if the goods were manufactured or produced in Canada, and wine;

(2) goods that are prescribed property for the purposes of section 24.1 of the Act where the supplier of the goods is required to register under Division I of Chapter VIII of Title I of the Act and is not so registered;

(3) goods for which the value for duty is reduced by the application of section 85 of the Customs Tariff (Revised Statutes of Canada, 1985, chapter 41, 3rd Supplement);”.

(2) Subsection 1, where it replaces

(1) paragraphs 1 and 2 of section 81R1 of the Regulation, applies in respect of property brought into Québec after 26 November 1997;

(2) paragraph 3 of section 81R1 of the Regulation, has effect from 1 January 1998.

7. (1) Section 178R2 of the Regulation is amended

(1) by inserting, after paragraph 6, the following paragraph:

“(6.1) mulchers with an operational width of at least 2.44 m (8 feet);”;

(2) by inserting, after paragraph 12, the following paragraph:

“(12.1) bean harvesters with an operational width of at least 2.44 m (8 feet);”;

(3) by striking out paragraph 13;

(4) by inserting, after paragraph 13, the following paragraph:

“(13.1) farm-type roller-packers with an operational width of at least 2.44 m (8 feet);”.

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of supplies of property for which part of the consideration becomes due after 23 April 1996 or is paid after that date without having become due.

(3) Paragraph 2 of subsection 1 applies in respect of supplies of property delivered to recipients after 10 June 1993.

(4) Paragraph 4 of subsection 1 has effect from 1 July 1992.

8. (1) Section 178R3 of the Regulation is amended by inserting, after paragraph 2, the following paragraph:

“(2.1) silage baggers and round-bale wrapping machines;”.

(2) Subsection 1 applies in respect of supplies of property delivered to recipients after 10 June 1993.

9. (1) Section 178R4 of the Regulation is amended by replacing paragraph 5 by the following:

“(5) self-propelled, tractor-mounted or pull-type mechanical fruit or vegetable pickers or harvesters;”.

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

10. (1) Section 178R5 of the Regulation is amended

(1) by replacing paragraph 3 by the following:

“(3) grain bins or tanks with a capacity of not more than 181 m³ (5,000 bushels);”;

(2) by inserting, after paragraph 4, the following paragraph:

“(4.1) transportable conveyors with belts less than 76.2 cm (30 inches) wide and 0.48 cm (3/16 inch) thick, transportable farm grain augers, transportable farm utility augers and transportable elevators;”;

(3) by inserting, after paragraph 8, the following paragraph:

“(8.1) grain dryers;”;

(4) by striking out paragraph 11.

(2) Paragraphs 2 and 4 of subsection 1 apply in respect of supplies of property for which part of the consideration becomes due after 23 April 1996 or is paid after that date without having become due.

(3) Paragraph 3 of subsection 1 applies in respect of supplies of property delivered to recipients after 10 June 1993.

11. (1) Section 178R8 of the Regulation is amended

(1) by replacing paragraph 1 by the following :

“(1) rock or root windrowers, rock rakes and root rakes;”;

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

“(1.1) self-propelled, tractor-mounted or pull-type agricultural wagons or trailers designed for

(a) off-road handling and transporting of grain, forage, livestock feed or fertilizer, and

(b) use at speeds not exceeding 40 km per hour;

(1.2) individual components of an automated and computerized farm livestock or poultry feeding system, when the components are supplied together unassembled and, once assembled, constitute the fully operational feeding system;”;

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

“(3.1) shredders with an operational width of at least 3.66 m (12 feet);”;

(4) by inserting, after paragraph 4, the following paragraph :

“(4.1) farm-type granular fertilizer or pesticide applicators with an operational capacity of at least 0.2265 m³ (8 cubic feet);”;

(5) by inserting, after paragraph 6, the following paragraph :

“(6.1) leafcutter bees;”;

(6) by striking out paragraph 7;

(7) by inserting, after paragraph 8, the following paragraph :

“(8.1) assembled and fully operational automated and computerized farm livestock or poultry feeding systems;”;

(8) by inserting, after paragraph 10, the following paragraph :

“(11) self-propelled, tractor-mounted, cultivator-mounted or pull-type field sprayers with a capacity of at least 300 L (66 gallons);”.

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

(3) Paragraphs 2, 3 and 7 of subsection 1 apply in respect of supplies of property for which part of the consideration becomes due after 23 April 1996 or is paid after that date without having become due.

(4) Paragraphs 4, 5, 6 and 8 of subsection 1 apply in respect of supplies of property delivered to recipients after 10 June 1993. However, for the period before 24 February 2000, paragraph 11 of section 178R8 of the Regulation shall be read without reference to the word “cultivator-mounted”.

12. (1) Section 178R9 of the Regulation is amended

(1) by replacing paragraph 1 by the following :

“(1) it is a complete feed, supplement, macro-premix, micro-premix or mineral feed, other than a trace mineral salt feed, within the meaning assigned to those expressions by the Feeds Regulations, 1983 (SOR/83-593, (1983) 117 *Canada Gazette* Part II, 2813);”;

(2) by replacing paragraph 3 by the following :

“(3) it is designed for

(a) a particular species or class of farm livestock, fish or poultry that are ordinarily raised or kept to produce, or to be used as, food for human consumption or to produce wool, or

(b) rabbits.”.

(2) Paragraph 1 of subsection 1 applies in respect of supplies of property delivered to recipients after 10 June 1993.

(3) Paragraph 2 of subsection 1 has effect from 1 July 1992. However, in respect of supplies of feed delivered to recipients before 11 December 1992, paragraph 3 of section 178R9 of the Regulation shall be read as follows :

“(3) it is designed for a particular species or class of farm livestock, other than rabbits, fish or poultry ordinarily raised or kept to produce, or to be used as, food for human consumption or to produce wool.”.

13. (1) The Regulation is amended by inserting, after section 178R9, the following section:

“**178R9.1.** Feed that is designed for ostriches, rheas, emus or bees, when sold in bulk quantities of at least 20 kg (44 lbs) or in bags that contain at least 20 kg (44 lbs).”.

(2) Subsection 1 applies in respect of supplies of property for which part of the consideration becomes due after 23 April 1996 or is paid after that date without having become due.

14. (1) Section 178R10 of the Regulation is replaced by the following:

“**178R10.** By-products of the food processing industry and plant or animal products that are ordinarily used as feed, or as ingredients in feed, for the farm livestock, fish or poultry referred to in subparagraph *a* of paragraph 3 of section 178R9 or for rabbits, ostriches, rheas, emus or bees, when sold in bulk quantities of at least 20 kg (44 lbs) or in bags that contain at least 20 kg (44 lbs), are prescribed property.”.

(2) Subsection 1 has effect from 1 July 1992. However,

(1) in respect of supplies of by-products and plant or animal products delivered to recipients before 11 December 1992, section 178R10 of the Regulation shall be read as follows:

“**178R10.** By-products of the food processing industry and plant or animal products that are ordinarily used as feed, or as ingredients in feed, for the farm livestock, fish or poultry referred to in paragraph 3 of section 178R9, when sold in bulk quantities of at least 20 kg (44 lbs) or in bags that contain at least 20 kg (44 lbs), are prescribed property.”;

(2) in respect of supplies of by-products and plant or animal products delivered to recipients after 10 December 1992 and for which all of the consideration became due or was paid on or before 23 April 1996, section 178R10 of the Regulation shall be read as follows:

“**178R10.** By-products of the food processing industry and plant or animal products that are ordinarily used as feed, or as ingredients in feed, for the farm livestock, fish or poultry referred to in subparagraph *a* of paragraph 3 of section 178R9 or for rabbits, when sold in bulk quantities of at least 20 kg (44 lbs) or in bags that contain at least 20 kg (44 lbs), are prescribed property.”.

15. (1) Section 178R11 of the Regulation is replaced by the following:

“**178R11.** Pesticides labelled in accordance with the Pest Control Products Regulations (C.R.C., c. 1253) as having a purpose that includes agricultural use and a product class designation other than “Domestic”, are prescribed property.”.

(2) Subsection 1 applies in respect of supplies of pesticides delivered to recipients after 1 July 1992.

16. (1) Section 201R1 of the Regulation is amended by inserting the following definition in alphabetical order:

““intermediary” of a person means, in respect of a supply, a registrant who, acting as a mandatory for the person or under an agreement with the person, causes or facilitates the making of the supply by the person;”.

(2) Subsection 1 applies to supplies made after 23 April 1996.

17. (1) Section 201R3 of the Regulation is amended by replacing paragraph 1 by the following:

“(1) the name of the supplier or the intermediary in respect of the supply, or the name under which the supplier or the intermediary does business;”.

(2) Subsection 1 applies to supplies made after 23 April 1996.

18. (1) Section 201R4 of the Regulation is amended by replacing paragraphs 1 and 2 by the following:

“(1) the name of the supplier or the intermediary in respect of the supply, or the name under which the supplier or the intermediary does business, and the registration number assigned under section 415 of the Act to the supplier or the intermediary, as the case may be; and;

(2) the information required in paragraphs 2 to 7 of section 201R3.”.

(2) Subsection 1 applies to supplies made after 23 April 1996.

19. (1) The Regulation is amended by inserting, before the heading preceding section 279R1, the following:

“PRESCRIBED MANDATARIES

244.1R1. For the purposes of section 244.1 of the Act, the mandataries of the Government, except the entities listed in Schedule III, are prescribed mandataries.

267R1. For the purposes of section 267 of the Act, the mandataries of the Government, except the entities listed in Schedule III, are prescribed mandataries.”

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

20. (1) The Regulation is amended by inserting, after section 346R2, the following:

“PRESCRIBED MANDATARIES

346.1R1. For the purposes of section 346.1 of the Act, the mandataries of the Government, except the entities listed in Schedule III, are prescribed mandataries.”

(2) Subsection 1 has effect from 1 July 1992. However, subsection 1 does not apply to the acquisition or bringing into Québec of property or services before 12 December 1992.

21. (1) Section 383R1 of the Regulation is amended

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

““consideration”, in respect of a supply, includes all amounts credited to the recipient of the supply in respect of a trade-in, within the meaning of section 54.1 of the Act, accepted in full or partial consideration for the supply or, if the supplier and the recipient are not dealing with each other at arm’s length at the time the supply is made and the amount credited to the recipient in respect of the trade-in exceeds the fair market value of the trade-in at the time ownership of it is transferred to the supplier, that fair market value;”;

(2) by replacing, in the definition of “fiscal year”, “Excise Tax Act (Statutes of Canada)” by “Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)”;

(3) in the definition of “government funding”,

(a) by replacing paragraph 1 by the following:

“(1) an amount of money, including a forgivable loan but not including any other loan or a refund, rebate or remission of, or credit in respect of, fees, duties or taxes imposed under any statute, that is readily ascertainable and is paid or payable to the person by a grantor:”;

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

“(b) the amount would be government funding of the person because of paragraph 1 if the amount were paid by the grantor directly to the person for the same purposes as it was paid to the person by the intermediary or the other organization, as the case may be, and if the reference to “grantor” in subparagraph *b* of paragraph 1 included a reference to that intermediary or other organization, as the case may be;”;

(4) in paragraph 4 of the definition of “grantor”,

(a) by replacing “Cree-Naskapi (of Quebec) Act (Statutes of Canada)” by “Cree-Naskapi (of Quebec) Act (Statutes of Canada, 1984, chapter 18)”;

(b) by replacing “Indian Act (Statutes of Canada)” by “Indian Act (Revised Statutes of Canada, 1985, chapter I-5)”.

(2) Paragraph 1 and subparagraph *b* of paragraph 3 of subsection 1 apply, for the purpose of determining rebates under sections 383 to 397 of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1) in respect of claim periods beginning after 26 November 1997.

(3) Subparagraph *a* of paragraph 3 of subsection 1 has effect from 1 July 1992.

22. (1) Section 383R2 of the Regulation is amended by replacing subparagraph *i* of subparagraph *c* of subparagraph 2 of the second paragraph by the following:

“i. the total of all consideration that becomes due, or is paid without becoming due, in the fiscal year to the person for supplies made by the person, including consideration for a service, or for the use of property, that is provided by the person and to which section 29 of the Act applies, but not including any consideration for supplies of rights to participate in games of chance conducted by the person, supplies deemed under section 60 of the Act to have been made by the person, supplies by way of sale of immovables or capital property of the person, supplies of financial instruments, and supplies deemed under any of sections 209, 286 and 323.1 to 323.3 of the Act to have been made by the person or supplies by the person to which section 290 of the Act applies;”.

