



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-SEVENTH LEGISLATURE

Bill 10

(2003, chapter 9)

An Act giving effect to the Budget Speech delivered on 1 November 2001, to the supplementary statement of 19 March 2002 and to certain other budget statements

Introduced 23 October 2003

Passage in principle 4 November 2003

Passage 27 November 2003

Assented to 10 December 2003

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EXPLANATORY NOTES

This bill amends various legislation to give effect primarily to the Budget Speech delivered on 1 November 2001, to the Supplement to the Government's Budgetary Policy of 19 March 2002 and to Information Bulletins 2001-3 dated 9 April 2001, 2001-5 dated 13 June 2001, 2001-6 dated 5 July 2001, 2001-10 dated 24 September 2001, 2001-11 dated 26 September 2001, 2001-12 dated 1 November 2001, 2001-13 dated 20 December 2001, 2002-6 dated 17 June 2002 and 2002-8 dated 11 July 2002, published by the Ministère des Finances. The bill also gives effect, in an incidental manner, to the Budget Speech delivered on 12 June 2003.

The bill amends the Tobacco Tax Act mainly to increase the amounts of tax on tobacco products.

The bill amends the Taxation Act, mainly to introduce a number of fiscal measures specific to Québec and to amend certain existing measures. In particular, the amendments

(1) provide for the transfer between spouses of non-refundable tax credits ;

(2) increase the number of deductions and tax credits that may be taken advantage of in the simplified tax system and improve the concept of family income ;

(3) provide for the tax treatment of certain allowances and other benefits granted to certain employees ;

(4) establish a deduction for independent traders in financial derivatives and foreign producers ;

(5) make it possible for small employers to remit source deductions and employer contributions on a quarterly basis ;

(6) reduce the tax rates on the paid-up capital of corporations and introduce a new deduction in the computation of paid-up capital ;

(7) provide for the terms and conditions under which refundable tax credits are to be applied in the cultural sector ;

(8) *make changes to the refundable tax credit for holders of a taxi driver's or owner's permit and establish a refundable tax credit to promote the modernization of the fleet of taxis used in the taxi industry;*

(9) *establish various refundable tax credits to support the financial sector and a five-year tax holiday for foreign specialists employed by stock exchanges or securities clearing houses;*

(10) *establish a refundable tax credit for corporations established in the Carrefours de l'innovation and a five-year tax holiday for foreign specialists employed by those corporations;*

(11) *establish a refundable tax credit for e-business activities and a five-year tax holiday for foreign specialists working in that sector of activity;*

(12) *group together, in the division pertaining to refundable tax credits to foster the development of the new economy, refundable tax credits for corporations established in the multimedia complex, the Centre national des nouvelles technologies de Québec and the Centre de développement des biotechnologies de Laval and refundable tax credits to foster the development of information technologies;*

(13) *establish a special tax relating to the fulfilment of investment requirements by Capital régional et coopératif Desjardins.*

The bill amends the Act respecting the Régie de l'assurance maladie du Québec to introduce an exemption from payment of the employer contributions to the Fonds des services de santé for corporations operating a stock exchange or a securities clearing house.

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

LEGISLATION AMENDED BY THIS BILL :

- Cultural Property Act (R.S.Q., chapter B-4);
- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Act respecting municipal taxation (R.S.Q., chapter F-2.1);

- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2);
- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);
- Act respecting the Québec Pension Plan (R.S.Q., chapter R-9);
- Act respecting property tax refund (R.S.Q., chapter R-20.1);
- Act respecting income support, employment assistance and social solidarity (R.S.Q., chapter S-32.001);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 14);
- Budget Act No. 2 giving effect to the Budget Speech delivered on 29 March 2001 and to certain budget statements (2002, chapter 40);
- Act respecting the Agence nationale d'encadrement du secteur financier (2002, chapter 45).

Bill 10

AN ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 1 NOVEMBER 2001, TO THE SUPPLEMENTARY STATEMENT OF 19 MARCH 2002 AND TO CERTAIN OTHER BUDGET STATEMENTS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

CULTURAL PROPERTY ACT

1. (1) Section 2.1 of the Cultural Property Act (R.S.Q., chapter B-4) is amended by replacing “in section 232R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1)” in the portion before paragraph *a* by “in subparagraph *a* of the third paragraph of section 232 of the Taxation Act (chapter I-3)” and by striking out “(chapter I-3)” after “section 1 of the Taxation Act”.

(2) Subsection 1 has effect from 12 July 2002.

2. (1) Section 7.12 of the said Act is amended by replacing “in section 232R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1)” by “in subparagraph *a* of the third paragraph of section 232 of the Taxation Act (chapter I-3)” and by striking out “(chapter I-3)” after “section 752.0.10.7 of the Taxation Act”.

(2) Subsection 1 has effect from 12 July 2002.

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

3. (1) Section 4 of the Act respecting international financial centres (R.S.Q., chapter C-8.3), amended by section 251 of chapter 45 of the statutes of 2002, is again amended by replacing “any of those underlying interests” in the definition of “financial derivative” by “certain underlying interests”.

(2) Subsection 1 has effect from 20 December 1999.

ACT RESPECTING MUNICIPAL TAXATION

4. (1) Section 226 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) is amended by striking out the second paragraph.

(2) Subsection 1 has effect from 1 January 2001.

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

5. (1) Section 19 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2) is amended by replacing "1 June 1999" in the eighth paragraph by "1 June 2001".

(2) Subsection 1 applies to fiscal years that begin after 31 May 1999.

6. (1) Section 20 of the said Act is amended by replacing "Québec enterprises" wherever it appears in subparagraphs 1 to 3 of the first paragraph and in the second paragraph by "eligible enterprises".

(2) Subsection 1 applies to fiscal years that begin after 31 May 2001.

TOBACCO TAX ACT

7. (1) Section 8 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended by replacing paragraphs *a* to *d* by the following paragraphs:

"(a) \$0.0905 per cigarette and per cigar sold at a retail price of \$0.15 or less;

"(b) \$0.0905 per gram of any loose tobacco;

"(b.1) \$0.0905 per gram of any leaf tobacco;

"(c) 80% of the retail price of each cigar other than a cigar sold at a retail price of \$0.15 or less; and

"(d) \$0.1392 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, where the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.0905 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.0905 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking."

(2) Subsection 1 has effect from 18 June 2002. However, not later than 19 July 2002, the following persons shall submit to the Minister an inventory, in such form as is prescribed by the Minister, of the tobacco products mentioned in subsection 1 that the persons have in stock at 12:00 midnight on 17 June 2002 and, at the same time, remit to the Minister the amount corresponding to the tobacco tax computed at the rate in effect on 18 June 2002, in respect of those tobacco products, after deducting an amount corresponding to the tobacco tax computed at the rate in effect on 17 June 2002, to the extent that such remittance has not otherwise been made:

(1) a person who has not made an agreement under section 17 of the said Act who, in Québec, sells tobacco products in respect of which the amount corresponding to the tobacco tax was collected in advance or should have been collected in advance; and

(2) a collection officer who has made an agreement under section 17 of the said Act who, in Québec, sells tobacco products in respect of which the amount corresponding to the tobacco tax was paid in advance or must be paid.

For the purposes of this subsection, the tobacco products that a person described in paragraph 1 or paragraph 2 has in stock at 12:00 midnight on 17 June 2002 include the tobacco products the person has acquired but that have not been delivered to the person at that time.

(3) For the period that begins on 2 November 2001 and that ends on 17 June 2002:

(1) paragraphs *a* to *b.1* of section 8 of the said Act shall be read as follows:

“(a) \$0.0655 per cigarette and per cigar sold at a retail price of \$0.15 or less;

“(b) \$0.0655 per gram of any loose tobacco;

“(b.1) \$0.0655 per gram of any leaf tobacco;”;

(2) paragraph *d* of section 8 of the said Act shall be read as follows:

“(d) \$0.1008 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, where the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.0655 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.0655 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(4) In addition, not later than 30 November 2001, the following persons shall submit to the Minister an inventory, in such form as is prescribed by the Minister, of the tobacco products mentioned in subsection 3 that the persons have in stock at 12:00 midnight on 1 November 2001 and, at the same time, remit to the Minister the amount corresponding to the tobacco tax computed at the rate in effect on 2 November 2001, in respect of those tobacco products, after deducting an amount corresponding to the tobacco tax computed at the rate in effect on 1 November 2001, to the extent that such remittance has not otherwise been made:

(1) a person who has not made an agreement under section 17 of the said Act who, in Québec, sells tobacco products in respect of which the amount corresponding to the tobacco tax was collected in advance or should have been collected in advance; and

(2) a collection officer who has made an agreement under section 17 of the said Act who, in Québec, sells tobacco products in respect of which the amount corresponding to the tobacco tax was paid in advance or must be paid.

For the purposes of this subsection, the tobacco products that a person described in paragraph 1 or paragraph 2 has in stock at 12:00 midnight on 1 November 2001 include the tobacco products the person has acquired but that have not been delivered to the person at that time.

8. Section 9.0.1 of the said Act is replaced by the following section :

“9.0.1. Where an individual resident in Québec brings or causes to be brought into Québec any tobacco from outside Canada, for consumption by the individual or by another person at the expense of the individual otherwise than exclusively in the course of the individual’s commercial activities, the tax provided for in section 9 does not apply in respect of the tobacco so brought into Québec, to the extent that the tax provided for in section 17 of the Act respecting the Québec sales tax (chapter T-0.1) is not payable in respect thereof by reason of the application of paragraph 1 of section 81 of that Act, without reference to section 198.2 of that Act.”