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

23. (1) Section 386R2 of the Regulation is amended

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

“(a) seniors;”;

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

“(d) persons with a disability, persons in distress or other persons in need of assistance;”.

(2) Subsection 1 has effect from 29 September 1999.

24. (1) Section 386R3 of the Regulation is replaced by the following:

“**386R3.** Property or a service that is primarily for consumption, use or supply by the person in the course of making a supply of a parking space referred to in section 101.1 of the Act for a particular period, if the supply is incidental to the use of land, a residential complex or a residential unit and property and services for use by the person primarily in the course of making supplies by way of lease, licence or similar arrangement of the land, residential complex or residential unit during the particular period are prescribed property or services because of section 386R2, is a prescribed property or service.”.

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

25. (1) Section 386R8 of the Regulation is replaced by the following:

“**386R8.** Property or a service that is supplied to another person is a prescribed property or service if

(1) an amount is required under section 37, 41, 41.1.1, 41.1.2 or 111 of the Taxation Act (R.S.Q., c. I-3) to be included in computing the income of the other person for the purposes of that Act; and

(2) section 290 of the Act does not apply to the supply or the section does apply to the supply but no tax is payable in respect of it.”.

(2) Subsection 1 has effect from 1 July 1992. However, in respect of amounts required to be included in computing income for the purposes of the Taxation Act (R.S.Q., c. I-3) for the taxation years prior to 1993, section 386R8 of the Regulation shall be read with “section 37, 41, 41.1.1, 41.1.2” replaced by “section 37, 41”.

26. (1) Section 386R9 of the Regulation is revoked.

(2) Subsection 1 has effect in respect of supplies or the bringing into Québec of property or services after 9 May 1996.

27. (1) The Regulation is amended by inserting, after section 386R9, the following sections:

“**386R9.1.** Property or a service that is deemed under section 346 of the Act to be acquired or brought into Québec by the person acting as the operator, within the meaning of that section, of a joint venture in respect of which an election under that section is in effect, if any of the co-venturers, within the meaning of that section, of the joint venture would not be entitled to claim a rebate under sections 383 to 397 of the Act in respect of the property or service if it were otherwise acquired or brought into Québec for the same purpose as that for which it is acquired or brought into Québec by the person on behalf of the co-venturer and if tax were payable by the co-venturer in respect of the property or service, is a prescribed property or service.

386R9.2. A returnable container, within the meaning of section 350.24 of the Act, when acquired by a person in circumstances in which the person, if a registrant, would, because of section 350.27 of the Act, not be entitled to include tax in respect of the acquisition of the returnable container in determining an input tax refund of the person, whether the person would otherwise have been so entitled in the absence of that section, is prescribed property.”.

(2) Subsection 1, where it enacts section 386R9.1 of the Regulation, applies in respect of property or services acquired or brought into Québec from 12 December 1992.

(3) Subsection 1, where it enacts section 386R9.2 of the Regulation, applies, for the purpose of determining rebates under sections 383 to 397 of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1) in respect of claim periods beginning after 26 November 1997.

28. (1) The Regulation is amended by inserting, after section 388.1R3, the following:

“**STREAMLINED METHOD FOR DETERMINING CERTAIN REBATES**

389R1. For the purposes of section 389 of the Act, the person referred to in section 389R8 is a prescribed person and the rules in sections 389R2 to 389R11 are prescribed rules.

389R2. For the purposes of sections 389R8 and 389R9, the threshold amount for a particular fiscal year of a person is equal to the total of

(1) the amount determined by the formula

$A \times 365/B$; and

(2) the total of all amounts each of which is an amount in respect of an associate of the person who was associated with the person at the end of the fiscal year of the associate that is the last fiscal year of the associate ending in the fiscal year immediately preceding the particular fiscal year of the person, determined by the formula

$C \times 365/D$.

In applying the formulas provided for in the first paragraph,

(1) A is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the person, made by the person that became due, or was paid without having become due, to the person in the fiscal year immediately preceding the particular fiscal year of the person;

(2) B is the number of days in the fiscal year immediately preceding the particular fiscal year;

(3) C is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the associate, made by the associate that became due, or was paid without having become due, to the associate in the fiscal year of the associate; and

(4) D is the number of days in the fiscal year of the associate.

389R3. For the purposes of sections 389R8 and 389R9, the threshold amount for a particular fiscal quarter in a particular fiscal year of a person is equal to the total of

(1) all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the person, made

by the person that became due, or was paid without having become due, to the person in the fiscal quarters ending in the particular fiscal year immediately preceding the particular fiscal quarter of the particular fiscal year; and

(2) all amounts each of which is an amount in respect of an associate of the person who was associated with the person at the beginning of the particular fiscal quarter and is equal to the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to the goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the associate, made by the associate that became due, or was paid without having become due, to the associate in the fiscal quarters of the associate that end in the particular fiscal year before the beginning of the particular fiscal quarter.

389R4. For the purposes of sections 389R2 and 389R3, if consideration, or a part of it, for a taxable supply, other than a supply by way of sale of an immovable, made by a person in the course of activities engaged in by the person in a division or branch of the person becomes due, or is paid without having become due, to the person at a time when the division or branch is a small supplier division, within the meaning of section 337.2 of the Act, that consideration or part of it, as the case may be, is deemed not to be consideration for a taxable supply.

389R5. For the purposes of sections 389R8 and 389R9, the purchase threshold for a fiscal year of a person is equal to the total of all amounts each of which is

(1) an amount that became due, or was paid without having become due, by the person in the preceding fiscal year for a taxable supply, other than a zero-rated supply, of property or a service that was acquired in Québec by the person or was acquired outside Québec by the person and brought into Québec by the person; and

(2) either

(a) included in determining the cost to the person of the property or service for the purposes of the Taxation Act (R.S.Q., c. I-3), or

(b) tax payable by the person in respect of the acquisition or bringing into Québec of the property or service.

389R6. If property or a service is acquired by a person for consumption, use or supply in the course of activities engaged in by the person in a division or

branch of the person and, at a time when the division or branch is a small supplier division, within the meaning of section 337.2 of the Act, an amount becomes due, or is paid without having become due, by the person for the supply of the property or service, the amount shall not be included in determining the purchase threshold under section 389R5 for any fiscal year of the person.

389R7. For the purposes of sections 389R1 to 389R11, if, under section 86, 89 or 90 of the Act, tax in respect of a supply of property or a service becomes payable by a person on a particular day, the consideration on which that tax is calculated is deemed to have become due on that day.

389R8. For the purposes of section 389 of the Act, a person is a prescribed person on the first day of a claim period of the person where

(1) the threshold amount for the person's fiscal year that includes the claim period does not exceed \$500,000;

(2) if the person's fiscal quarter that includes the claim period is not the first fiscal quarter in the fiscal year, the threshold amount for the fiscal quarter does not exceed \$500,000;

(3) the purchase threshold for the fiscal year does not exceed \$2,000,000; and

(4) it is reasonable to expect at the beginning of the claim period that the purchase threshold for the person's next fiscal year will not exceed \$2,000,000.

389R9. For the purposes of section 389 of the Act, a person ceases to be a prescribed person at the earliest of

(1) if the threshold amount for a fiscal year of the person exceeds \$500,000, the end of the first fiscal quarter in that fiscal year;

(2) if the threshold amount for the second or third fiscal quarter in a fiscal year of the person exceeds \$500,000, the end of the first fiscal quarter in that fiscal year for which the threshold amount exceeds \$500,000; and

(3) if the purchase threshold for a fiscal year of the person exceeds \$2,000,000, the end of the first fiscal quarter in that fiscal year.

389R10. For the purpose of determining in accordance with sections 389R1 to 389R9 the amount of a rebate under sections 383 to 397 of the Act in respect of property or a service for a particular claim period of a particular person, the amount of tax under section 16 or

17 of the Act, as the case may be, that became payable, or was paid without having become payable, by the particular person during the particular claim period in respect of the supply or bringing into Québec of the property or service is deemed to be equal to the amount determined by the formula

$A \times B.$

In applying the formula provided for in the first paragraph,

(1) A is the tax fraction; and

(2) B is the total of all amounts each of which is

(a) the consideration that became due, or was paid without having become due, by the particular person during the period in respect of the supply of the property or service to the particular person,

(b) the tax under section 16 or 17 of the Act that became payable, or was paid without having become payable, by the particular person during the period in respect of the supply or bringing into Québec of the property or service,

(c) in the case of corporeal movable property that was brought into Québec by the particular person, the amount of a duty or tax imposed in respect of the property under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), other than Part IX, the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement), the Special Import Measures Act (Revised Statutes of Canada, 1985, chapter S-15) or any other law relating to customs that became due, or was paid without having become due, by the particular person during the period,

(d) a reasonable gratuity paid by the particular person during the period in connection with the supply, or

(e) interest, a penalty or other amount paid by the particular person during the period if the amount was charged to the particular person by the supplier of the property or service because an amount of consideration, or an amount of a duty or tax referred to in subparagraph c, that was payable in respect of the supply or bringing into Québec was overdue.

However, this section applies only if

(1) the movable property or service is supplied in Québec to the particular person by another person or the corporeal movable property is supplied outside Québec to the particular person by another person and brought into Québec by the particular person; and

(2) the particular person is entitled to claim a rebate under sections 383 to 397 of the Act in respect of the property or service for any claim period of the particular person.

389R11. For the purpose of determining in accordance with sections 389R1 to 389R9 the amount of a rebate under sections 383 to 397 of the Act payable to a partnership, employer, charity or public institution in respect of property or a service acquired or brought into Québec by a member of the partnership, an employee of the employer, or a volunteer who has given services to the charity or public institution and in respect of which the member, employee or volunteer was liable to pay tax under section 16 or 17 of the Act, the amount of that tax is deemed, for the purpose of applying sections 212 and 212.1 of the Act, to be equal to the amount that would be determined under section 389R10 if that section applied to the acquisition or bringing into Québec by the member, employee or volunteer.”.

(2) Subsection 1 applies in respect of claim periods beginning after 31 July 1995. However, for the reporting period beginning 1 August 1995 and ending 31 December 1996, section 389R11 of the Regulation shall be read without reference to the words “or public institution”.

29. (1) The Regulation is amended by inserting, after section 425R3, the following:

“QUICK OR STREAMLINED METHODS OF ACCOUNTING

GENERAL PROVISIONS APPLICABLE TO ALL ACCOUNTING METHODS

434R0.1. For the purposes of section 434 of the Act, the registrants referred to in sections 434R0.11, 434R2 and 434R8.5 are prescribed registrants and the methods set out in sections 434R0.5 to 434R0.15, 434R1 to 434R8 and 434R8.1 to 434R8.14 are prescribed methods.

DEFINITIONS

434R0.2. For the purposes of sections 434R0.1 to 434R12,

“capital asset” means property that is a capital property of a person within the meaning of the Taxation Act (R.S.Q., c. I-3), or that would be such property if the person were a taxpayer within the meaning of that Act;

“consideration”, in respect of a supply, includes all amounts credited to the recipient of the supply in respect of a trade-in, within the meaning of section 54.1 of the Act, accepted in full or partial consideration for the

supply or, if the supplier and the recipient are not dealing with each other at arm’s length at the time the supply is made and the amount credited to the recipient in respect of the trade-in exceeds the fair market value of the trade-in at the time ownership of it is transferred to the supplier, that fair market value;

“election” means an election under section 434 of the Act;

“fiscal year”, in respect of a person, has the meaning assigned by section 458.1 of the Act;

“eligible capital property”, in respect of a person, means property that is, or would be if the person were a taxpayer under the Taxation Act, intangible capital property of the person within the meaning of that Act.

434R0.3. For the purposes of sections 434R0.1 to 434R12, the basic threshold amount for a reporting period of a registrant is equal to the amount determined by the formula

$$(A + B) \times 365/C.$$

In applying the formula provided for in the first paragraph,

(1) A is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, that became due, or was paid without having become due, to the registrant in the threshold period for the reporting period for taxable supplies, other than supplies of financial services, supplies by way of sale of immovables, capital assets or eligible capital property of the registrant and supplies deemed under section 41.2 of the Act to be made by the registrant, that are or would be, but for section 41.2 of the Act, made in Québec by the registrant;

(2) B is the total of all tax under section 16 of the Act that became collectible in the threshold period in respect of taxable supplies, other than supplies of financial services, supplies by way of sale of immovables, capital assets or eligible capital property of the registrant and supplies deemed under section 41.2 of the Act to be made by the registrant, that are or would be, but for section 41.2 of the Act, made in Québec by the registrant; and

(3) C is the number of days in the threshold period.