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

“is guilty of an offence and is liable to a fine of not less than the greater of \$2,000 and three times the tax that would have been payable under this Act, had the tobacco involved in the offence been sold by retail sale in Québec, and not more than \$500,000 or, notwithstanding article 231 of the Code of Penal Procedure (chapter C-25.1), to both that fine and to imprisonment for a term of not more than two years.”

TAXATION ACT

10. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 517 of chapter 45 of the statutes of 2002 and by section 2 of chapter 2 of the statutes of 2003, is again amended by inserting the following definition in alphabetical order :

““recognized gift with reserve of usufruct or use” by a taxpayer in relation to a work of art or a cultural property described in the third paragraph of section 232, means the gift by the taxpayer of the work of art or the cultural property, other than immovable property, that meets the following conditions :

(a) the gift is a gift *inter vivos* whereby the taxpayer disposes of the bare ownership of the work of art or the cultural property but retains the usufruct or right of use ;

(b) in the case of a work of art, other than cultural property described in the third paragraph of section 232, the gift is made to a Québec museum ;

(c) in the case of cultural property described in the third paragraph of section 232, the gift is made to an institution or a public authority in Canada which is, at the time of the gift, designated under subsection 2 of section 32 of the Cultural Property Export and Import Act (Revised Statutes of Canada, 1985, chapter C-51) for general purposes or for a specified purpose related to that cultural property, to a certified archival centre or an accredited museum;

(d) the usufruct or right of use is established only for the taxpayer and is not successive;

(e) the usufruct or right of use is established for the lifetime of the taxpayer, where the taxpayer is an individual, or for a term not exceeding thirty years;

(f) the taxpayer was the sole owner of the work of art or the cultural property immediately before the gift was made; and

(g) the deed of gift provides that

i. the taxpayer may not dispose of the taxpayer's usufruct or right of use without the consent of the bare owner,

ii. the taxpayer shall keep the work of art or the cultural property in a place designated in the deed of gift and shall move it only with the consent of the bare owner and under the terms and conditions determined by the bare owner,

iii. the taxpayer shall keep the work of art or the cultural property insured against ordinary risks for the duration of the usufruct or right of use and undertake to inform the bare owner without delay of the deterioration or disappearance of the work of art or the cultural property,

iv. the bare owner may, where the work of art or the cultural property deteriorates,

(1) decide to restore it, in which case the bare owner shall designate the person for that purpose, who will be remunerated out of the proceeds of the insurance referred to in subparagraph iii, or

(2) decide not to restore it, in which case the bare owner may claim from the taxpayer the proceeds of the insurance referred to in subparagraph iii that the taxpayer will be required to give to the bare owner within ten days of the receipt of the written confirmation of the decision, and

v. the usufruct or right of use is extinguished where the work of art or the cultural property disappears and the taxpayer may claim the proceeds of the insurance referred to in subparagraph iii;”.

(2) Subsection 1 applies in respect of recognized gifts with reserve of usufruct or use made after 11 July 2002.

11. (1) Section 7.9 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“**7.9.** In this Part and the regulations, the following rules apply, subject to section 7.9.1 :”.

(2) Subsection 1 applies in respect of recognized gifts with reserve of usufruct or use made after 11 July 2002.

12. (1) The said Act is amended by inserting the following section after section 7.9 :

“**7.9.1.** Paragraphs *a* and *b* of section 7.9 do not apply in respect of a recognized gift with reserve of usufruct or use.”

(2) Subsection 1 applies in respect of recognized gifts with reserve of usufruct or use made after 11 July 2002.

13. (1) Section 8 of the said Act is amended by replacing paragraph *f* by the following paragraph :

“(f) was a child of, and dependent for support on, an individual to whom any of paragraphs *b*, *c* and *d* applies and the child’s income for the year did not exceed the amount in dollars referred to in the portion of section 752.0.1 before paragraph *b*, that is used in computing the child’s deduction under that section ; or”.

(2) Subsection 1 applies from the taxation year 2003.

14. (1) The said Act is amended by inserting the following section after section 21.20.9 :

“**21.20.10.** For the purposes of Divisions II.6.0.1.7 and II.6.6.1 to II.6.6.7 of Chapter III.1 of Title III of Book IX and notwithstanding section 21.20.4, for the purpose of determining whether a corporation is associated at any time with a public corporation, otherwise than as a consequence of the application of section 21.25, a right referred to in section 21.20.4 that is held by the public corporation shall not be taken into account.”

(2) Subsection 1 applies from the calendar year 2001. However, where section 21.20.10 of the said Act applies to the calendar year 2001, the reference therein to “of Divisions II.6.0.1.7 and II.6.6.1 to II.6.6.7” shall be read as a reference to “of Divisions II.6.0.1.7 and II.6.6.1 to II.6.6.6”.

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

“The tax payable under section 750 by an individual referred to in the first paragraph is equal to the portion of the tax that the individual would pay, but

for this paragraph, under that section on the individual's taxable income determined under section 24 if the individual were resident in Québec, that is the proportion, which shall not exceed 1, that that income earned in Québec is of the amount by which the amount that would have been the individual's income, computed without reference to section 1029.8.50, had the individual been resident in Québec on the last day of the taxation year, exceeds any amount deducted by the individual under any of sections 726.20.2, 737.16, 737.16.1, 737.18.10, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.25 and 737.28 in computing that taxable income."

(2) Subsection 1 applies from the taxation year 2000. However, where the second paragraph of section 25 of the said Act applies to the taxation year 2000, it shall be read without reference to "737.18.28,".

16. (1) The said Act is amended by inserting the following section after section 37.0.2 :

"37.0.3. Without restricting the generality of sections 36 and 37, an individual shall, in computing the income of the individual for the year from an office or employment, include

(a) the value of any indemnity for meals or transportation between the individual's ordinary place of residence and the individual's work location received by the individual in the year, as an allowance or refund or under any other form, for overtime worked in the course of performing the duties of the individual's office or employment ; and

(b) any amount that is the amount by which the value of a meal or service of transportation between the individual's ordinary place of residence and the individual's work location supplied in the year for overtime worked in performing the duties of the individual's office or employment exceeds the amount the individual pays in respect of the meal or service of transportation.

However, the individual is not required in computing the income of the individual to include an amount referred to in the first paragraph in relation to overtime if it was worked at the request of the employer for a scheduled period of at least three consecutive hours and are infrequent or occasional in nature and if,

(a) in the case of an indemnity for meals or a meal supplied,

i. the value of the indemnity for meals or of the meal supplied is reasonable, and

ii. in the case of an indemnity for meals, the indemnity is the full or partial refund, upon presentation of vouchers, of the meal expenses incurred by the individual because of the overtime ; and

(b) in the case of an indemnity for transportation or a service of transportation supplied,

i. public transit is not available or it is reasonable to consider that, under the circumstances, the individual's safety would be jeopardized because of the time at which the transportation is provided, and

ii. in the case of an indemnity for transportation, the indemnity is the full or partial refund, upon presentation of vouchers, of the taxi transportation expenses incurred by the individual because of the overtime to travel between the individual's ordinary place of residence and the individual's work location."

(2) Subsection 1 applies from the taxation year 2002.

17. (1) The said Act is amended by inserting the following section after section 37.1.4:

"37.1.5. For the purposes of section 37, the value of the benefit received or enjoyed by an individual for a taxation year because of, or in the course of, the individual's office or employment is deemed to be equal,

(a) for all the gifts, other than excluded gifts, received in the year by the individual from the individual's employer for one or more special occasions, such as Christmas, an anniversary, a wedding or similar occasion, to the amount by which the value otherwise determined of the benefit for the year exceeds the lesser of

i. \$500, and

ii. the aggregate of all amounts each of which is the value of such a gift;
and

(b) for all the awards, other than excluded awards, received in the year by the individual from the individual's employer in recognition of certain achievements, such as reaching a set number of years of service, meeting or exceeding safety standards or reaching similar objectives, to the amount by which the value otherwise determined of the benefit for the year exceeds the lesser of

i. \$500, and

ii. the aggregate of all amounts each of which is the value of such an award.

In the first paragraph, an excluded gift or an excluded award means a gift or an award that

(a) is in cash;

(b) may easily be converted into cash, except a gift coupon or gift certificate, including a smart card, that may be used to purchase a property or a service from one or more designated merchants; or

(c) constitutes a benefit that is referred to in another special provision of this chapter or that may reasonably be considered, without reference to section 34, to be a benefit received or enjoyed by the individual as consideration for the individual's performance of work."

(2) Subsection 1 applies from the taxation year 2001.

18. (1) Section 39 of the said Act is amended by replacing paragraph *g* by the following paragraph :

"(g) prescribed travel, personal, living or representation expense allowances and any other amount prescribed in respect of such expenses."

(2) Subsection 1 applies from the taxation year 2002.

19. (1) Section 40.1 of the said Act is amended

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

40.1. For the purposes of paragraph *e* of section 39 and paragraphs *a* and *c* of section 40, an allowance received in the year by the individual for the use of a motor vehicle in connection with or in the course of the individual's office or employment is deemed not to be a reasonable allowance

(a) where the measurement of the use of the vehicle for the purpose of determining the allowance is not based solely on the actual number of kilometres for which the motor vehicle is used in connection with or in the course of the office or employment ; or" ;

(2) by striking out "soit lorsque" in the French text of paragraph *b*.