434R0.4. For the purposes of sections 434R0.1 to 434R12, the total threshold amount for a reporting period of a registrant is equal to the total of

(1) the amount determined by the formula provided for in the second paragraph; and

(2) the total of all amounts, each of which is an amount in respect of an associate of the registrant who was associated with the registrant at the end of the particular fiscal year of the associate that is the last fiscal year of the associate ending in that threshold period, determined by the formula provided for in the fourth paragraph.

The formula to which subparagraph 1 of the first paragraph refers is

$$(A + B) \times 365/C.$$

In applying the formula provided for in the second paragraph,

(1) A is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables, capital assets or eligible capital property of the registrant, made by the registrant that became due, or was paid without having become due, to the registrant in the threshold period for the reporting period;

(2) B is the total of all tax under section 16 of the Act that became collectible in the threshold period in respect of taxable supplies, other than supplies of financial services and supplies by way of sale of immovables, capital assets or eligible capital property of the registrant, made by the registrant; and

(3) C is the number of days in the threshold period.

The formula to which subparagraph 2 of the first paragraph refers is

$$(D + E) \times 365/F.$$

In applying the formula provided for in the fourth paragraph,

(1) D is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables, capital assets or eligible capital property of the associate, made by the associate that became due, or was paid without having become due, to the associate in the particular fiscal year;

(2) E is the total of all tax under section 16 of the Act that became collectible in the particular fiscal year in respect of taxable supplies, other than supplies of financial services and supplies by way of sale of immovables, capital assets or eligible capital property of the associate, made by the associate; and

(3) F is the number of days in the particular fiscal year.

QUICK METHOD OF DETERMINING THE NET TAX FOR SMALL BUSINESSES

DEFINITIONS

434R0.5. For the purposes of sections 434R0.5 to 434R0.15,

“basic groceries” of a registrant means property acquired or brought into Québec by the registrant for the purpose of making a supply of the property that is referred to in Division III of Chapter IV of the Act;

“cost”, to a registrant in a threshold period, of corporeal movable property of a particular class or kind acquired by the registrant for a particular purpose, means the amount determined by the formula

$$(A + B + C) \times 365/D$$

where

(1) A is the total of all consideration that became due, or was paid without having become due, by the registrant in the threshold period for taxable supplies made in Québec to the registrant of corporeal movable property of that class or kind acquired by the registrant for that purpose;

(2) B is the total value of all corporeal movable property of that class or kind, determined in accordance with section 17 of the Act, brought into Québec by the registrant for that purpose;

(3) C is the total of all tax under sections 16, 17 and 18 of the Act that became payable by the registrant in the threshold period in respect of corporeal movable property of that class or kind acquired or brought into Québec by the registrant for that purpose; and

(4) D is the number of days in the threshold period;

“specified property”, in respect of a person, means property of the person other than immovables, capital assets and eligible capital property of the person;

“specified registrant”, at any time, means a registrant who

(1) throughout the four fiscal quarters of the registrant immediately preceding the fiscal quarter of the registrant that includes that time,

(a) was not a listed financial institution,

(b) did not render legal, accounting or actuarial services in the course of a professional practice of the registrant, and

(c) did not render book-keeping, financial consulting, tax consulting or tax return preparation services in the course of a commercial activity of the registrant;

(2) at that time, is not a charity or selected public service body within the meaning of section 383 of the Act; and

(3) is not a qualifying non-profit organization, within the meaning of section 385 of the Act,

(a) at the beginning of the reporting period of the registrant that includes that time, where that reporting period is a fiscal month or fiscal quarter of the registrant, or

(b) at the end of the reporting period of the registrant that includes that time, in any other case;

“specified supply” means a taxable supply other than

(1) a supply by way of sale of immovables, capital assets or eligible capital property of the supplier;

(2) a zero-rated supply;

(3) a supply that is deemed under sections 212.2 or 285 to 287 of the Act to have been made or to which sections 290, 292 and 293 of the Act apply;

(4) a supply made outside Québec;

(5) a supply in respect of which the recipient is not required to pay tax under a law of Canada or a province unless, in the case of a supply to a government other than the Government of Québec, that government has agreed, under an agreement with the Government of Québec, to pay the tax under Title I of the Act in respect of the supply;

(6) a supply in respect of which section 41.0.1 of the Act applies; and

(7) a supply deemed under section 41.1 or 41.2 of the Act to have been made by a registrant acting as a mandatary.

PRESUMPTION

434R0.6. For the purposes of sections 434R0.5 to 434R0.15, where a registrant acquires or brings into Québec corporeal movable property that is to be incorporated into or to form a constituent or component part of corporeal movable property manufactured or produced in Québec by the registrant, the registrant shall be deemed to have acquired or brought into Québec the property for the purpose of supply by way of sale.

THRESHOLD PERIOD

434R0.7. For the purposes of sections 434R0.5 to 434R0.15, the threshold period for a particular reporting period of a registrant is

(1) where an election by the registrant to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15 becomes effective in the fiscal year that includes the particular reporting period, any period that consists of four fiscal quarters of the registrant and ends in one of the last two fiscal quarters of the registrant immediately preceding the fiscal quarter of the registrant in which the election becomes effective; or

(2) where an election by the registrant to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15 became effective before, and is in effect at, the beginning of the particular fiscal year of the registrant that includes the particular reporting period, the fiscal year of the registrant immediately preceding the particular fiscal year.

APPLICABLE RATE

434R0.8. The rate of a registrant, for the purposes of sections 434R0.5 to 434R0.15, for a particular reporting period of the registrant is

(1) where the cost to the registrant, in the threshold period for the particular reporting period, of all corporeal movable property, other than basic groceries of the registrant, acquired by the registrant for the purpose of supply by way of sale by the registrant is equal to at least 40% of the basic threshold amount for the particular reporting period, determined without reference to supplies referred to in Division III of Chapter IV of the Act, 2.7%; and

(2) in any other case, 5.3%.

434R0.9. The net specified supplies of a registrant for a reporting period is the amount determined by the formula

A - B.

In applying the formula provided for in the first paragraph,

(1) A is the total of

(a) all consideration for specified supplies made by the registrant that became due, or was paid without having become due, to the registrant in the reporting period, and

(b) all amounts that became collectible, and all other amounts collected, by the registrant in the reporting period as or on account of tax under section 16 of the Act in respect of specified supplies made by the registrant; and

(2) B is the total of all amounts each of which is an amount that the registrant has, in the reporting period, paid or credited to a person as or on account of

(a) a reduction in, or refund of, all or part of the consideration for a specified supply made by the registrant to the person, or

(b) a refund of, or a credit for, tax under section 16 of the Act charged to or collected from the person in respect of a specified supply made by the registrant.

434R0.10. Where, at any time in the first fiscal quarter in a fiscal year of a registrant, the registrant ceases to be a registrant who may determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15 or a revocation of an election by the registrant becomes effective, the rate applicable for reporting periods of the registrant ending in that fiscal quarter is the rate applicable for the reporting period of the registrant ending immediately before the beginning of that fiscal quarter.

434R0.11. A registrant is a registrant who may file an election, to take effect on the first day of a reporting period of the registrant, to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15 if

(1) the registrant is, at any time in the reporting period, a specified registrant;

(2) the total threshold amount for the reporting period does not exceed \$215,000; and

(3) the registrant was engaged in commercial activities throughout the 365-day period ending immediately before the beginning of the reporting period and an election of the registrant did not cease to have effect in that 365-day period because of a revocation of the election.

434R0.12. A registrant who has filed an election to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15 ceases to be a registrant who may so determine that net tax at the end of the earliest of

(1) the first fiscal year of the registrant that is a reporting period of the registrant in which the registrant ceases to be a specified registrant;

(2) the fiscal year of the registrant immediately before the first fiscal year of the registrant that is a reporting period of the registrant for which the total threshold amount exceeds \$215,000;

(3) the first fiscal quarter of the registrant that includes a reporting period of the registrant for which the total threshold amount exceeds \$215,000; and

(4) the fiscal quarter of the registrant immediately before the first fiscal quarter of the registrant that includes a reporting period of the registrant in which the registrant ceases to be a specified registrant.

434R0.13. Subject to section 434R8.7, if an election by a registrant to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15 is in effect during a particular reporting period of the registrant, the net tax of the registrant for the particular reporting period is equal to the positive or negative amount determined by the formula

$A + B - C - (1\% \times D)$.

In applying the formula provided for in the first paragraph,

(1) A is the total of all amounts each of which is determined by the formula provided for in the third paragraph, in respect of all the particular supplies to which the same rate applies;

(2) B is the total of

(a) all amounts that became collectible and all other amounts collected by the registrant in the particular reporting period as or on account of tax under section 16 of the Act in respect of

i. supplies, other than specified supplies, made by the registrant, and

ii. supplies made on behalf of another person for whom the registrant acts as mandatary and in respect of which the registrant has made an election under section 41.0.1 of the Act,

(b) all amounts in respect of supplies, other than specified supplies, made by the registrant that are required under Chapter VIII of Title I of the Act to be added in determining the net tax for the particular reporting period, and

(c) the amount that is required under section 473.5 of the Act to be added in determining the net tax for the particular reporting period;

(3) C is the total of

(a) all amounts each of which is an input tax refund for one of the following reporting periods, applied for by the registrant in the return filed under Chapter VIII of Title I of the Act for the particular reporting period:

i. the particular reporting period or a preceding reporting period of the registrant in respect of property, other than specified property, acquired or brought into Québec by the registrant or an improvement to that property,

ii. a reporting period of the registrant ending before the election became effective in respect of specified property or services, other than an improvement to property that is not specified property, acquired or brought into Québec by the registrant,

iii. the particular reporting period or a preceding reporting period of the registrant in respect of corporeal movable property that is specified property acquired or brought into Québec by the registrant for the purpose of supply by way of sale and is deemed under section 41.2 of the Act to have been supplied by an auctioneer acting as a mandatary for the registrant or is supplied by a person acting as a mandatary for the registrant in circumstances in which section 41.0.1 of the Act applies, or

iv. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of corporeal movable property that is deemed under subparagraph 2 of the first paragraph of section 327.7 of the Act to have been acquired by the registrant and under section 41.1 or 41.2 of the Act to have been supplied by the registrant,

(b) an amount in respect of a supply, other than a specified supply, made by the registrant that may be deducted by the registrant under Chapter VIII of Title I of the Act in determining the net tax for the particular reporting period and that is claimed in the return filed under Chapter VIII of Title I of the Act by the registrant for the particular reporting period, and

(c) an amount equal to 2.1% of the portion of the registrant's net specified supplies for the particular reporting period that is attributable to supplies to which the rate of 0% applies; and

(4) D is

(a) nil, where the election was not in effect,

i. if the registrant became a registrant on a day in the registrant's fiscal year that includes the particular reporting period, on that day, or

ii. in any other case, on the first day of that fiscal year,

(b) nil, if the total net specified supplies of the registrant for all reporting periods of the registrant in that fiscal year during which the registrant was a registrant that end before the particular reporting period is equal to or greater than \$32,250, and

(c) in any other case,

i. the lesser of the net specified supplies of the registrant for the particular reporting period and \$32,250, if the particular reporting period is the first reporting period in that fiscal year during which the registrant was a registrant, or

ii. the lesser of the net specified supplies of the registrant for the particular reporting period and the amount by which \$32,250 exceeds the total net specified supplies of the registrant for all reporting periods of the registrant in that fiscal year during which the registrant was a registrant that end before the particular reporting period, if the particular reporting period is not the first reporting period in that fiscal year during which the registrant was a registrant.

The formula to which subparagraph 1 of the second paragraph refers is

$E \times F$

In applying the formula provided for in the third paragraph,

(1) E is the rate of the registrant for the particular reporting period that applies to the particular supplies; and

(2) F is the portion of the net specified supplies of the registrant for the particular reporting period attributable to the particular supplies.

434R0.14. For the purposes of subparagraphs *b* and *c* of subparagraph 5 of the second paragraph of section 434R0.13, the first reporting period of a registrant beginning after 31 July 1995 in a fiscal year of the registrant beginning before 1 August 1995 is deemed to be the first reporting period of the registrant in that fiscal year.

NEW REGISTRANTS

434R0.15. For the purposes of sections 434R0.5 to 434R0.15, where, on the first day of a reporting period of a registrant, the registrant has not been engaged in commercial activities throughout the 365-day period ending immediately before that day and it is reasonable to expect that the registrant will be, at the beginning of the particular fiscal year that is the first fiscal year of the registrant beginning at least 365 days after the registrant began to engage in commercial activities, a registrant who may file an election to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15, the following rules apply:

(1) the registrant is a registrant who may file an election, to take effect on the first day of that reporting period, to determine the net tax of the registrant in accordance with sections 434R0.5 to 434R0.15; and

(2) the rate of the registrant for reporting periods of the registrant ending before the beginning of the particular fiscal year is the rate prescribed by section 434R0.8 that is reasonable in the circumstances.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995. However,

(1) where subsection 1 enacts the definition of “consideration” in section 434R0.2 of the Regulation, subsection 1 applies in respect of trade-ins accepted as full or partial consideration if the consideration becomes due after 30 June 1997 or is paid after that date without having become due;

(2) for the purpose of determining the basic threshold amount used in determining the rate applicable to supplies made before 27 November 1997, subparagraphs 1 and 2 of the second paragraph of section 434R0.3 of the Regulation shall be read as follows:

“(1) A is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables, capital assets or eligible capital property of the registrant made in Québec by the registrant, that became due, or was paid without having become due, to the registrant in the threshold period for the reporting period;

(2) B is the total of all tax under section 16 of the Act that became collectible in the threshold period in respect of taxable supplies, other than supplies of financial services and supplies by way of sale of immovables, capital assets or eligible capital property of the registrant made in Québec by the registrant; and”;

(3) in respect of property acquired or brought into Québec before 1 April 1997, paragraph 3 of the portion following the formula in the definition of “cost” in section 434R0.5 of the Regulation shall be read with “, 17 and 18” replaced by “and 17”;

(4) in respect of supplies deemed to have been made before 24 April 1996, paragraph 3 of the definition of “specified supply” in section 434R0.5 of the Regulation shall be read without reference to a supply deemed to have been made under section 212.2 of the Act;

(5) paragraph 6 of the definition of “specified supply” in section 434R0.5 of the Regulation applies to supplies in respect of which an election is made under section 41.0.1 of the Act;

(6) in respect of a supply made before 27 November 1997, the definition of “specified supply” in section 434R0.5 of the Regulation shall be read without reference to paragraph 7 of that definition;

(7) in respect of reporting periods beginning after 31 July 1995 and before 1 January 1998, section 434R0.8 of the Regulation shall be read with “2.7%” replaced by “2.3%” and “5.3%” replaced by “4.6%”;

(8) in respect of reporting periods beginning after 31 July 1995 and before 1 January 1998, sections 434R0.11 and 434R0.12 of the Regulation shall be read with “\$215,000” replaced by “\$214,000”, wherever it appears;

(9) in respect of reporting periods beginning after 31 July 1995 and before 1 January 1998, section 434R0.13 of the Regulation shall be read with “\$32,250” replaced by “\$31,950”, wherever it appears;

(10) for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning before 27 November 1997 and ending after 1 April 1997, subparagraph *c* of subparagraph 3 of the second paragraph of section 434R0.13 of the Regulation shall be read with “2.1%” replaced by “2.6%”;

(11) subject to paragraph 12, in respect of reporting periods beginning after 31 July 1995 and ending before 1 April 1997, section 434R0.13 of the Regulation shall be read with the formula provided for in the first paragraph and the second, third and fourth paragraphs replaced by the following:

$$“(A \times B) + C - D - (1\% \times E).”$$

In applying the formula provided for in the first paragraph,

(1) A is the rate of the registrant for the particular reporting period;

(2) B is the net specified supplies of the registrant for the particular reporting period;

(3) C is the total of

(a) all amounts that became collectible and all other amounts collected by the registrant in the particular reporting period as or on account of tax under section 16 of the Act in respect of supplies, other than specified supplies, made by the registrant,

(b) all amounts in respect of supplies, other than specified supplies, made by the registrant that are required under Chapter VIII of Title I of the Act to be added in determining the net tax for the particular reporting period, and

(c) the amount that is required under section 473.5 of the Act to be added in determining the net tax for the particular reporting period;

(4) D is the total of

(a) all amounts each of which is an input tax refund for one of the following reporting periods, applied for by the registrant in the return filed under Chapter VIII of Title I of the Act for the particular reporting period:

i. the particular reporting period or a preceding reporting period of the registrant in respect of property, other than specified property, acquired or brought into Québec by the registrant or an improvement to that property,

ii. a reporting period of the registrant ending before the election became effective in respect of specified property or services, other than an improvement to property that is not specified property, acquired or brought into Québec by the registrant, or

iii. the particular reporting period or a preceding reporting period of the registrant in respect of movable property described in section 659 of the Act, and

(b) an amount in respect of a supply, other than a specified supply, made by the registrant that may be deducted by the registrant under Chapter VIII of Title I of the Act in determining the net tax for the particular reporting period and that is claimed in the return filed under Chapter VIII of Title I of the Act by the registrant for the particular reporting period; and

(5) E is

(a) nil, if the election was not in effect on the first day of the registrant’s fiscal year that includes the particular reporting period,

(b) nil, if the total net specified supplies of the registrant for all reporting periods of the registrant in that fiscal year that end before the particular reporting period is equal to or greater than \$31,950, and

(c) in any other case,

i. the lesser of the net specified supplies of the registrant for the particular reporting period and \$31,950, if the particular reporting period is the first reporting period in that fiscal year, or

ii. the lesser of the net specified supplies of the registrant for the particular reporting period and the amount by which \$31,950 exceeds the total net specified supplies of the registrant for all reporting periods of the registrant in that fiscal year that end before the particular reporting period, if the particular reporting period is not the first reporting period in that fiscal year.”;

(12) in respect of an input tax refund in respect of property the supply of which is deemed to have been made by a mandatary, under section 41.1 or 41.2 of the Act, for a reporting period beginning after 31 July 1995 and ending before 1 April 1997, subparagraph *iii* of subparagraph *a* of subparagraph 3 of the second paragraph of section 434R0.13 of the Regulation shall be read as follows:

“iii. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of corporeal movable prop-

erty that is specified property acquired or brought into Québec by the registrant for the purpose of supply by way of sale and is deemed under section 41.2 of the Act to have been supplied by an auctioneer acting as a mandatory for the registrant or is supplied by a person acting as a mandatory for the registrant in circumstances in which section 41.0.1 of the Act applies, or

iv. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of corporeal movable property that is deemed under subparagraph 2 of the first paragraph of section 327.7 of the Act to have been acquired by the registrant and under section 41.1 or 41.2 of the Act to have been supplied by the registrant.”.

30. (1) Section 434R1 of the Regulation is replaced by the following:

“**434R1.** For the purposes of sections 434R2 to 434R8, “selected public service body” has the meaning assigned by section 383 of the Act and “qualifying non-profit organization” has the meaning assigned by section 385 of the Act.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 December 1996. In addition, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning before 1 August 1995, section 434R1 of the Regulation shall be read with “434R8” replaced by “434R11”.

31. (1) Section 434R2 of the Regulation is amended by replacing the portion before paragraph 2 by the following:

“**434R2.** A registrant is a registrant who may file an election, to take effect on the first day of a reporting period of the registrant, to determine the net tax of the registrant in accordance with sections 434R1 to 434R8 if

(1) the registrant is, on the first day of that reporting period, a specified facility operator, a qualifying non-profit organization or a selected public service body;”.

(2) Subsection 1, where it replaces the portion before paragraph 1 of section 434R2 of the Regulation, applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

(3) Subsection 1, where it replaces paragraph 1 of section 434R2 of the Regulation, applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 December 1996.

32. (1) Section 434R3 of the Regulation is revoked.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

33. (1) Section 434R4 of the Regulation is amended

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

“**434R4.** For the purposes of sections 434R1 to 434R8;”

(2) by striking out the definition of “improvement”;

(3) by replacing, in the English text of the definition of “selected property”, the word “selected” by the word “specified”;

(4) by striking out the definition of “capital asset”;

(5) by striking out the definition of “election”;

(6) by striking out the definition of “fiscal year”;

(7) by inserting, in alphabetical order, the following definitions:

““retail establishment” of a registrant means a shop or store at which the registrant primarily carries on the business of making supplies of property or services to consumers attending at the shop or store;

“specified facility operator” means a non-profit organization that operates, otherwise than for profit, a health care institution within the meaning of paragraph 2 of the definition of “health care institution” in section 108 of the Act;”

(8) in the definition of “selected supply”,

(a) by replacing paragraph 4 by the following:

“(4) a supply deemed under section 212.2, 286, 323.2 or 323.3 of the Act to have been made by the registrant or a supply by the registrant to which section 290 of the Act applies;

(5) a zero-rated supply;

(6) a supply made outside Québec;

(7) a supply in respect of which the recipient is not required to pay tax under a law of Canada or a province unless, in the case of a supply to a government other

than the Government of Québec, that government has agreed, under an agreement with the Government of Québec, to pay the tax under Title I of the Act in respect of the supply;

(8) a supply to which section 41.0.1 of the Act applies; and

(9) a supply deemed under section 41.1 or 41.2 of the Act to have been made by a registrant acting as a mandatary;”;

(b) by replacing, wherever it appears in the English text, the word “selected” by the word “specified”;

(9) by striking out the definition of “qualifying capital property”.

(2) Paragraphs 1, 4, 5, 6 and 9 of subsection 1 apply, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

(3) Paragraph 2 of subsection 1 has effect from 24 April 1996.

(4) Paragraph 7 of subsection 1, where it enacts the definition of “retail establishment” in section 434R4 of the Regulation, applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 1 June 1993.

(5) Paragraph 7 of subsection 1, where it enacts the definition of “specified facility operator” in section 434R4 of the Regulation, applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 December 1996.

(6) Paragraph 3, subparagraph *a* of paragraph 8, where it replaces paragraph 4 of the definition of “selected supply” in section 434R4 of the Regulation, and subparagraph *b* of paragraph 8 of subsection 1, has effect from 1 July 1992. However, where paragraph 4 of the definition of “specified supply” in section 434R4 of the Regulation applies in respect of supplies deemed to have been made before 24 April 1996, it shall be read without reference to a supply deemed to have been made under section 212.2 of the Act.

(7) Subparagraph *a* of paragraph 8 of subsection 1, where it enacts paragraphs 5, 6 and 7 of the definition of “specified supply” in section 434R4 of the Regulation, applies in respect of reporting periods beginning after 31 May 1993.

(8) Subparagraph *a* of paragraph 8 of subsection 1, where it enacts paragraph 8 of the definition of “specified supply” in section 434R4 of the Regulation, applies to supplies in respect of which an election is made under section 41.0.1 of the Act.

(9) Subparagraph *a* of paragraph 8 of subsection 1, where it enacts paragraph 9 of the definition of “specified supply” in section 434R4 of the Regulation, applies in respect of supplies made after 26 November 1997.

34. (1) Section 434R5 of the Regulation is revoked.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

35. (1) The Regulation is amended by inserting, after section 434R5, the following section:

“**434R5.1.** Subject to sections 434R1 to 434R8, the rate of a registrant that applies, for the purposes of these sections, for a reporting period in a particular fiscal year of the registrant, in respect of a particular supply made by the registrant is

(1) in the case of a registrant that makes the particular supply in the course of an activity engaged in by the registrant acting as a municipality, 4.6%; and

(2) in any other case, 5.9%.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 December 1997.

36. (1) Section 434R6 of the Regulation is amended by replacing the portion before paragraph 1 by the following:

“**434R6.** A registrant that is a non-profit organization, other than a selected public service body and a specified facility operator, that has filed an election to determine the net tax of the registrant in accordance with sections 434R1 to 434R8 ceases to be a registrant who may so determine that net tax immediately before the beginning of the following fiscal year:”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995. However, in respect of reporting periods beginning before 1 January 1997, the portion before paragraph 1 of section 434R6 of the Regulation shall be read without reference to “and a specified facility operator”.