(2) Paragraph 1 of subsection 1, where it inserts "actual" in paragraph *a* of section 40.1 of the said Act, is declaratory, except in respect of cases pending before the courts on 5 July 2001 and notices of objection served on the Minister of Revenue on or before that date, where one of the subjects of the contestation concerns the reasonableness of an allowance received by an individual for the use of a motor vehicle and is based on the non-applicability, expressly invoked on or before that date in the motion for appeal or the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, of that paragraph *a* in respect of the allowance because the allowance was determined on the basis of an estimate, made in respect of a base period, of the number of kilometres travelled by the vehicle during that use.

20. (1) Section 134 of the said Act is amended by adding the following paragraph after the second paragraph :

"However, this section does not apply to such an amount that is a gift or award referred to in section 37.1.5."

(2) Subsection 1 applies from the taxation year 2001.

21. (1) Section 232 of the said Act is amended

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

“However, the disposition of a cultural property referred to in the third paragraph and the disposition of the bare ownership of such property made in the course of a recognized gift with reserve of usufruct or use shall not give rise to a capital gain and the disposition of depreciable property shall not give rise to a capital loss.”;

(2) by adding the following paragraphs :

“A cultural property to which the second paragraph refers is any of the following properties, except a property referred to in the fourth paragraph :

(a) a property which complies with the criteria of significance and importance set out in subsection 3 of section 29 of the Cultural Property Export and Import Act (Revised Statutes of Canada, 1985, chapter C-51) as determined by the Canadian Cultural Property Export Review Board, and that has been disposed of to an institution or a public authority in Canada which is, at the time of disposition, designated under subsection 2 of section 32 of that Act for general purposes or for a specified purpose related to that property ;

(b) a property that is recognized, at the time of disposition, in accordance with section 16 of the Cultural Property Act (chapter B-4) or classified in accordance with sections 24 to 29 of that Act and that has been disposed of to an institution or a public authority referred to in subparagraph *a* ; and

(c) a property that is the object of a certificate issued by the Commission des biens culturels du Québec to the effect that it was acquired by a certified archival centre or an accredited museum in accordance with its acquisition and conservation policy and the directives of the Ministère de la Culture et des Communications.

“The property to which the third paragraph refers is a property of the taxpayer that was a gift referred to in section 752.0.10.10 and made to an institution or a public authority referred to in subparagraph *a* of the third paragraph, to a certified archival centre or to an accredited museum, and which was not vested in that donee within the 36-month period following the death of the taxpayer or, if the taxpayer’s legal representative so requests in writing to the Minister before the expiry of such period, within such longer period as the Minister considers reasonable.”

(2) Subsection 1 applies in respect of dispositions made after 11 July 2002.

22. (1) Section 313 of the said Act is amended by replacing “of sections 312.4 and 752.0.6” by “of section 312.4”.

(2) Subsection 1 applies from the taxation year 2001.

23. (1) Section 313.0.1 of the said Act is amended by striking out “and section 752.0.6” in the first paragraph.

(2) Subsection 1 applies from the taxation year 2001.

24. (1) Section 336.0.6 of the said Act is amended by replacing “of sections 336.0.3 and 752.0.6” by “of section 336.0.3”.

(2) Subsection 1 applies from the taxation year 2001.

25. (1) Section 336.1 of the said Act is amended by striking out “and of section 752.0.6” in the first paragraph.

(2) Subsection 1 applies from the taxation year 2001.

26. (1) Section 339 of the said Act is amended by replacing paragraph *j* by the following paragraph:

“(j) the aggregate of all amounts each of which is 50% of the amount payable by the taxpayer for the year as a contribution in respect of self-employed earnings under the Act respecting the Québec Pension Plan (chapter R-9) or under any similar plan within the meaning of paragraph *u* of section 1 of that Act, other than

i. an amount payable by the taxpayer for the year in relation to a business of the taxpayer, as such a contribution, if all of the taxpayer’s income for the year from that business is not required to be included in computing the taxpayer’s income for the year or is deductible in computing the taxpayer’s taxable income for the year under any of sections 725, 737.16, 737.18.10, 737.18.34 and 737.22.0.10, or

ii. an amount payable by the taxpayer for the year in relation to a business of the taxpayer, as such a contribution, that may reasonably be attributed to the amount that is deductible in computing the taxpayer’s taxable income for the year under section 737.18.28.”

(2) Subsection 1 applies from the taxation year 2000. However, where paragraph *j* of section 339 of the said Act applies to the taxation year 2000, it shall be read as follows:

“(j) the aggregate of all amounts each of which is 50% of the amount payable by the taxpayer for the year as a contribution in respect of self-employed earnings under the Act respecting the Québec Pension Plan (chapter R-9) or under any similar plan within the meaning of paragraph *u* of section 1 of that Act, other than an amount payable by the taxpayer for the year in relation to a business of the taxpayer, as such a contribution, if all of the taxpayer’s income for the year from that business is not required to be

included in computing the taxpayer's income for the year or is deductible in computing the taxpayer's taxable income for the year under any of sections 725, 737.16, 737.18.10 and 737.18.34."

27. (1) The said Act is amended by inserting the following after section 350:

“CHAPTER VII.1

“INDIVIDUALS RESIDING IN REMOTE AREAS

“350.1. An individual who, throughout a period, in this chapter referred to as the “qualifying period”, of not less than six consecutive months commencing or ending in a taxation year, has resided in one or more particular areas each of which was a prescribed northern zone or prescribed intermediate zone for the year, and who encloses the prescribed form containing the prescribed information with the fiscal return the individual is required to file for the year under section 1000, may deduct, in computing the individual's income for the year, the amount determined in respect of the individual under section 350.2.

“350.2. The amount to which section 350.1 refers is equal to the aggregate of

(a) the aggregate of all amounts each of which is the product obtained by applying the specified percentage for the year for the particular area in which the individual resided to the amount received, or to the value of a benefit received or enjoyed, in the year by the individual because of the individual's employment in the particular area by a person with whom the individual was dealing at arm's length in respect of travel expenses incurred by the individual or another individual who was a member of the individual's household during the part of the year in which the individual resided in the particular area, to the extent that

i. the amount received or the value of the benefit, as the case may be, does not exceed a prescribed amount in respect of the individual for the period of the year in which the individual resided in the particular area, is included and is not otherwise deducted in computing the individual's income for the year or any other taxation year, and is not taken into account in determining an amount deducted under section 752.0.11 for the year or any other taxation year,

ii. the travel expenses were incurred in respect of trips made in the year by the individual or another individual who was a member of the individual's household during the part of the year in which the individual resided in the particular area, and

iii. neither the individual nor a member of the individual's household is at any time entitled to a reimbursement or any form of assistance, other than a reimbursement or assistance included in computing the income of the individual

or the member, in respect of travel expenses to which subparagraph ii applies ;
and

(b) the lesser of

i. 20% of the individual's income for the year, computed without reference to this chapter, and

ii. the aggregate of all amounts each of which is equal to the amount obtained by applying the specified percentage for the year for the particular area in which the individual resided to the aggregate of

(1) \$7.50 multiplied by the number of days in the year included in the qualifying period in which the individual resided in the particular area, and

(2) \$7.50 multiplied by the number of days in the year included in that portion of the qualifying period throughout which the individual maintained and resided in a self-contained domestic establishment in the particular area, except any day taken into account for the purpose of computing an amount deducted under this subparagraph *b* by another person who resided on that day in the establishment.

For the purposes of the first paragraph, the specified percentage for a taxation year for a particular area is

(a) 100%, where the area is a prescribed northern zone for the year for the purposes of section 350.1 ; and

(b) 50%, where the area is a prescribed intermediate zone for the year for the purposes of section 350.1.

“350.3. The aggregate of the amounts determined under subparagraph *a* of the first paragraph of section 350.2 for an individual in respect of travel expenses incurred in a taxation year in respect of the individual or another individual who is a member of the individual's household, shall not be in respect of more than two trips made by each of those individuals in the year, other than trips to obtain medical services that are not available in the locality in which the individual resided.

“350.4. The amount determined under subparagraph ii of subparagraph *b* of the first paragraph of section 350.2 in respect of an individual for a taxation year in relation to a particular area shall not exceed the amount by which the aggregate of the amounts otherwise determined under that subparagraph ii for the year in relation to that particular area exceeds the value of expenses, or an allowance in respect of expenses incurred by the individual, for the individual's board and lodging in the particular area, other than at a work site described in subparagraph *d.1* of the first paragraph of section 421.2, that

(a) would, but for subparagraph i of paragraph *a* of section 42, be included in computing the individual's income for the year; and

(b) may reasonably be attributable to that portion of the qualifying period that is in the year and during which the individual maintained a self-contained domestic establishment as principal place of residence in an area other than a prescribed northern zone or a prescribed intermediate zone for the year for the purposes of section 350.1.

“350.5. Where on any particular day an individual resides in more than one particular area referred to in section 350.2, for the purposes of that section, the individual is deemed to reside in only one such area on that day.