37. (1) Section 434R7 of the Regulation is amended

(1) in the first paragraph, by replacing the portion before the formula by the following:

“**434R7.** Subject to sections 434R8 and 434R8.7, if an election by a registrant to determine the net tax of the registrant in accordance with sections 434R1 to 434R8 is in effect during a particular reporting period of the registrant, the net tax of the registrant for the particular reporting period is equal to the positive or negative amount determined by the formula”;

(2) in the second paragraph,

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

“(1) A is the total of the amounts determined by the formula provided for in the third paragraph, in respect of all the particular supplies to which the same rate applies;”;

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

“(a) all amounts each of which is an amount that became collectible, or was collected, by the registrant in the particular reporting period as or on account of tax under section 16 of the Act in respect of

i. specified supplies made by the registrant; or

ii. supplies made on behalf of another person for whom the registrant acts as a mandatary and in respect of which the registrant has made an election under section 41.0.1 of the Act;”;

(c) by inserting, after subparagraph *b* of subparagraph 2, the following subparagraph:

“(b.1) the amount that is required under section 473.5 of the Act to be added in determining the net tax for the particular reporting period;”;

(d) in subparagraph *a* of subparagraph 3,

i. by replacing subparagraph *i* by the following:

“i. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of an immovable acquired by way of purchase by the registrant or an improvement to the immovable;”;

ii. by replacing subparagraph *iii* by the following:

“iii. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of an improvement to a specified property, other than an immovable, of the registrant, if the registrant applied for or is entitled to apply for an input tax refund in respect of the last supply to, or bringing into Québec by, the registrant of the specified property;”;

iii. by replacing subparagraph *v* by the following:

“v. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of corporeal movable property, other than property referred to in subparagraph *ii*, that is acquired or brought into Québec for supply by way of sale and is deemed under section 41.2 of the Act to have been supplied by an auctioneer acting as a mandatary for the registrant or is supplied by a person acting as a mandatary for the registrant in circumstances in which section 41.0.1 of the Act applies; or

vi. the particular reporting period or a preceding reporting period of the registrant during which the election was in effect in respect of corporeal movable property that is deemed under subparagraph 2 of the first paragraph of section 327.7 of the Act to have been acquired by the registrant and under section 41.1 or 41.2 of the Act to have been supplied by the registrant; and”;

(3) in the fourth paragraph,

(a) by replacing subparagraph 1 by the following:

“(1) D is the rate of the registrant for the particular reporting period that applies to the particular supplies;”;

(b) by replacing subparagraphs *a* and *b* of subparagraph 2 by the following:

“(a) all consideration that became due, or was paid without having become due, to the registrant in the particular reporting period for the particular supplies that are taxable supplies, other than designated supplies, supplies of financial services, specified supplies and supplies deemed under section 243 or 350.6 of the Act to have been made, made in Québec by the registrant; and

(b) all amounts that became collectible, and all other amounts collected, by the registrant in the particular reporting period as or on account of tax under section 16 of the Act in respect of the particular supplies that are taxable supplies made by the registrant, other than selected supplies and supplies deemed under section 243 or 350.6 of the Act to have been made; and”;

(c) by replacing subparagraphs *a* and *b* of subparagraph 3 by the following:

“(a) a reduction in, or a rebate or refund of, all or part of the consideration for a particular supply, other than a designated supply or a specified supply, made in Québec by the registrant; or

(b) a refund of, or a credit for, tax under section 16 of the Act charged to or collected from the person in respect of a particular supply, other than a specified supply.”;

(4) by replacing, wherever it appears in the English text, the word “selected”, by the word “specified”.

(2) Paragraph 1 of subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

(3) Subparagraph *a* of paragraph 2 and subparagraphs *a* and *c* of paragraph 3 of subsection 1 apply, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 December 1997.

(4) Subparagraph *b* of paragraph 2 of subsection 1 applies in respect of supplies made after 31 March 1997.

(5) Subparagraph *c* of paragraph 2 of subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 March 1994.

(6) Subparagraphs *i* and *ii* of subparagraph *d* of paragraph 2 of subsection 1 apply, for the purpose of determining the net tax of a registrant, in respect of reporting periods ending after 31 March 1997.

(7) Subparagraph *iii* of subparagraph *d* of paragraph 2 of subsection 1 applies to input tax refunds in respect of property the supply of which is deemed to have been made by a mandatary under section 41.1 or 41.2 of the Act.

(8) Subparagraph *b* of paragraph 3 and paragraph 4 of subsection 1 has effect from 1 July 1992. However, where subparagraphs *a* and *b* of subparagraph 2 of the fourth paragraph of section 434R7 of the Regulation apply in respect of reporting periods beginning before 1 January 1998, these subparagraphs shall be read without reference to the words “particular supplies that are”.

38. (1) Section 434R8 of the Regulation is amended by replacing the portion before the formula by the following:

“**434R8.** Subject to sections 434R8.7 to 434R8.11, if a registrant operates a business that consists in providing telephone services, electricity or natural gas in a separate division or service and an election by the registrant to determine the net tax of the registrant in accordance with sections 434R1 to 434R8 is in effect during a particular reporting period of the registrant, the net tax of the registrant for the particular reporting period is equal to the positive or negative amount determined by the formula”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

39. (1) The Regulation is amended by inserting, after section 434R8, the following:

“STREAMLINED METHOD FOR DETERMINING INPUT TAX REFUNDS

434R8.1. For the purposes of sections 434R8.1 to 434R8.14, the threshold amount for a particular fiscal year of a registrant is equal to the total of

(1) the amount determined by the formula

$A \times 365/B$; and

(2) the total of all amounts each of which is an amount in respect of an associate of the registrant who was associated with the registrant at the end of the fiscal year of the associate that is the last fiscal year of the associate ending in the fiscal year immediately preceding the particular fiscal year of the registrant, determined by the formula

$C \times 365/D$.

In applying the formulas provided for in the first paragraph,

(1) *A* is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the registrant, made by the registrant that became due, or was paid without having become due, to the registrant in the fiscal year immediately preceding the particular fiscal year of the registrant;

(2) *B* is the number of days in the fiscal year immediately preceding the particular fiscal year;

(3) C is the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the associate, made by the associate that became due, or was paid without having become due, to the associate in the fiscal year of the associate; and

(4) D is the number of days in the fiscal year of the associate.

434R8.2. For the purposes of sections 434R8.1 to 434R8.14, the threshold amount for a particular fiscal quarter in a particular fiscal year of a registrant is equal to the total of

(1) the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the registrant, made by the registrant that became due, or was paid without having become due, to the registrant in the fiscal quarters that end in the particular fiscal year immediately preceding the particular fiscal quarter of the particular fiscal year; and

(2) the total of all amounts each of which is an amount in respect of an associate of the registrant who was associated with the registrant at the beginning of the particular fiscal quarter equal to the total of all consideration, other than consideration referred to in section 75.2 of the Act that is attributable to goodwill of a business, for taxable supplies, other than supplies of financial services and supplies by way of sale of immovables that are capital property of the associate, made by the associate that became due, or was paid without having become due, to the associate in the fiscal quarters of the associate that end in the particular fiscal year of the registrant before the beginning of the particular fiscal quarter of the registrant.

434R8.3. For the purposes of sections 434R8.1 to 434R8.14, the purchase threshold for a fiscal year of a registrant is equal to the total of all amounts each of which is

(1) an amount that became due, or was paid without having become due, by the registrant in the preceding fiscal year for a taxable supply, other than a zero-rated supply, of property or a service that was acquired in Québec by the registrant or was acquired outside Québec by the registrant and brought into Québec by the registrant; and

(2) either

(a) included in determining the cost to the registrant of the property or service for the purposes of the Taxation Act (R.S.Q., c. I-3), or

(b) tax payable by the registrant in respect of the acquisition or bringing into Québec of the property or service.

434R8.4. For the purposes of sections 434R8.1 to 434R8.14, the purchase threshold of a registrant for a particular day is equal to the total of all amounts each of which is

(1) an amount that, on or before the particular day and in the fiscal year of the registrant that includes the particular day, became due, or was paid without having become due, by the registrant for a taxable supply, other than a zero-rated supply, of property or a service that was acquired in Québec by the registrant or was acquired outside Québec by the registrant and brought into Québec by the registrant; and

(2) either

(a) included in determining the cost to the registrant of the property or service for the purposes of the Taxation Act (R.S.Q., c. I-3), or

(b) tax payable by the registrant in respect of the acquisition or bringing into Québec of the property or service.

434R8.5. A registrant is a registrant who may make an election, to take effect on the first day of a reporting period of the registrant, to determine the net tax of the registrant in accordance with sections 434R8.1 to 434R8.14 if

(1) the threshold amount for the fiscal year of the registrant that includes the reporting period does not exceed \$500,000;

(2) where the fiscal quarter of the registrant that includes the reporting period is not the first fiscal quarter in the fiscal year, the threshold amount for the fiscal quarter does not exceed \$500,000;

(3) the purchase threshold for the fiscal year does not exceed \$2,000,000;

(4) where the registrant is a public service body, it is reasonable to expect at the beginning of the reporting period that the purchase threshold for the registrant's next fiscal year will not exceed \$2,000,000; and

(5) the registrant is not a person referred to in the definition of “listed financial institution” in section 1 of the Act at the beginning of the reporting period.

434R8.6. A registrant who has elected to determine the net tax of the registrant in accordance with sections 434R8.1 to 434R8.14 ceases to be a registrant who may so determine that net tax at the earliest of

(1) if the threshold amount for the second or third fiscal quarter in a fiscal year of the registrant exceeds \$500,000, the end of the first fiscal quarter in that fiscal year for which the threshold amount exceeds \$500,000;

(2) if the threshold amount for a fiscal year of the registrant exceeds \$500,000, the end of the first fiscal quarter in that fiscal year;

(3) if the registrant is not a public service body and the purchase threshold of the registrant for a particular day exceeds \$2,000,000, the end of the preceding day;

(4) if the registrant is a public service body and the purchase threshold for a fiscal year of the registrant exceeds \$2,000,000, the end of the first fiscal quarter in that fiscal year; and

(5) if the registrant becomes a person referred to in the definition of “listed financial institution” in section 1 of the Act during a fiscal quarter of the registrant, the end of that fiscal quarter.

434R8.7. If an election by a registrant to determine the net tax of the registrant in accordance with sections 434R8.1 to 434R8.14 is in effect during a reporting period of the registrant, the net tax of the registrant for the reporting period is, subject to sections 434R8.1 to 434R8.14, the positive or negative amount of net tax for the reporting period determined in accordance with

(1) sections 434R0.1 to 434R0.15, if the registrant has filed an election to determine the net tax of the registrant in accordance with sections 434R0.1 to 434R0.15 that is in effect during the reporting period;

(2) sections 434R1 to 434R8, if the registrant has filed an election to determine the net tax of the registrant in accordance with sections 434R1 to 434R8 that is in effect during the reporting period; and

(3) section 428 of the Act, in any other case.

434R8.8. For the purpose of determining the input tax refund of a registrant in respect of property or a service for a particular reporting period of the registrant and an amount that is required under section 456 of the

Act to be added in determining the net tax of the registrant for any reporting period, for the purposes of sections 434R8.1 to 434R8.14, the amount of tax under section 16 or 17 of the Act, as the case may be, that became payable, or was paid without having become payable, by the registrant during the particular reporting period in respect of the supply or bringing into Québec of the property or service is deemed to be equal to the amount determined by the formula

$A \times B.$

In applying the formula provided for in the first paragraph,

(1) A is the tax fraction; and

(2) B is the total of all amounts each of which is

(a) the consideration that became due, or was paid without having become due, by the registrant during the period in respect of the supply of the property or service to the registrant,

(b) the tax under section 16 or 17 of the Act that became payable, or was paid without having become payable, by the registrant during the period in respect of the supply or bringing into Québec of the property or service,

(c) in the case of corporeal movable property that was brought into Québec by the registrant, the amount of a tax or duty imposed in respect of the property under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), other than Part IX, the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement), the Special Import Measures Act (Revised Statutes of Canada, 1985, chapter S-15) or any other law relating to customs, that became due, or was paid without having become due, by the registrant during the period,

(d) a reasonable gratuity paid by the registrant during the period in connection with the supply, or

(e) interest, a penalty or other amount paid by the registrant during the period if the amount was charged to the registrant by the supplier because an amount of consideration, duty or tax referred to in subparagraph c that was payable in respect of the supply or bringing into Québec was overdue.

However, this section applies only if

(1) the movable property or the service is supplied in Québec to a registrant by another person, or the corpo-

real movable property is supplied outside Québec to a registrant by another person and brought into Québec by the registrant; and

(2) the registrant is entitled to claim an input tax refund in respect of the property or service for any reporting period of the registrant.

434R8.9. Section 434R8.8 does not apply to a passenger vehicle or aircraft acquired or brought into Québec by a registrant who is an individual or a partnership for use as capital property of the registrant otherwise than exclusively in commercial activities of the registrant.