“350.6. Where an individual is, at any time in a taxation year, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, the following rules apply for the purpose of computing the amount that the individual may deduct under section 350.1 for the year:

(a) where the individual has included in computing the individual's income for the year an amount received, or the value of a benefit received or enjoyed, by the individual and such amount or such value is both described in subparagraph *a* of the first paragraph of section 350.2 and included in the individual's eligible income, within the meaning of any of sections 737.19, 737.22.0.0.1, 737.22.0.0.5, 737.22.0.1 and 737.22.0.5, as the case may be, for the year, the amount or value, as the case may be, is deemed to be nil; and

(b) for the purposes of subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the first paragraph of section 350.2, the number of days in the year included in the qualifying period in which the individual resided in the particular region does not include a day included in the individual's research activity period, the individual's eligible activity period or the individual's specialized activity period, within the meaning of any of sections 737.19, 737.22.0.0.1, 737.22.0.0.5, 737.22.0.1 and 737.22.0.5, as the case may be.

Where an individual is an eligible individual referred to in section 737.22.0.10 for a taxation year, no amount may be deducted by the individual under section 350.1 for the year.”

(2) Subsection 1 applies from the taxation year 2003.

28. (1) Section 421.2 of the said Act is amended by inserting “section 37.1.5 or” after “required but for” in subparagraph *d* of the first paragraph.

(2) Subsection 1 applies from the taxation year 2001.

29. Section 485.45 of the said Act is amended by replacing “serve” in subparagraph ii of paragraph *a* by “notify”.

30. Section 485.46 of the said Act is amended by replacing “serve” wherever it appears in paragraph *b* by “notify”.

31. (1) Section 499 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

32. (1) Section 518 of the said Act is amended by inserting “or, where that election cannot be made by reason of paragraph 21.2 of section 13 of that Act, make an election, in the prescribed form referred to in the first paragraph of section 520.1, to apply the rules in respect of the disposition” after “in respect of the disposition”.

(2) Subsection 1 has effect from 6 July 2001.

33. (1) Section 520.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**520.1.** Where section 518 applies in respect of the disposition of property, the prescribed form and, if the election made by the taxpayer and the corporation is the first election mentioned in that section, a copy of every document sent to the Minister of Revenue of Canada in respect of the disposition in connection with that election, shall be sent to the Minister.”

(2) Subsection 1 has effect from 6 July 2001.

34. (1) Section 521.2 of the said Act is amended by replacing “election referred to in” by “first election mentioned in”.

(2) Subsection 1 has effect from 6 July 2001.

35. (1) Section 522 of the said Act is amended

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

“**522.** Notwithstanding section 521.2 and subject to the fourth paragraph, where the taxpayer and the corporation make the election referred to in section 518 in respect of the disposition of property, where the conditions described in the second paragraph are met, where the prescribed form referred to in the first paragraph of section 520.1 is sent to the Minister on or before the end of a three-year period, or a longer period allowed by the Minister in the circumstances, that follows the particular date referred to in subparagraph i of subparagraph *a* of the third paragraph of section 520.1 in respect of the disposition and where, in the prescribed form referred to in the first paragraph of section 520.1 or, if the application made to the Minister under the third

paragraph in respect of the disposition is granted by the Minister, in the prescribed form referred to in the second paragraph of section 520.1, the taxpayer and the corporation jointly agree on an amount in respect of the property, the amount so agreed on is deemed to be”;

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

“(a) where the election made by the taxpayer and the corporation is the first election mentioned in section 518, to agree on an amount in respect of the property if they have not done so in the prescribed form referred to in the first paragraph of section 520.1 ;

“(b) where the election made by the taxpayer and the corporation is the first election mentioned in section 518, to be deemed never to have agreed on an amount in respect of the property ; or”;

(3) by inserting “where the election made by the taxpayer and the corporation is the first election mentioned in section 518,” after “However,” in the fourth paragraph ;

(4) by adding the following paragraph after the fourth paragraph :

“Where the election made by the taxpayer and the corporation in respect of the disposition is not the first election mentioned in section 518 and, but for this paragraph, any of the conditions for the application of the first paragraph in respect of the disposition is not met, the election is deemed, notwithstanding section 518, never to have been made by the taxpayer and the corporation in respect of the disposition.”

(2) Paragraph 1 of subsection 1 applies in respect of dispositions that occur after 25 March 1997. However, where the three-year period that follows the particular date referred to in subparagraph *i* of subparagraph *a* of the third paragraph of section 520.1 of the said Act in respect of the disposition ends before 7 June 2004, the reference to “the end of a three-year period, or a longer period allowed by the Minister in the circumstances, that follows the particular date referred to in subparagraph *i* of subparagraph *a* of the third paragraph of section 520.1 in respect of the disposition” in the portion of the first paragraph of section 522 of the said Act before subparagraph *a* shall be read as a reference to “7 June 2004 or a later date allowed by the Minister in the circumstances”.

(3) Paragraphs 2 to 4 of subsection 1 have effect from 6 July 2001.

36. (1) Section 522.1 of the said Act is amended by replacing “ends in a particular taxation year” in the English text of the portion of subparagraph *e* of the second paragraph before subparagraph *i* by “ends in a particular calendar year”.

(2) Subsection 1 applies in respect of dispositions that occur after 31 October 2000.

37. Section 528 of the said Act is amended

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

“**528.** Where a taxpayer and a corporation make the election referred to in section 518 in respect of a disposition, the cost to the taxpayer of each property the taxpayer receives for the disposition is deemed to be equal”;

(2) by replacing “ou de la partie” in the French text of paragraphs *a* and *b* by “et de la partie”;

(3) by striking out “an amount equal” in paragraphs *a* to *c*.

38. (1) Section 529 of the said Act is amended by inserting “or, where that election cannot be made by reason of paragraph 21.2 of section 13 of that Act, make an election, in the prescribed form referred to in the first paragraph of section 520.1” after “in respect of the disposition” in the first paragraph.

(2) Subsection 1 has effect from 6 July 2001.

39. (1) Section 603 of the said Act is amended by inserting “614,” after “485.52,” in the portion before paragraph *a*.

(2) Subsection 1 has effect from 6 July 2001.

40. (1) Section 614 of the said Act is amended by inserting “or, where that election cannot be made by reason of paragraph 21.2 of section 13 of that Act, make an election, in the prescribed form referred to in the first paragraph of section 520.1” after “in respect of the disposition” in the portion of the second paragraph before subparagraph *a*.

(2) Subsection 1 has effect from 6 July 2001.

41. (1) Section 693 of the said Act is amended by replacing the second paragraph by the following paragraph :

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2, 694.0.3, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5 and VI.5.1 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.18.17, 737.18.26, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.22.0.10, 737.25 and 737.28.”

(2) Subsection 1 applies from the taxation year 2000. However, where the second paragraph of section 693 of the said Act applies

(1) to taxation years that end before 15 March 2000, it shall be read as follows:

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.25 and 737.28.”;

(2) to taxation years that end after 14 March 2000 and before 1 January 2001, it shall be read as follows:

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.18.17, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.25 and 737.28.”;

(3) to taxation years that end after 31 December 2000 and before 30 March 2001, it shall be read as follows:

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2, 694.0.3, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.18.17, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.22.0.10, 737.25 and 737.28.”;

(4) to taxation years that end after 29 March 2001 and before 1 January 2003, it shall be read as follows:

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2, 694.0.3, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.18.17, 737.18.26, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.22.0.10, 737.25 and 737.28.”

42. (1) Section 710 of the said Act, amended by section 186 of chapter 2 of the statutes of 2003, is again amended

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

“(c) the aggregate of all amounts each of which is the fair market value, as certified by the Minister of the Environment, of a gift the object of which is a property described in section 710.0.1, other than a gift the fair market value of

which is included in the aggregate described in paragraph *d*, made by the corporation in the year or in any of the five preceding taxation years,

i. in the case of a property described in paragraph *a* or *b* of section 710.0.1, to

(1) a registered charity whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of the Environment, in the conservation of the ecological heritage,

(2) a municipality in Québec, or

(3) the State or Her Majesty in right of Canada, and

ii. in the case of a property described in paragraph *c* or *d* of section 710.0.1, to

(1) a registered charity one of the main missions of which, at the time of the gift, consists mainly, in the opinion of the Minister of the Environment of Canada, in the conservation and protection of Canada's environmental heritage and that is, in the opinion of the Minister of the Environment, an appropriate donee in the circumstances, or

(2) the State, Her Majesty in right of Canada or a province, other than Québec, the United States or any State of that country, a municipality or any other public body exercising government functions; and”;

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

“i. an institution or a public authority referred to in subparagraph *a* of the third paragraph of section 232, where the object of the gift is a cultural property described in that paragraph, or

“ii. a certified archival centre or an accredited museum, where the object of the gift is a cultural property described in subparagraph *c* of the third paragraph of section 232, except where it is also described in subparagraph *a* of that third paragraph.”

(2) Paragraph 1 of subsection 1 applies in respect of gifts made after 5 July 2001.

(3) Paragraph 2 of subsection 1 applies in respect of gifts made after 11 July 2002.

43. (1) Section 710.0.1 of the said Act is replaced by the following section :

“**710.0.1.** The property to which paragraph *c* of section 710 refers is

(a) land situated in Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value;

(b) a real servitude granted for the benefit of land belonging to an entity referred to in any of subparagraphs 1 to 3 of subparagraph i of paragraph *c* of section 710 and encumbering the whole or part of land situated in Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value;

(c) land situated in a region bordering on Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec's ecological heritage; and

(d) a real servitude granted for the benefit of land belonging to an entity referred to in subparagraph 1 or 2 of subparagraph ii of paragraph *c* of section 710 and encumbering the whole or part of land situated in a region bordering on Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec's ecological heritage."