434R8.10. For the purposes of sections 434R8.1 to 434R8.14, if an amount is deemed under paragraph *d.3* or *d.4* of section 99 of the Taxation Act (R.S.Q., c. I-3) to be the capital cost to a registrant of a passenger vehicle for the purposes of that section, the amount, if any, by which the total of all amounts each of which is an amount of tax that is deemed under section 434R8.8 to have become payable, or to have been paid without having become payable, by the registrant in respect of the acquisition or bringing into Québec of the vehicle or the acquisition or bringing into Québec of an improvement to the vehicle, exceeds the amount determined by the formula provided for in the second paragraph shall not be included in determining an input tax refund of the registrant for any reporting period of the registrant.

The formula to which the first paragraph refers is

$A \times B$.

In applying the formula provided for in the second paragraph,

(1) A is the tax fraction; and

(2) B is the amount deemed under paragraph *d.3* or *d.4* of section 99 of the Taxation Act to be the capital cost to the registrant of the vehicle for the purposes of that section.

434R8.11. For the purpose of determining in accordance with sections 434R8.1 to 434R8.14 the input tax refund of a partnership, an employer, a charity or a public institution that pays an amount as a reimbursement in respect of property or a service acquired or brought into Québec by a member of the partnership, an employee of the employer or a volunteer who has given services to the charity or public institution and in respect of which the member, employee or volunteer was liable to pay tax under section 16 or 17 of the Act, the amount of that tax is deemed, for the purpose of applying sections 212 and 212.1 of the Act, to be equal to the amount

that would be determined under section 434R8.8 if that section applied to the acquisition or bringing into Québec by the member, employee or volunteer.

434R8.12. An amount shall not be included in determining the total for B in the formula in section 434R8.8 in respect of a reporting period of a registrant during which an election to determine the net tax of the registrant in accordance with sections 434R8.1 to 434R8.14 is in effect if the amount became payable, or was paid without having become payable, by the registrant while the election was not in effect.

434R8.13. If an election to determine the net tax of a registrant in accordance with sections 434R8.1 to 434R8.14 ceases to have effect during a reporting period of the registrant and tax under section 16 or 17 of the Act becomes payable or is paid without having become payable by the registrant, after the election ceases to have effect but during the period, in respect of the supply or bringing into Québec of property or a service, for the purposes referred to in the first paragraph of section 434R8.8, the amount of tax that became payable or was paid without having become payable by the registrant during the period in respect of that supply or bringing into Québec is, notwithstanding section 434R8.8, deemed to be equal to the total of

(1) the amount that would, but for this section, be determined under section 434R8.8 in respect of that supply or bringing into Québec; and

(2) the tax under section 16 or 17 of the Act that became payable or was paid without having become payable by the registrant, after the election ceased to have effect but during the period, in respect of that supply or bringing into Québec.

434R8.14. For the purposes of section 435.3 of the Act, the provisions of sections 434R8.1 to 434R8.14 are prescribed provisions.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995. However, for the reporting period beginning 1 August 1995 and ending 31 December 1996, section 434R8.11 of the Regulation shall be read without reference to the words “or a public institution” and the words “or public institution”.

40. (1) Section 434R9 of the Regulation is replaced by the following:

“**434R9.** Sections 429 to 430.3 of the Act apply, with the necessary modifications, for the purpose of determining the net tax for a reporting period of a registrant in accordance with sections 434R0.1 to 434R12.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods that are fiscal years ending after 31 December 1992 or fiscal months or fiscal quarters ending after 28 February 1993. However,

(1) for the reporting period preceding 23 April 1996, section 434R9 of the Regulation shall be read with “429 to 430.3” replaced by “429 and 430”;

(2) in respect of reporting periods beginning before 1 August 1995, section 434R9 of the Regulation shall be read with “434R0.1” replaced by “434R1” and “434R12” replaced by “434R11”.

41. (1) Section 434R10 of the Regulation is replaced by the following:

“**434R10.** For the purposes of sections 434R0.1 to 434R12, if, under section 86, 89 or 90 of the Act, tax under section 16 of the Act in respect of a supply of property or a service becomes payable by a registrant on a particular day, the consideration on which that tax is calculated is deemed to have become due on that day.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods that are fiscal years ending after 31 December 1992 or fiscal months or fiscal quarters ending after 28 February 1993. However, in respect of reporting periods beginning before 1 August 1995, section 434R10 of the Regulation shall be read with “434R0.1” replaced by “434R1” and “434R12” replaced by “434R11”.

42. (1) Section 434R11 of the Regulation is amended

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

“**434R11.** For the purpose of determining any amount under sections 434R0.1 to 434R12, other than an amount of net tax that is required by those sections to be determined in accordance with section 428 of the Act, the following rules apply:”;

(2) by replacing paragraph 3 by the following:

“(3) if consideration, or a part of it, for a taxable supply, other than a supply by way of sale of an immovable, made by a supplier in the course of activities engaged in by the supplier in a division or branch of the supplier becomes due, or is paid without having become due, to the supplier at a time when the division or branch is a small supplier division within the meaning of section 337.2 of the Act, that consideration or part, as the case may be, is deemed not to be consideration for a taxable supply; and”;

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

“(4) if property or a service is acquired by a person for consumption, use or supply in the course of activities engaged in by the person in a division or branch of the person and, at a time when the division or branch is a small supplier division, within the meaning of section 337.2 of the Act, an amount becomes due, or is paid without having become due, by the person for the supply of the property or service to the person, the amount shall not be included in determining the purchase threshold under section 434R8.3 for any fiscal year of the person.”.

(2) Paragraph 1 of subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

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

(4) Paragraph 3 of subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods that are fiscal years ending after 31 December 1992 or fiscal months or fiscal quarters ending after 28 February 1993.

43. (1) The Regulation is amended by inserting, after section 434R11, the following section:

“**434R12.** For the purpose of determining any amount under sections 434R0.5 to 434R0.15, other than an amount of net tax that is required by sections 434R0.1 to 434R12 to be determined in accordance with section 428 of the Act, if at any time a registrant, who has filed an election that is in effect at that time, makes a taxable supply of property or a service to a person with whom the registrant is not dealing at arm’s length for no consideration or for consideration less than the fair market value of the property or service at that time, the supply is deemed to have been made for consideration, paid at that time, equal to that fair market value and tax calculated on that consideration is deemed to have become collectible, and to have been collected, at that time.”.

(2) Subsection 1 applies, for the purpose of determining the net tax of a registrant, in respect of reporting periods beginning after 31 July 1995.

44. (1) The Regulation is amended by replacing the heading that follows section 442R5 by the following:

“CREDIT AND DEBIT NOTE INFORMATION”.

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

45. (1) The Regulation is amended by inserting, before section 449R1, the following section:

“**449R0.1.** For the purposes of section 449R1, “intermediary” of a person means, in respect of a supply, a registrant who, acting as a mandatary for the person or under an agreement with the person, causes or facilitates the making of the supply by the person.”

(2) Subsection 1 has effect from 24 April 1996.

46. (1) Section 449R1 of the Regulation is amended

(1) by replacing the portion before paragraph 2 by the following:

“**449R1.** For the purposes of paragraph 1 of section 449 of the Act, the following information is prescribed information that is to be contained in a credit note or a debit note, as the case may be, relating to one or more supplies:

(1) a statement or other indication that the document in question is a credit note or a debit note;”;

(2) by replacing paragraph 2 by the following:

“(2) the name of the supplier or an intermediary in respect of the supply, or the name under which the supplier or the intermediary does business, and the registration number assigned under section 415 of the Act to the supplier or the intermediary, as the case may be;”;

(3) by replacing paragraph 4 by the following:

“(4) the date on which the note is issued;”;

(4) by replacing paragraph 5 by the following:

“(5) if the note is issued in respect of a patronage dividend in circumstances in which section 453 of the Act applies, the amount of the adjustment, refund or credit of tax that the issuer of the patronage dividend is deemed under paragraph 2 of section 453 of the Act to have made in respect of the supplies to which the patronage dividend relates;”;

(5) by striking out paragraph 6;

(6) by replacing paragraph 7 by the following:

“(7) except where paragraph 5 applies,

(a) if the note is issued for a total amount that includes the amount by which the consideration for one or more taxable supplies, other than zero-rated supplies,

and the tax calculated thereon have been reduced, the amount of the adjustment, refund or credit of tax that is included in that total, and

(b) in any other case, the amount of the adjustment, refund or credit of tax for which the note is issued.”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 1 July 1992.

(3) Paragraph 2 of subsection 1 applies in respect of supplies made after 23 April 1996.

(4) Paragraphs 4 and 5 of subsection 1 apply in respect of credit notes and debit notes issued after 31 March 1997. In addition, in respect of credit notes or debit notes issued between 1 July 1992 and 31 March 1997, paragraph 5 of section 449R1 of the Regulation shall be read as follows:

“(5) if the note is issued in respect of a patronage dividend in circumstances in which section 453 of the Act applies and the issuer of the patronage dividend did not file an election under subparagraph *b* of paragraph 1 of section 453 of the Act which is in effect for the fiscal period of the issuer in which the patronage dividend is paid, the specified amount, within the meaning of section 451 of the Act, in respect of the patronage dividend, the consideration fraction of the specified amount and the tax fraction of the specified amount;”.

(5) Paragraph 6 of subsection 1 applies in respect of credit notes and debit notes issued after 31 March 1997. In addition, in respect of credit notes or debit notes issued between 1 July 1992 and 31 March 1997, paragraph 7 of section 449R1 of the Regulation shall be read as follows:

“(7) except where paragraph 5 applies,

(a) if only one invoice in respect of the supply to which the note relates is issued to the recipient or the supply is made pursuant to an agreement in writing, the date on the invoice or on the agreement;

(b) if the note is issued in respect of more than one invoice, the date on the invoice that was issued first and the date on the invoice that was issued last.”.

47. (1) Section 489.1R1 of the Regulation is amended by replacing, in the portion before subparagraph 1 of the first paragraph, “20 000 000 000” by “30 000 000 000”.

(2) Subsection 1 applies in respect of sales made after 14 March 2000.

48. (1) Section 489.1R2 of the Regulation is amended

(1) by replacing, in paragraph 1, “50%” by “67%”;

(2) by replacing, in paragraph 2, “25%” by “33%” and “7 500 000 000th” by “15 000 000 000th”.

(2) Subsection 1 applies in respect of sales made after 14 March 2000.

49. (1) Section 541.24R1 of the Regulation is replaced by the following :

“**541.24R1** For the purposes of section 541.24 of the Act, the following establishments are prescribed sleeping-accommodation establishments :

(1) the following establishments defined in the Regulation respecting tourist accommodation establishments (O.C. 1111-2001 (2001, *G.O.* 2, 5568)):

(a) hotel establishments,

(b) tourist homes,

(c) bed and breakfast establishments, and

(d) hospitality villages; and

(2) outfitting operations within the meaning of the Act respecting the conservation and development of wildlife (R.S.Q., c. C-61.1) and the Act respecting hunting and fishing rights in the James Bay and New Québec territories (R.S.Q., c. D-13.1).”

(2) Subsection 1 applies from 1 December 2001.

50. (1) Section 677R10 of the Regulation is amended by replacing the portion before paragraph 1 by the following :

“**677R10.** If a person makes a supply of a publication referred to in paragraph 1 of section 24.1R1 that is deemed to have been made in Québec under section 24.1 of the Act, the person shall”.

(2) Subsection 1 has effect from 1 January 1993. However, for the period preceding 4 May 2000, the portion before paragraph 1 of section 677R10 of the Regulation shall be read with “a person” replaced by “a person not resident in Québec”.

51. The Regulation is amended

(1) by replacing “Excise Tax Act (Statutes of Canada)” by “Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)” in the following provisions :

— the first paragraph of section 17R12;

— the definition of “goods and services tax paid or payable” in section 201R1;

— section 352R3;

— paragraph 1 of section 357R1;

(2) by replacing “Customs Act (Statutes of Canada)” by “Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement)” in the following provisions :

— the definition of “value for duty” in section 17R1;

— subparagraph *i* of subparagraph *c* of paragraph 10 of section 81R2;

— subparagraph 3 of the second paragraph of section 178R14;

(3) by replacing “Customs Tariff (Statutes of Canada)” by “Customs Tariff (Revised Statutes of Canada, 1985, chapter 41, 3rd Supplement)” in the following provisions :

— the first paragraph of section 17R11;

— subparagraph *a* of paragraph 6 of section 81R2;

(4) by striking out “(Statutes of Canada)” in subparagraph *b* of paragraph 8 of section 81R2.

52. (1) Schedule I to the Regulation is amended by inserting the following registrants in alphabetical order :

“Société de gestion collective de l’Union des Artistes Inc. (ARTISTI)”

“Société québécoise de gestion collective des droits de reproduction (COPIBEC)”.

(2) Subsection 1 has effect from

(1) 22 December 1997, in the case of the Société de gestion collective de l’Union des Artistes Inc. (ARTISTI);

(2) 1 April 1998, in the case of the Société québécoise de gestion collective des droits de reproduction (COPIBEC).

53. (1) Schedule II.2 to the Regulation is amended by inserting, in alphabetical order, the following tourist regions and the municipalities included in those regions:

“Charlevoix Baie-Saint-Paul;
Baie-Sainte-Catherine; Clermont;
La Malbaie; Les Éboulements;
L’Isle-aux-Coudres;
Notre-Dame-des-Monts;
Petite-Rivière-Saint-François;
Saint-Hilarion;
Saint-Joseph-de-la-Rive;
Saint-Aimé-des-Lacs; Saint-Irénée;
Saint-Siméon (Village);
Saint-Siméon (Parish);
Saint-Urbain.

Outaouais Alleyn-et-Cawood; Aumond; Aylmer;
Blue-Sea; Boileau; Bois-Franc;
Bouchette; Bowman; Bristol;
Bryson; Buckingham; Campbell’s Bay;
Cantley; Cayamant; Chelsea;
Chénéville; Chichester; Clarendon;
Déléage; Denholm; Duhamel;
Egan-Sud; Fasset; Fort-Coulonge;
Gatineau; Gracefield;
Grand-Calumet; Grand-Remous;
Hull; Kazabazua; Lac-des-Plages;
Lac-Sainte-Marie; Lac-Simon;
L’Ange-Gardien; La Pêche;
Leslie-Clapham-et-Huddersfield;
L’Isle-aux-Alumettes; Litchfield;
Lochaber; Lochaber-Partie-Ouest;
Low; Lytton;
Maniwaki; Mansfield-et-Pontefract;
Masson-Angers; Mayo; Messines;
Montcerf; Montebello; Montpellier;
Mulgrave-et-Derry; Namur;
Northfield;
Notre-Dame-de-Bon-Secours-Partie-Nord;
Notre-Dame-de-la-Paix;
Notre-Dame-de-la-Salette;
Papineauville; Plaisance; Pontiac;
Portage-du-Fort;
Rapides-des-Joachims; Ripon;
Saint-André-Avellin;
Saint-Émile-de-Suffolk; Saint-Sixte;
Sainte-Thérèse-de-la-Gatineau;
Shawville;
Sheen-Esher-Aberdeen-et-Malakoff;
Thorne; Thurso; Val-des-Bois;
Val-des-Monts; Waltham; Wright.

Québec Beauport; Beaupré; Boischatel;
Cantons-Unis Stoneham-et-Tewkesbury;
Cap-Rouge; Cap-Santé;
Charlesbourg; Château-Richer;
Deschambault; Donnacona;
Fossambault-sur-le-Lac; Grondines;
Lac-Beauport; Lac-Delage;
Lac-Saint-Charles;
Lac-Saint-Joseph; Lac-Sergent;
L’Ancienne-Lorette;
L’Ange-Gardien; Loretteville;
Neuville; Notre-Dame-de-Portneuf;
Notre-Dame-des-Anges; Québec;
Pont-Rouge; Portneuf;
Rivière-à-Pierre; Saint-Alban;
Saint-Augustin-de-Desmaures;
Saint-Basile; Saint-Casimir;
Saint-Émile;
Saint-Ferréol-les-Neiges;
Saint-François;
Saint-Gabriel-de-Valcartier;
Saint-Gilbert; Saint-Jean;
Saint-Joachim;
Saint-Laurent-de-l’Île-d’Orléans;
Saint-Léonard-de-Portneuf;
Saint-Louis-de-Gonzague-du-
Cap-Tourmente;
Saint-Marc-des-Carières;
Saint-Pierre-de-l’Île-d’Orléans;
Saint-Raymond; Saint-Thuribe;
Saint-Tite-des-Caps; Saint-Ubalde;
Sainte-Anne-de-Beaupré;
Sainte-Brigitte-de-Laval;
Sainte-Catherine-de-la-Jacques-Cartier;
Sainte-Christine-d’Auvergne;
Sainte-Famille; Sainte-Foy;
Sainte-Pétronille; Shannon; Sillery;
Val-Bélaire; Vanier; Wendake.”

(2) Subsection 1 applies

(1) as regards the tourist regions of Charlevoix and the Outaouais and the municipalities included in those regions, in respect of the supply of a sleeping-accommodation unit that is billed after 30 September 2001 by the operator of a sleeping-accommodation establishment for occupation after that date, except if the price of the unit has been set under an agreement reached before 1 October 2001 between the operator of the establishment and a travel agent within the meaning of section 2 of the Travel Agents Act (R.S.Q., c. A-10), foreign tour operator or convention organizer who provides sleeping-accommodation units to attendees and the occupation of the unit takes place between 30 September 2001 and 1 July 2002;

(2) as regards the tourist region of Québec and the municipalities included in that region, in respect of the supply of a sleeping-accommodation unit that is billed after 30 June 2001 by the operator of a sleeping-accommodation establishment for occupation after that date, except if the price of the unit has been set under an agreement reached before 1 July 2001 between the operator of the establishment and a travel agent within the meaning of section 2 of the Travel Agents Act (R.S.Q., c. A-10), foreign tour operator or convention organizer who provides sleeping-accommodation units to attendees and the occupation of the unit takes place between 30 June 2001 and 1 April 2002.

54. (1) Schedule III of the Regulation is replaced by the following:

“SCHEDULE III
(section 678R1)

PRESCRIBED MANDATARIES

Administrative Tribunal of Québec
 Agence de l'efficacité énergétique
 Agence métropolitaine de transport
 Auditor General of Québec
 Bibliothèque nationale du Québec
 Bureau d'audiences publiques sur l'environnement
 Caisse de dépôt et placement du Québec
 Chief electoral officer
 Comité de déontologie policière
 Commission administrative des régimes de retraite et d'assurances
 Commission d'accès à l'information
 Commission des lésions professionnelles
 Commission de la capitale nationale du Québec
 Commission de la construction du Québec, in respect of supplies related to occupational training, prevention and inspection programs
 Commission de la fonction publique
 Commission de la santé et de la sécurité du travail

Commission de protection de la langue française
 Commission de protection du territoire agricole du Québec
 Commission de reconnaissance des associations d'artistes
 Commission de toponymie
 Commission des biens culturels du Québec
 Commission des droits de la personne et des droits de la jeunesse
 Commission des normes du travail
 Commission des services juridiques
 Commission des transports du Québec
 Commission des valeurs mobilières du Québec
 Commission municipale du Québec
 Commission québécoise des libérations conditionnelles
 Conseil consultatif du travail et de la main-d'œuvre
 Conseil de la famille et de l'enfance
 Conseil de la langue française
 Conseil de la santé et du bien-être
 Conseil de la science et de la technologie
 Conseil des aînés
 Conseil des arts et des lettres du Québec
 Conseil des relations interculturelles
 Conseil des services essentiels
 Conseil du statut de la femme
 Conseil du trésor
 Conseil permanent de la jeunesse
 Conseil supérieur de l'éducation
 Construction industry commissioner
 Corporation d'hébergement du Québec

Director General of Elections	Régie de l'assurance maladie du Québec
École nationale de police du Québec	Régie de l'énergie
Financement-Québec	Régie des alcools, des courses et des jeux
Fondation de la faune du Québec	Régie des assurances agricoles du Québec
Fondation universitaire de l'Université du Québec	Régie des marchés agricoles et alimentaires du Québec
Fonds d'aide aux recours collectifs	Régie des rentes du Québec
Fonds d'indemnisation du courtage immobilier	Régie du bâtiment du Québec
Fonds de la recherche en santé du Québec	Régie du cinéma
Garantie-Québec	Régie du logement
Grande bibliothèque du Québec	Regional legal aid corporations
Inspector General of Financial Institutions	Secrétariat à la politique linguistique
Institut de la statistique du Québec	Secrétariat québécois de l'Agence Québec / Wallonie- Bruxelles pour la jeunesse
Institut de recherche en santé et en sécurité du travail du Québec	Société d'habitation du Québec, in respect of supplies related to assistance programs for persons
Institut national de santé publique du Québec	Société d'Investissement-Jeunesse
Investissement-Québec	Société de développement de la Zone de commerce international de Montréal à Mirabel
Local legal aid corporations	Société de développement des entreprises culturelles, in respect of supplies related to the administration of all its programs, except those related to the management of its real property
National Assembly	Société de financement agricole
Office de la langue française	Société de l'assurance automobile du Québec
Office de la protection du consommateur	Société des Traversiers du Québec
Office de la sécurité du revenu des chasseurs et piégeurs cris	Société immobilière du Québec
Office des personnes handicapées du Québec	Société québécoise de développement de la main- d'œuvre, in respect of its activities other than giving courses of initiation, professional training, adaptation and readaptation to work and recycling of manpower, or acquiring goods and services on behalf of or with the participation of teaching institutions, persons, businesses or other organizations with which the Société has en- tered into agreements so that those institutions, persons, businesses or other organizations may offer occupational training courses
Office des professions du Québec	
Office Franco-Québécois pour la Jeunesse	
Office of the Lieutenant-Governor of Québec	
Police ethics commissioner	
Public Curator of Québec	
Public Protector	
Régie de l'assurance-dépôts du Québec	

Société québécoise de récupération et de recyclage
Sûreté du Québec”.

(2) Subsection 1 has effect from

(1) 1 July 1992, subject to subsection 3, in the case of the Auditor General of Québec, the Bibliothèque nationale du Québec, the Bureau d’audiences publiques sur l’environnement, the Caisse de dépôt et placement du Québec, the chief electoral officer, the Comité de déontologie policière, the Commission administrative des régimes de retraite et d’assurances, the Commission d’accès à l’information, the Commission de la construction du Québec, in respect of supplies related to occupational training, prevention and inspection programs, the Commission de la fonction publique, the Commission de la santé et de la sécurité du travail, the Commission de protection du territoire agricole du Québec, the Commission de reconnaissance des associations d’artistes, the Commission de toponymie, the Commission des biens culturels du Québec, the Commission des normes du travail, the Commission des services juridiques, the Commission des transports du Québec, the Commission des valeurs mobilières du Québec, the Commission municipale du Québec, the Commission québécoise des libérations conditionnelles, the Conseil consultatif du travail et de la main-d’œuvre, the Conseil de la langue française, the Conseil de la science et de la technologie, the Conseil des services essentiels, the Conseil du statut de la femme, the Conseil du trésor, the Conseil permanent de la jeunesse, the Conseil supérieur de l’éducation, the Corporation d’hébergement du Québec, the Fondation de la faune du Québec, the Fonds d’aide aux recours collectifs, the Fonds d’indemnisation du courtage immobilier, the Fonds de la recherche en santé du Québec, the Inspector General of Financial Institutions, the Institut de recherche en santé et en sécurité du travail du Québec, the local legal aid corporations, the National Assembly, the Office de la langue française, the Office de la protection du consommateur, the Office de la sécurité du revenu des chasseurs et piégeurs criss, the Office des personnes handicapées du Québec, the Office des professions du Québec, the Office of the Lieutenant-Governor of Québec, the police ethics commissioner, the Public Curator of Québec, the Public Protector, the Régie de l’assurance-dépôts du Québec, the Régie de l’assurance maladie du Québec, the Régie des assurances agricoles du Québec, the Régie des marchés agricoles et alimentaires du Québec, the Régie des rentes du Québec, the Régie du cinéma, the Régie du logement, the regional legal aid corporations, the Secrétariat à la politique linguistique, the Société d’habitation du Québec, in respect of supplies related to assistance programs for persons, the Société d’Investissement-Jeunesse, the Société de l’assurance automobile du Québec, the Société des

Traversiers du Québec, the Société immobilière du Québec, the Société québécoise de récupération et de recyclage and the Sûreté du Québec;

(2) 1 April 1993, in the case of the Conseil de la santé et du bien-être and the Société québécoise de développement de la main-d’œuvre, in respect of its activities other than giving courses of initiation, professional training, adaptation and readaptation to work and recycling of manpower, or acquiring goods and services on behalf of or with the participation of teaching institutions, persons, businesses or other organizations with which the Société has entered into agreements so that those institutions, persons, businesses or other organizations may offer occupational training courses;

(3) 17 June 1993, in the case of the Société de financement agricole;

(4) 1 January 1994, in the case of the Conseil des aînés, the Conseil des arts et des lettres du Québec, the Régie des alcools, des courses et des jeux, the Régie du bâtiment du Québec and the Secrétariat québécois de l’Agence Québec/Wallonie-Bruxelles pour la jeunesse;

(5) 1 December 1995, in the case of the Agence métropolitaine de transport, the Commission des droits de la personne et des droits de la jeunesse and the Société de développement des entreprises culturelles, in respect of supplies related to the administration of all its programs, except those related to the management of its immovable property;

(6) 1 August 1996, in the case of the Commission de la capitale nationale du Québec and the Office Franco-Québécois pour la Jeunesse;

(7) 4 September 1996, in the case of the Conseil des relations interculturelles;

(8) 2 June 1997, in the case of the Régie de l’énergie;

(9) 2 July 1997, in the case of the Conseil de la famille et de l’enfance;

(10) 1 September 1997, in the case of the Commission de protection de la langue française;

(11) 29 October 1997, in the case of the Commission des lésions professionnelles;

(12) 3 December 1997, in the case of the Agence de l’efficacité énergétique;

(13) 5 August 1998, in the case of the Grande bibliothèque du Québec;

(14) 21 August 1998, in the case of Garantie-Québec and Investissement-Québec;

(15) 8 October 1998, in the case of the Institut national de santé publique du Québec;

(16) 14 October 1998, in the case of the Institut de la statistique du Québec;

(17) 1 July 2000, in the case of the Administrative Tribunal of Québec, the construction industry commissioner, Financement-Québec, the Fondation universitaire de l'Université du Québec and the Société de développement de la Zone de commerce international de Montréal à Mirabel.