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

44. (1) The said Act is amended by inserting, after section 710.0.1, the following section:

"710.0.1.1. For the purposes of paragraphs *c* and *d* of section 710.0.1, a region bordering on Québec is a province or a state of the United States sharing a common border with Québec."

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

45. (1) Section 710.0.2 of the said Act, replaced by section 187 of chapter 2 of the statutes of 2003, is amended by replacing "in paragraph *b*" in paragraph *b* by "in paragraph *b* or *d*".

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

46. (1) Section 710.1 of the said Act is replaced by the following section:

"710.1. For the purposes of subparagraph i of paragraph *d* of section 710, the fair market value of a cultural property described in subparagraph *a* of the third paragraph of section 232 is deemed to be the fair market value determined by the Canadian Cultural Property Export Review Board or, where an appeal has been instituted under subsection 1 of section 33.1 of the Cultural Property Export and Import Act (Revised Statutes of Canada, 1985, chapter C-51), the fair market value deemed to have been determined by the Board, for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), under subsection 2 of that section 33.1."

(2) Subsection 1 applies in respect of gifts made after 11 July 2002.

47. (1) The said Act is amended by inserting the following sections after section 710.3:

“710.4. For the purposes of this Title, the following rules apply:

(a) the gift of the bare ownership of a work of art or a cultural property described in the third paragraph of section 232 and made in the course of a recognized gift with reserve of usufruct or use is deemed to be, subject to section 714.1, the gift of a work of art or of such a cultural property; and

(b) the fair market value of a recognized gift with reserve of usufruct or use, in relation to a work of art or a cultural property described in the third paragraph of section 232, is deemed to be equal to the product obtained by multiplying the amount of the fair market value of the work of art or of the cultural property, as the case may be, otherwise determined with reference to sections 710.1, 710.2, 710.2.1, 714.2, 716 and 716.0.1.1, by the appropriate percentage determined in section 710.5.

“710.5. The percentage to which section 710.4 refers in respect of a recognized gift with reserve of usufruct or use is

(a) 87% where the duration of the usufruct or right of use provided for in the deed of gift granting it is 10 years or less;

(b) 74% where the duration of the usufruct or right of use provided for in the deed of gift granting it is more than 10 years and 20 years or less; and

(c) 61% in any other case.”

(2) Subsection 1 applies in respect of recognized gifts with reserve of usufruct or use made after 11 July 2002.

48. (1) Section 712.0.1 of the said Act is amended by inserting “or 710.4, as the case may be” after “section 710.2”.

(2) Subsection 1 applies in respect of recognized gifts with reserve of usufruct or use made after 11 July 2002.

49. (1) Section 712.0.2 of the said Act, replaced by section 192 of chapter 2 of the statutes of 2003, is amended by replacing the portion before paragraph *b* by the following:

“712.0.2. No corporation may deduct, for a taxation year, an amount under paragraph *c* of section 710 in respect of a gift unless it files with the Minister, along with the fiscal return it is required to file under section 1000 for the year, the following certificates issued by the Minister of the Environment:

(a) the certificate stating that

i. in the case of a gift whose object is a property described in paragraph *a* or *b* of section 710.0.1, the land referred to in that paragraph *a* or the land encumbered with a servitude referred to in that paragraph *b*, as the case may be, has undeniable ecological value and, where such is the case, that the mission in Québec of a charity referred to in subparagraph 1 of subparagraph i of paragraph *c* of section 710 consists mainly, at the time of the gift, in the conservation of the ecological heritage, and

ii. in the case of a gift whose object is a property described in paragraph *c* or *d* of section 710.0.1, the land referred to in that paragraph *c* or the land encumbered with a servitude referred to in that paragraph *d*, as the case may be, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec's ecological heritage and, where such is the case, that a charity referred to in subparagraph 1 of subparagraph ii of paragraph *c* of section 710 is an appropriate donee in the circumstances; and”.

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

50. (1) Section 725.1.2 of the said Act is amended by inserting the following subparagraph after subparagraph *d* of the second paragraph:

“(d.1) an amount of adjustment in compensation paid in accordance with sections 176.27 to 176.29 of the Act respecting municipal territorial organization (chapter O-9); or”.

(2) Subsection 1 applies in respect of amounts of adjustment in compensation received after 31 December 2001.

51. (1) Section 725.6 of the said Act is amended by replacing “section 737.18.13,” in the portion before paragraph *a* by “sections 737.18.13 and 737.18.35.”.

(2) Subsection 1 applies from the taxation year 2000.

52. (1) Title VI.6 of Book IV of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

53. (1) The said Act is amended by inserting the following sections after section 733.0.6:

“733.0.7. For the purpose of determining the amount of the non-capital loss, farm loss, net capital loss or limited partnership loss for a taxation year of a corporation that, for that year, is a qualified corporation, within the meaning of the first paragraph of section 737.18.29, the amount by which the

amount determined under subparagraph *a* of the second paragraph of section 737.18.33 in respect of the corporation for the year exceeds the amount determined under subparagraph *b* of that second paragraph in respect of the corporation for that year is deemed to be nil.

“733.0.8. For the purpose of determining the amount of the non-capital loss, farm loss, net capital loss or limited partnership loss for a taxation year of an individual who, for that year, benefited from the deduction provided for in section 737.18.34, any income realized by the individual during the eligibility period, within the meaning of the first paragraph of section 737.18.29, established in the individual’s respect, and any loss sustained by the individual during that period are deemed to be nil.”

(2) Subsection 1 applies from the taxation year 2000.

54. (1) Section 737.18.6 of the said Act is amended

(1) by replacing “after 9 March 1999” in the portion of the definition of “exemption period” before paragraph *a* by “after 9 March 1999 but before 2 September 2003”;

(2) by replacing the definition of “base period” by the following definition :

““base period” applicable to a corporation or partnership in respect of eligible activities of a recognized business carried on by the corporation in a taxation year, or by the partnership in a fiscal period, means

(*a*) where the certificate issued to the corporation or partnership in respect of the recognized business became effective before 1 January 2001, the period beginning on the day after the effective date of the certificate and ending on the earlier of

i. the day preceding the day when the corporation or partnership ceases to carry on the eligible activities, and

ii. 31 December 2010;

(*b*) where the certificate issued to the corporation or partnership in respect of the recognized business became effective after 31 December 2000 and before 1 January 2004, the period beginning on the day after the effective date of the certificate and ending on the earlier of

i. the day preceding the day when the corporation or partnership ceases to carry on the eligible activities, and

ii. the day of the tenth anniversary of the effective date of the certificate ;
and

(c) where the certificate issued to the corporation or partnership in respect of the recognized business became effective after 31 December 2003, the period beginning on the day after the effective date of the certificate and ending on the earlier of

i. the day preceding the day when the corporation or partnership ceases to carry on the eligible activities, and

ii. 31 December 2013;”;

(3) by replacing the portion of the definition of “foreign specialist” before paragraph *b* by the following :

““foreign specialist” for a taxation year means an individual who, after 9 March 1999 but before 13 June 2003, has entered into an employment contract with a corporation or partnership that carries on a recognized business and who

(a) holds employment, at a particular time after 9 March 1999 but before 2 September 2003 to any time in the taxation year, with the corporation or partnership;”.

(2) Paragraphs 1 and 3 of subsection 1 apply from the taxation year 2003.

(3) Paragraph 2 of subsection 1 has effect from 1 November 2001.

55. (1) Section 737.18.18 of the said Act is amended

(1) by adding the following paragraphs in the definition of “excluded activity” in the first paragraph :

“(l) photographic development undertaken in a laboratory ;

“(m) transportation and storage ;

“(n) administrative and financial services ;

“(o) wholesale or retail trade ;

“(p) lodging or restaurant services, including any preparation of meals or beverages ordered by customers for immediate consumption on the premises or outside the establishment where the meals or beverages are prepared ; or

“(q) services provided to a person or a partnership carrying on a business and personal services;”;

(2) by striking out the second paragraph.

(2) Subsection 1 applies to taxation years that begin after 11 July 2002.

56. (1) Section 737.18.25 of the said Act is amended by inserting “but without reference to paragraph *b.1.2* of section 1137” after “of Part IV” in paragraph *b*.

(2) Subsection 1 applies from the taxation year 2003.

57. (1) The said Act is amended by inserting the following after section 737.18.26:

“TITLE VII.2.5

**“DEDUCTION IN RESPECT OF AN INDEPENDENT TRADER
IN FINANCIAL DERIVATIVES**

“CHAPTER I

“INTERPRETATION AND GENERAL

“737.18.27. In this Title,

“eligibility date” relating to the eligible activities of an eligible individual means the later of

(a) 1 January 2001; and

(b) the effective date of the qualification certificate referred to in the definition of “eligible individual”;

“eligibility period” applicable to the eligible activities of an eligible individual means the period beginning on the eligibility date relating to those activities and ending on the earliest of

(a) the date on which the eligible individual ceases to carry on the eligible activities;

(b) the effective date of the revocation of the qualification certificate referred to in the definition of “eligible individual”; and

(c) 30 June 2004;

“eligible activities” of an eligible individual means the trading activities carried on by the eligible individual as an independent trader in financial derivatives and that relate to eligible financial derivatives;

“eligible financial derivative” means, for the year 2001, a financial derivative that is electronically listed on the Montréal stock exchange and that began before 1 January 2002 to be traded on an electronic platform operated by that stock exchange and, for subsequent years, a financial derivative that is electronically listed on that stock exchange and that is traded on an electronic platform operated by that stock exchange;

“eligible individual”, for a taxation year, means an individual other than a trust who, in the year, carries on in Québec a business of independent trading in financial derivatives and who holds for that purpose a qualification certificate issued by the Minister of Finance ;

“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 certain underlying interests ;

“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.

For the purposes of the definition of “eligible activities” in the first paragraph, the eligible individual shall keep separate accounts in respect of the eligible activities.

“CHAPTER II

“DEDUCTION

“**737.18.28.** In computing an eligible individual’s taxable income for a taxation year, there may be deducted an amount for the year equal to the least of

(a) the amount determined by the formula

$$(A - B) \times C/365 ;$$

(b) \$200,000 ; and

(c) the amount by which \$600,000 exceeds the aggregate of all amounts each of which is an amount deducted by the eligible individual under this section for a preceding taxation year.

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

(a) A is the aggregate of all amounts each of which is equal to the eligible individual’s income for the taxation year from the eligible activities of the eligible individual ;

(b) B is the aggregate of all amounts each of which is equal to the eligible individual’s loss for the taxation year from the eligible activities of the eligible individual ; and

(c) C is the number of days in the taxation year that are in the eligibility period applicable to the eligible activities of the eligible individual.

Where the number of days in a taxation year of the portion of the eligibility period applicable to eligible activities of an eligible individual is less than 365, the amount of \$200,000 mentioned in subparagraph *b* of the first paragraph shall be replaced by the product obtained by multiplying \$200,000 by the proportion that that number is of 365.

An amount deductible under the first paragraph in computing an eligible individual's taxable income for a taxation year shall not be deducted unless the following documents are enclosed with the fiscal return the eligible individual is required to file for the year under section 1000:

(a) a copy of the qualification certificate referred to in the definition of "eligible individual" in the first paragraph of section 737.18.27; and

(b) a financial statement relating to the eligible activities of the eligible individual for the taxation year.

"TITLE VII.2.6

"DEDUCTIONS RELATING TO A STOCK EXCHANGE OR A SECURITIES CLEARING-HOUSE

"CHAPTER I

"INTERPRETATION AND GENERAL

"737.18.29. In this Title,

"eligibility period" in respect of an individual who is a foreign specialist means the period in respect of which the following conditions are met:

(a) that period begins on the day on which the individual took up employment or, where section 737.18.30 applies, the day on which the individual took up employment for the first time with a qualified corporation;

(b) throughout that period, the individual meets the conditions mentioned in paragraphs *c* and *d* of the definition of "foreign specialist"; and

(c) that period, along with any preceding period established under this definition, does not exceed 60 months;

"eligible activities" of a recognized business carried on by a corporation in a taxation year means the activities relating to the operations carried out in the course of carrying on the recognized business;

"exemption period" applicable to a qualified corporation means the period that begins on 1 October 2000 and that ends on 31 December 2010;

"foreign specialist" for a taxation year means an individual who

(a) took up employment, at a particular time after 26 April 2000 and before 1 January 2011, under a contract of employment entered into after 26 April 2000, as an employee of a qualified corporation;

(b) immediately before entering into the contract of employment or immediately before taking up employment as an employee of the qualified corporation, was not resident in Canada;

(c) worked, from the particular time to any time in the year, exclusively or almost exclusively for the qualified corporation; and

(d) holds a valid qualification certificate for the year, issued in respect of the individual in relation to that employment;

“prior loss attributable to eligible activities” of a qualified corporation for a taxation year means the amount determined by the formula

$A - B$;

“qualification certificate” for a taxation year in respect of an individual means a certificate issued by the Minister of Finance, as a result of a written application made by a qualified corporation on or before the last day of February of the following calendar year, certifying that, throughout the period covered by the certificate,

(a) the individual’s contract of employment provides for at least 26 hours of work per week for a minimum duration of 40 weeks;

(b) the individual’s duties as an employee of the qualified corporation consist exclusively or almost exclusively in undertaking, supervising or supporting work directly related to eligible activities of a recognized business carried on by the qualified corporation; and

(c) the individual performs the duties in an establishment of the qualified corporation situated in the territory of Ville de Montréal, where eligible activities of a recognized business carried on by the qualified corporation are carried out, or outside such an establishment, but in connection with the individual’s employment at that establishment;

“qualified corporation” for a taxation year means a corporation that, in the year, carries on a recognized business in Québec, carries out eligible activities of that recognized business in an establishment situated in the territory of Ville de Montréal and pays to employees of an establishment situated in Québec more than 50% of the wages it pays in the year;

“recognized business” carried on by a corporation in a taxation year means a stock exchange or a securities clearing-house, recognized by the Commission des valeurs mobilières du Québec as a self-regulatory organization under section 169 of the Securities Act (chapter V-1.1);

“wages” means the income computed under Chapters I and II of Title II of Book III.

In the formula provided for in the first paragraph in the definition of “prior loss attributable to eligible activities” of a qualified corporation for a particular taxation year,

(a) A is the aggregate of all amounts each of which is the amount by which the amount determined under subparagraph *b* of the second paragraph of section 737.18.33, in respect of the qualified corporation, for a taxation year preceding the particular taxation year, exceeds the amount determined under subparagraph *a* of that second paragraph, in respect of the qualified corporation, for the preceding taxation year; and

(b) B is the aggregate of all amounts each of which is the amount that reduced, because of C in the formula provided for in the first paragraph of section 737.18.33, the amount otherwise deductible by the qualified corporation, under that section, for a taxation year preceding the particular taxation year.

For the purposes of the definition of “qualified corporation” in the first paragraph and for the purpose of determining the proportion of the wages of the corporation’s employees that a corporation pays in a taxation year to employees of an establishment situated in Québec, the following rules apply :

(a) an amount paid by the corporation to a person in the year under an agreement for services that would normally be rendered by the employees of the corporation is deemed to be wages paid to such an employee of the establishment of the corporation to which such services are reasonably attributable and to the extent that they are so attributable, except where a commission is paid to a person who is not an employee of the corporation ; and

(b) where an employee renders a service to or on behalf of a corporation that is not the employer of the employee, an amount that may reasonably be considered to be the wages earned by the employee for the rendering of the service is deemed, for the taxation year during which the wages are so paid to the employee, to be wages paid by the corporation for the service to an employee of an establishment of the corporation to which such service is reasonably attributable, to the extent that it is so attributable, and the employee is deemed to be an employee of the corporation, where the amount is not otherwise included in the aggregate of the wages paid by the corporation that are determined for the purposes of this Title and the service rendered by the employee is

i. performed by the employee in the normal course of the employee’s duties for the employer,

ii. rendered to or on behalf of the corporation as part of the regular, ongoing activities of carrying on a business by the corporation, and

iii. of the same type as services rendered by employees of entities carrying on the same type of business as the business referred to in subparagraph ii.

“737.18.30. For the purposes of the definition of “foreign specialist” in the first paragraph of section 737.18.29, where the individual is resident in Canada immediately before entering into a new contract of employment, subsequent to a contract of employment entered into with the qualified corporation referred to in that definition, in this section referred to as the “particular corporation”, with an employer that is the particular corporation or another qualified corporation and, immediately before taking up employment as an employee of such an employer pursuant to the new contract of employment, the following rules apply :

(a) the new contract of employment is deemed not to be a contract of employment separate from the contract of employment entered into with the particular corporation and referred to in that definition or from any contract of employment subsequent to the latter contract but prior to the new contract of employment and entered into with a qualified corporation ; and

(b) where the employer is the other qualified corporation, the other qualified corporation is deemed not to be a qualified corporation separate from the particular corporation or from another qualified corporation having employed the individual under a contract of employment subsequent to the contract entered into with the particular corporation and referred to in that definition but prior to the new contract of employment.

“737.18.31. For the purpose of determining, for the purposes of this Title, the income or loss of a qualified corporation for a taxation year from the eligible activities of a recognized business it carries on, the income or loss shall be computed as if

(a) the eligible activities were the carrying on of a separate business ; and

(b) the qualified corporation were deducting in computing its income for the taxation year and had deducted in computing its income for any preceding taxation year, in relation to the separate business, the maximum amount in respect of any reserve, allowance or other amount.

“737.18.32. Where, at a particular time included in the eligibility period established in respect of an individual who was a foreign specialist for the taxation year that includes the particular time, the individual acquired a right to a security under an agreement referred to in section 48 and, at a later time after the expiration of the eligibility period, the individual is deemed to receive a benefit in a particular taxation year by reason of the application of any of sections 49 and 50 to 52.1 in respect of the security, or the transfer or any other disposition of the rights under the agreement, the following rules apply :

(a) the individual is deemed to be a foreign specialist for the particular taxation year;

(b) for the purposes of the first paragraph of section 737.18.34 and paragraphs *a* and *b* of section 737.18.35, the amount of the benefit included by the individual in computing the individual's income for the particular taxation year in respect of the security, or the transfer or any other disposition of the rights under the agreement, is deemed to be included in the part, referred to in that first paragraph, of the individual's income for the particular taxation year; and

(c) the reference to "a copy of the valid qualification certificate issued in respect of the individual for the year" in the second paragraph of section 737.18.34 shall be read as a reference to "a copy of the valid qualification certificate issued in respect of the individual, for the taxation year that includes the particular time referred to in the portion of section 737.18.32 before paragraph *a*".