(18) 1 September 2000, in the case of the École nationale de police du Québec.

(3) Notwithstanding the foregoing, Schedule III of the Regulation must be read:

(1) for the period commencing 1 July 1992 and ending on 31 August 2000, as though "Institut de police du Québec" were listed therein; and

(2) for the period commencing 1 July 1992 and ending on 20 July 2001, as though "Fonds pour la formation de chercheurs et l'aide à la recherche" were listed therein.

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

Regulation to amend the Regulation respecting the application of the Fuel Tax Act*

Fuel Tax Act
(R.S.Q., c. T-1, s. 10, par. a, subpar. viii and par. b, subpar. iv and s. 19, par. c)

1. Section 10R5 of the Regulation respecting the application of the Fuel Tax Act is amended by replacing paragraph c by the following:

"(c) "forest operation": cutting work, handling and transportation of timber carried out in a forest for the purpose of exploiting it and the necessary work to be done in connection with those activities that is carried out in a forest by a person operating a business and reforestation work following the cutting of timber, except transformation of timber and all work subsequent to the transformation, in a forest or elsewhere;"

2. The Regulation is amended by inserting, after section 18R10, the following section:

"19R1. For the purposes of paragraph c of section 19 of the Act, every vessel used principally for purposes other than pleasure is a commercial vessel."

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

Regulation to amend the Regulation to amend the Regulation respecting the Taxation Act made by Order in Council 1451-2000 dated 13 December 2000*

Taxation Act
(R.S.Q., c. I-3, s. 1086, 1st par., subpar. e.2 and f)

1. (1) The Regulation to amend the Regulation respecting the Taxation Act, made by Order in Council 1451-2000 dated 13 December 2000, is amended by replacing section 22 by the following:

"22. (1) Sections 737.13R1 to 737.13.1R1 of the Regulation are revoked.

(2) Subsection 1 applies to taxation years or fiscal periods that begin after 20 December 1999.

(3) In addition, where section 737.13R1 of the Regulation applies

(1) from 1 April 1998, it shall be read

(a) with the definition of "back office activities" replaced by the following:

* The Regulation respecting the application of the Fuel Tax Act (R.R.Q., 1981, c. T-1, r.1) was last amended by the Regulation made by Order in Council 1451-2000 dated 13 December 2000 (2000, G.O. 2, 5885). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2001, updated to 1 September 2001.

* The Regulation to amend the Regulation respecting the Taxation Act was made by Order in Council 1451-2000 dated 13 December 2000 (2000, G.O. 2, 5885).

““back office activities” means the behind-the-scenes administrative tasks associated with front-line financial activities;”;

(b) with the following definition added in alphabetical order:

““underlying interest” means any security, commodity, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, contract, benchmark or other reference, interest or variable.”;

(c) with “, a” replaced by the words “or a”, in the definition of “foreign entity”;

(d) with the following definition added in alphabetical order:

““foreign exposure” means, in relation to a fund, portfolio or financial product, the result of either or, as the case may be, of the total of the following aggregates:

(a) the aggregate of one or more physical securities that are qualified securities and that are not combined with a financial derivative position; and

(b) the aggregate of one or more financial derivative positions, combined or not with physical securities, the underlying interest of which, resulting from the net position, is foreign;”;

(e) with the words “or by a resolution of its board of directors” added at the end of the definition of “qualified investment fund”;

(f) with the definition of “financial engineering” struck out;

(g) with the following definitions added in alphabetical order:

““financial derivative” means a contract, instrument or security, the market price, value or payment obligations of which is derived from an underlying interest or from the relationship between any of those underlying interests;

““foreign financial derivative” means a financial derivative the underlying interest of which is foreign;”;

(h) with the definition of “financial consulting services” struck out;

(i) with the definition of “financial assembly services” replaced by the following, which is to be reordered alphabetically:

““financial packaging services” means providing advice or other technical assistance for project financing, including the services relating to strategic planning, term financing through private placement, the financial aspect of privatization of operations, the submission of financial information to lenders, the negotiation of short-term credit contracts, the implementation of an international cash management organization and the financial aspect of business acquisitions and mergers;”;

(j) with the following definition added in alphabetical order:

““Canadian debt security” means

(a) a bond or a debenture, other than a convertible bond or debenture, issued by a Canadian corporation;

(b) a bond or treasury bill issued by the Government of Canada or the government of a Canadian province, including a bond or treasury bill issued by any of their respective state-owned corporations; or

(c) coupon bonds from the securities referred to in paragraphs a or b;”

(k) with the following definition added in alphabetical order:

““physical security” means any security other than a financial derivative;

(l) with the word “or”, at the end of paragraph c of the definition of “qualified security”, struck out and the word “or” added at the end of paragraph d of that definition;

(m) with the following paragraph added after paragraph d of the definition of “qualified security”:

“(e) a foreign financial derivative;”;

(2) from 24 February 1999, it shall be read with the definition of “insurance broker” struck out;

(3) from 10 March 1999, it shall be read with the following definition added in alphabetical order:

““qualified services in relation to a financial product” means the development of a new financial product or the designing of a customized financial product for a particular customer or situation;”.

(4) In addition, where section 737.13R2 of the Regulation applies

(1) from 1 January 1998, it shall be read with the words “in the first paragraph of section”, in the portion before paragraph *a*, replaced by the words “in section”;

(2) in respect of international transactions made after 31 March 1998, it shall be read

(a) with paragraph *p* replaced by the following :

“(p) promotional activities relating to a qualified investment fund the shares of which are to be sold to persons not resident in Canada, or to persons resident in Canada if the fund is established to be exclusively or almost exclusively subject to foreign exposure;”;

(b) with paragraph *q* replaced by the following :

“(q) administrative activities, in relation to the shares of a qualified investment fund, in respect of persons not resident in Canada, or in respect of persons resident in Canada if the fund is established to be exclusively or almost exclusively subject to foreign exposure;”;

(c) with paragraph *r* replaced by the following :

“(r) management activities relating to a qualified investment fund the shares of which are sold to persons not resident in Canada, or to persons resident in Canada if the fund is established to be exclusively or almost exclusively subject to foreign exposure;”;

(d) with paragraph *s* replaced by the following :

“(s) distribution activities relating to the shares of a qualified investment fund and directed at persons not resident in Canada, or at persons resident in Canada if the fund is established to be exclusively or almost exclusively subject to foreign exposure, provided that the promotional activities and the management activities relating to the fund as well as the administrative activities, where related to the shares of the fund, are carried out exclusively or almost exclusively within the territory of Ville de Montréal;”;

(3) to taxation years or fiscal periods that end after 23 June 1998, it shall be read

(a) with the words “or partnerships” added after the word “corporations” in paragraph *f*;

(b) with the words “or partnership” added after the word “corporation”, wherever it appears in subparagraph *i* of paragraph *u*;

(4) from 24 February 1999, with the words “in the capacity of an insurance broker”, in paragraph *k*, replaced by “as a damage insurance broker within the meaning of section 6 of the Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2)”;

(5) in respect of international transactions made after 9 March 1999, it shall be read with the following paragraph inserted after paragraph *j* :

“(j.1) qualified services in relation to a financial product for or on behalf of a person not resident in Canada, or for or on behalf of a person resident in Canada if the financial product to which those services relate is put together to be exclusively or almost exclusively subject to foreign exposure;”.

(5) In addition, where section 737.13R3 of the Regulation applies in respect of international transactions made after 31 March 1998, it shall be read

(1) with the following subparagraph added after subparagraph 4 of subparagraph *ii* of paragraph *a* :

“(5) a foreign financial derivative;”;

(2) with paragraph *a.1* replaced by the following :

“(a.1) trading in outstanding securities as principal shall be carried out only if the trading is in

i. a security referred to in any of subparagraphs 1 to 5 of subparagraph *ii* of paragraph *a*; or

ii. a Canadian debt security, where the following conditions are met :

(1) the transaction was made either to build up an inventory in the expectation of orders from persons not resident in Canada or in the course of an operation to cover a short sale to a person not resident in Canada, and

(2) the corporation or partnership held on 31 March 1998 a valid qualification certificate issued by the Minister of Finance in respect of its business or part of business and its activity of trading in securities as principal, for a taxation year or fiscal period, as the case may be, ended in the year 1998 or 1999, accounted for more than 90% of all its activities carried out in that taxation year or fiscal period in the course of the operations of that business or part of business;”.

(6) In addition, where section 737.13R4 of the Regulation applies in respect of international transactions made after 31 March 1998, it shall be read with paragraph *b* replaced by the following:

“(b) a person resident in Canada, where the security is one of the securities referred to in subparagraphs 1 to 5 of subparagraph ii of paragraph *a* of section 737.13R3 or if the securities portfolio is put together to be exclusively or almost exclusively subject to foreign exposure.””.

(2) Subsection 1 has effect from 27 December 2000.

2. (1) Sections 27 and 28 of the Regulation are revoked.

(2) Subsection 1 has effect from 27 December 2000.

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

4701

Gouvernement du Québec

O.C. 1464-2001, 5 December 2001

An Act respecting income support, employment and social solidarity
(R.S.Q., c. S-32.001)

Income support — Amendments

Regulation to amend the Regulation respecting income support

WHEREAS, in accordance with the Act respecting income support, employment and social solidarity (R.S.Q., c. S-32.001), the Government made the Regulation respecting income support by Order in Council 1011-99 dated 1 September 1999;

WHEREAS it is expedient to amend the Regulation;

WHEREAS, under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be made without having been published as provided for in section 8 of that Act if the authority making it is of the opinion that the urgency of the situation requires it;

WHEREAS, under section 18 of that Act, a regulation may come into force between the date of its publication in the *Gazette officielle du Québec* and the date applicable under section 17 of that Act where the authority that has made it is of the opinion that the urgency of the situation requires it;

WHEREAS, under sections 13 and 18 of that Act, the reason justifying the absence of prior publication and such coming into force shall be published with the regulation;

WHEREAS the Government is of the opinion that the urgency due to the following circumstances justifies the absence of prior publication and such coming into force:

— the amendments provided in the Regulation attached to this Order in Council are linked to the increase in the benefits granted under the Employment-Assistance Program, in accordance with the announcement made during the 2002-2003 Budget Speech and they shall come into force on 1 January 2002;

WHEREAS it is expedient to make the Regulation;

IT IS ORDERED, therefore, upon the recommendation of the Minister of State for Labour and Social Solidarity and Minister of Social Solidarity:

THAT the Regulation to amend the Regulation respecting income support, attached hereto, be made.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting income support*

An Act respecting income support, employment and social solidarity
(R.S.Q., c. S-32.001, s. 156, pars. 5, 8, 11, 12, 15, 19, 22, 26, 29 and s. 160)

1. The Regulation respecting income support is amended in section 9

* The Regulation respecting income support, made by Order in Council 1011-99 dated 1 September 1999 (1999, *G.O.* 2, 2881), was last amended by the Regulation made by Order in Council 1163-2001 dated 26 September 2001 (2001, *G.O.* 2, 5758). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2001, updated to 1 September 2001.