“CHAPTER II

“DEDUCTIONS

“**737.18.33.** A qualified corporation that, for a taxation year, encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, may deduct in computing its taxable income for the year, an amount not exceeding the part of its income for the year that may reasonably be considered to be equal to the amount determined by the formula

$$(A - B) - C.$$

In the formula provided for in the first paragraph,

(a) A is the aggregate of all amounts each of which is the amount obtained by multiplying the qualified corporation's income for the year from the eligible activities of a recognized business it carries on by the proportion that the number of days in the year that are in the exemption period applicable to the qualified corporation is of the number of days in the year;

(b) B is the aggregate of all amounts each of which is the amount obtained by multiplying the qualified corporation's loss for the year from the eligible activities of a recognized business it carries on by the proportion that the number of days in the year that are in the exemption period applicable to the qualified corporation is of the number of days in the year; and

(c) C is the prior loss attributable to eligible activities of the qualified corporation for the year.

“737.18.34. Subject to the second paragraph, an individual who, for a taxation year, is a foreign specialist may deduct, in computing the individual’s taxable income for the year, an amount not exceeding the part of the individual’s income for the year that may reasonably be considered to be earned during the portion of the eligibility period established in respect of the individual that is included in the year.

An individual may deduct, under the first paragraph, an amount in computing the individual’s taxable income for a taxation year only if the individual encloses, with the fiscal return the individual is required to file under section 1000 for the year, a copy of the valid qualification certificate issued in respect of the individual for the year and referred to in paragraph *d* of the definition of “foreign specialist” in the first paragraph of section 737.18.29.

“CHAPTER III

“COMPUTATION OF TAXABLE INCOME

“737.18.35. For the purpose of computing the taxable income of a foreign specialist referred to in section 737.18.34 for a taxation year, the following rules apply :

(a) for the purpose of computing the deduction under section 725, the amount included by the foreign specialist in computing income for the year, and that is an amount described in any of the paragraphs of that section, shall not include the portion of such an amount included in the part referred to in the first paragraph of section 737.18.34 of the foreign specialist’s income for the year ;

(b) for the purpose of computing the deduction under section 725.1.2, the amount included by the foreign specialist in computing income for the year, and that is an amount described in the second paragraph of that section, shall not include the portion of such an amount included in the part referred to in the first paragraph of section 737.18.34 of the foreign specialist’s income for the year ;

(c) for the purpose of computing the deduction under section 725.2, the amount that is the benefit the foreign specialist is deemed to receive in the year under any of sections 49 and 50 to 52.1, in respect of a security or the transfer or any other disposition of the rights under the agreement referred to in section 48 and which the foreign specialist has included in computing income for the year, shall not include the portion of such an amount included in the part referred to in the first paragraph of section 737.18.34 of the foreign specialist’s income for the year ;

(d) for the purpose of computing the deduction under section 725.3, the amount that is the benefit the foreign specialist is deemed to receive in the year under section 49, as a consequence of the application of section 49.2, in respect of a share acquired by the foreign specialist after 22 May 1985 and

which the foreign specialist has included in computing income for the year, shall not include the portion of such an amount included in the part referred to in the first paragraph of section 737.18.34 of the foreign specialist's income for the year;

(e) for the purpose of computing the deduction under section 725.4, the amount included by the foreign specialist under paragraph *b* of section 218 in computing income for the year in respect of a share the foreign specialist has received after 22 May 1985 shall not include the portion of such an amount included in the part referred to in the first paragraph of section 737.18.34 of the foreign specialist's income for the year;

(f) for the purpose of computing the deduction under section 725.5, the amount included by the foreign specialist under section 888.1 in computing income for the year shall not include the portion of such an amount included in the part referred to in the first paragraph of section 737.18.34 of the foreign specialist's income for the year;

(g) paragraph *a*, the portion of paragraph *b* before subparagraph *i* and paragraph *c* of section 725.6 shall be read as follows :

“(a) such portion of the benefit that would be deemed to have been received in the year by the individual under sections 487.1 to 487.6 if those sections applied only in respect of the home relocation loan as may reasonably be attributed to the portion of the year that is not included in the portion, included in the year, of the eligibility period within the meaning of section 737.18.29, established in respect of the individual;

“(b) the amount of interest for that portion of the year not included in the portion, included in the year, of the eligibility period within the meaning of section 737.18.29, established in respect of the individual, that would be computed at the prescribed rate referred to in section 487.2 in respect of the home relocation loan of the individual if that loan were in the amount of \$25,000 and were extinguished on the earlier of”;

“(c) such portion of the amount of the benefit the individual is deemed to have received in the year under sections 487.1 to 487.6 in respect of the loan as may reasonably be considered to have been received in the portion of the year not included in the portion, included in the year, of the eligibility period within the meaning of section 737.18.29, established in respect of the individual.”;

(h) every capital gain realized during the eligibility period established in respect of the foreign specialist and every capital loss, including allowable business investment losses, for that period are deemed to be nil for the purposes of Titles VI.5 and VI.5.1.”

(2) Subsection 1, where it enacts Title VII.2.5 of Book IV of Part I of the said Act, has effect from 1 January 2001.

(3) Subsection 1, where it enacts Title VII.2.6 of Book IV of Part I of the said Act, applies from the taxation year 2000. However, where section 737.18.29 of the said Act applies to the taxation year 2000, the reference to “the last day of February of the following calendar year” in the portion before paragraph *a* of the definition of “qualification certificate” in the first paragraph of that section shall be read as a reference to “30 June 2001”.

58. (1) Section 737.22 of the said Act is amended

(1) by replacing “section 49, 50, 51 or 52, in respect of the share or the transfer or other disposition of the rights under the agreement” in the English text of paragraph *a* by “any of sections 49 and 50 to 52.1, in respect of a security or the transfer or other disposition of the rights under the agreement referred to in section 48”;

(2) by striking out paragraphs *d.1* to *f*.

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

(3) Paragraph 2 of subsection 1 applies from the taxation year 2003.

59. (1) Section 737.22.0.0.4 of the said Act is amended by striking out paragraphs *f* to *h*.

(2) Subsection 1 applies from the taxation year 2003.

60. (1) Section 737.22.0.0.8 of the said Act is amended by striking out paragraphs *f* to *h*.

(2) Subsection 1 applies from the taxation year 2003.

61. (1) Section 737.22.0.1 of the said Act is amended

(1) by replacing subparagraphs *i* and *ii* of paragraph *a* of the definition of “eligible activity” by the following subparagraphs:

“*i.* the first paragraph of section 1029.8.36.0.3.28, as it read for the year, where the eligible employer is a corporation referred to in paragraph *b* of the definition of that expression,

“*ii.* the first paragraph of section 1029.8.36.0.3.38, as it read for the year, where the eligible employer is a corporation referred to in paragraph *c* of the definition of that expression, or”;

(2) by replacing paragraph *b* of the definition of “eligible activity” by the following paragraph:

“(b) a specified activity of the eligible employer for the year within the meaning of the first paragraph of section 1029.8.36.0.17, where the eligible

employer is a corporation referred to in paragraph *d* or *f* of the definition of that expression; or”;

(3) by adding the following paragraph after paragraph *b* of the definition of “eligible activity”:

“(c) an activity of a recognized business of the eligible employer for that year within the meaning of

i. the first paragraph of section 1029.8.36.0.3.60, where the eligible employer is a corporation referred to in paragraph *g* of the definition of “eligible employer”, or

ii. the first paragraph of section 1029.8.36.72.83, where the eligible employer is a corporation referred to in paragraph *h* of the definition of “eligible employer” ;”;

(4) by replacing the definition of “Centre de développement des biotechnologies de Laval” by the following definition :

““biotechnology development centre” has the meaning assigned by the first paragraph of section 771.1 ;”;

(5) by replacing the definition of “new economy centre” by the following definition:

““new economy centre” has the meaning assigned by section 771.1 ;”;

(6) by striking out the definition of “eligibility date” ;

(7) by replacing paragraphs *b* to *d* of the definition of “eligible employer” by the following paragraphs:

“(b) where the taxation year of the corporation begins before 21 December 2001, a qualified corporation within the meaning of the first paragraph of section 1029.8.36.0.3.28, as it read for that taxation year, that holds an unrevoked certificate issued by Investissement Québec for the purposes of Division II.6.0.1.4 of Chapter III.1 of Title III of Book IX, as it read before being repealed, certifying that an eligible activity is carried on by the qualified corporation for that year ;

“(c) where the taxation year of the corporation begins before 21 December 2001, a qualified corporation within the meaning of the first paragraph of section 1029.8.36.0.3.38, as it read for that taxation year, that holds an unrevoked certificate issued by Investissement Québec for the purposes of Division II.6.0.1.5 of Chapter III.1 of Title III of Book IX, as it read before being repealed, certifying that an eligible activity is carried on by the qualified corporation for that year ;

“(d) a corporation that is

i. where this paragraph applies after 29 March 2001, a specified corporation for the year within the meaning of the first paragraph of section 1029.8.36.0.17, other than a corporation that carries on or may carry on its business in a biotechnology development centre, and

ii. in any other case, a specified corporation within the meaning of the first paragraph of section 1029.8.36.0.17 that is not a corporation referred to in paragraph *a* for the year and that holds an unrevoked certificate issued by Investissement Québec for the purposes of Division II.6.0.3 of Chapter III.1 of Title III of Book IX, certifying that the specified corporation carries out or may carry out in that year a specified activity in a building housing all or any part of a new economy centre;”;

(8) by replacing paragraph *f* of the definition of “eligible employer” by the following paragraph:

“(f) a specified corporation for the year within the meaning of the first paragraph of section 1029.8.36.0.17 that carries on or may carry on its business in a biotechnology development centre;”;

(9) by adding the following paragraphs after paragraph *f* of the definition of “eligible employer”:

“(g) a qualified corporation, for the calendar year ending in the taxation year, within the meaning of the first paragraph of section 1029.8.36.0.3.60 that, in that taxation year, carries on a recognized business within the meaning of that paragraph; or

“(h) a qualified corporation, for the calendar year ending in the taxation year, within the meaning of the first paragraph of section 1029.8.36.72.83 that, in that taxation year, carries on a recognized business within the meaning of that paragraph;”;

(10) by striking out “after the foreign specialist’s eligibility date” in the portion of the definition of “specialized activity period” before paragraph *a*;

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

““hiring period” of an eligible employer means

(a) where the eligible employer is a corporation referred to in subparagraph *i* of paragraph *a* of section 771.12, the period that begins on 26 March 1997 and that ends on 12 June 2003;

(b) where the eligible employer is a corporation referred to in subparagraph *ii* of paragraph *a* of section 771.12, the period that begins on 10 March 1999 and that ends on 12 June 2003;

(c) where the eligible employer is a corporation referred to in paragraph *b* or *c* of the definition of “eligible employer”, the period that begins on 15 March 2000 and that ends on the last day of the last taxation year of the corporation that begins before 21 December 2001 ;

(d) where the eligible employer is a corporation referred to in paragraph *d* of the definition of “eligible employer”, the period that begins on 15 March 2000 and that ends on 12 June 2003 ;

(e) where the eligible employer is a corporation referred to in paragraph *e* of the definition of “eligible employer”, the period that begins on 12 May 2000 and that ends on 12 June 2003 ;

(f) where the eligible employer is a corporation referred to in subparagraph iii of paragraph *a* of section 771.12, the period that begins on 30 March 2001 ;

(g) where the eligible employer is a corporation referred to in paragraph *f* of the definition of “eligible employer”, the period that begins on 30 March 2001 and that ends on 12 June 2003 ; and

(h) where the eligible employer is a corporation referred to in paragraph *g* or *h* of the definition of “eligible employer”, the period that begins on 20 March 2002 and that ends on 12 June 2003 ;” ;

(12) by replacing paragraph *a* of the definition of “foreign specialist” by the following paragraph :

“(a) at a particular time the individual takes up employment, as an employee, with an eligible employer under an employment contract they have entered into in the hiring period of the eligible employer ;” ;

(13) by inserting the following paragraph after paragraph *a* of the definition of “foreign specialist” :

“(a.1) the individual took up employment with the eligible employer before 2 September 2003, except if the eligible employer is a corporation referred to in subparagraph iii of paragraph *a* of section 771.12 ;” ;

(14) by replacing “*b* to *f*” in paragraph *c* of the definition of “foreign specialist” by “*b* to *h*” ;

(15) by replacing “in paragraph *e*” in subparagraph iii.1 of paragraph *d* of the definition of “foreign specialist” and in subparagraph 1 of subparagraph iv of that paragraph *d* by “in any of paragraphs *e*, *g* and *h*”.

(2) Paragraphs 1, 2, 4, 7 and 8 of subsection 1 apply from the taxation year 2001, except where paragraph 7 of subsection 1 replaces “valid” in each of paragraphs *b* to *d* of the definition of “eligible employer” in section 737.22.0.1 of the said Act by “unrevoked”, in which case paragraph 7 applies from the taxation year 2000.

- (3) Paragraph 5 of subsection 1 applies from the taxation year 2000.
- (4) Paragraphs 3, 6, 9 to 12 and 14 of subsection 1 apply from the taxation year 2002.
- (5) Paragraph 13 of subsection 1 applies from the taxation year 2003.
- (6) Paragraph 15 of subsection 1 applies in respect of certificates issued after 19 March 2002.
- (7) In addition, where the definition of “foreign specialist” in section 737.22.0.1 of the said Act applies in respect of certificates issued between 19 March 2002 and 1 April 2003, the reference to “in paragraph *e*” in the portion of paragraph *d* of that definition before subparagraph *i* shall be read as a reference to “in paragraph *e* or *g*”.

62. (1) Section 737.22.0.2 of the said Act is amended, in the second paragraph,

- (1) by replacing subparagraph *b* by the following subparagraph:

“(b) a corporation referred to in any of paragraphs *b*, *c*, *d* and *f* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in any of those paragraphs;”;
- (2) by striking out subparagraphs *c*, *d* and *f*;
- (3) by adding the following subparagraphs after subparagraph *f*:

“(g) a corporation referred to in paragraph *g* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *g*; or

“(h) a corporation referred to in paragraph *h* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *h*.”

- (2) Paragraphs 1 and 2 of subsection 1 have effect from 1 January 2001.
- (3) Paragraph 3 of subsection 1 has effect from 20 March 2002.

63. (1) Section 737.22.0.4 of the said Act is amended

- (1) by replacing “, 50, 51 and 52, in respect of the share or the transfer or other disposition of the rights under the agreement” in the English text of paragraph *a* by “and 50 to 52.1, in respect of a security or the transfer or other disposition of the rights under the agreement referred to in section 48”;

(2) by striking out paragraphs *f* to *h*.

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

(3) Paragraph 2 of subsection 1 applies from the taxation year 2003.

64. (1) Section 737.22.0.8 of the said Act is amended by striking out paragraphs *f* to *h*.

(2) Subsection 1 applies from the taxation year 2003.

65. (1) The said Act is amended by inserting the following after section 737.22.0.8:

“TITLE VII.3.3

“DEDUCTION IN RESPECT OF FOREIGN PRODUCERS

“CHAPTER I

“DEFINITIONS

“**737.22.0.9.** In this Title,

“eligible individual”, for a taxation year, means an individual who was not resident in Canada at any time in the year and who holds a qualification certificate that was issued to the individual by the Société de développement des entreprises culturelles for the purposes of this Title in respect of an eligible production and that has not been revoked;

“eligible production”, in relation to an individual, means the production specified in the qualification certificate referred to in the definition of “eligible individual” that the Société de développement des entreprises culturelles issued to the individual.

“CHAPTER II

“DEDUCTION

“**737.22.0.10.** An eligible individual who encloses with the fiscal return the eligible individual is required to file for a taxation year under section 1000 a copy of the qualification certificate that was issued to the eligible individual by the Société de développement des entreprises culturelles in respect of an eligible production, may deduct, in computing the eligible individual’s taxable income for the year, any amount not greater than the amount by which the aggregate of the amounts included in computing the income for the year for services rendered or to be rendered in Québec in connection with the eligible production, exceeds the aggregate of the amounts deducted by the eligible individual in computing the eligible individual’s income for the year and which may reasonably be attributed to such services.

“CHAPTER III**“COMPUTATION OF TAXABLE INCOME**

“737.22.0.11. For the purpose of computing the taxable income of an eligible individual referred to in section 737.22.0.10 for a taxation year, the following rules apply :

(a) where the eligible individual has included in computing the eligible individual's income for the year an amount that is the benefit the eligible individual is deemed to receive in the year under any of sections 49 and 50 to 52.1, in respect of a security, or the transfer or any other disposition of the rights under the agreement referred to in section 48, and the amount of the benefit is included in the amount determined in respect of the eligible individual for the year under section 737.22.0.10, the amount of the benefit is, for the purpose of computing the deduction provided for in section 725.2, deemed to be nil ;

(b) where the eligible individual has included in computing the eligible individual's income for the year an amount that is the benefit the eligible individual is deemed to receive under section 49, as a consequence of the application of section 49.2, in respect of a share acquired by the eligible individual after 22 May 1985 and the amount of the benefit is included in the amount determined in respect of the eligible individual for the year under section 737.22.0.10, the amount of the benefit is, for the purpose of computing the deduction provided for in section 725.3, deemed to be nil ;

(c) where the eligible individual has included in computing the eligible individual's income for the year a particular amount referred to in paragraph *a* or *e* of section 725 and the amount is included in the amount determined in respect of the eligible individual for the year under section 737.22.0.10, the particular amount is, for the purpose of computing the deduction provided for in either of those paragraphs, deemed to be nil ; and

(d) where the eligible individual has included in computing the eligible individual's income for the year a particular amount referred to in subparagraph *a* of the second paragraph of section 725.1.2 and the amount is included in the amount determined in respect of the eligible individual for the year under section 737.22.0.10, the particular amount is, for the purpose of computing the deduction provided for in the first paragraph of section 725.1.2, deemed to be nil.”

(2) Subsection 1 applies from the taxation year 2001.

66. (1) Section 752.0.1 of the said Act is amended

(1) by striking out paragraph *a* ;

(2) by replacing the portion of paragraph *e* before subparagraph *i* by the following :

“(e) \$1,300 for a person in respect of whom the individual is entitled to a deduction under paragraph *b*, if the individual does not deduct, from the individual’s tax otherwise payable for the year under this Part, any amount under section 776.41.5 or 776.78 in respect of a person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4 or section 776.68.1, as the case may be, and if, during the year, the individual”;

(3) by replacing “under paragraph *a*, *e* or *g*” in paragraph *i* by “under paragraph *e* or *g*”.

(2) Subsection 1 applies from the taxation year 2003.

67. (1) Section 752.0.2 of the said Act is replaced by the following section :

“752.0.2. The aggregate of the amounts to which an individual is entitled under paragraphs *b* to *g* of section 752.0.1 in respect of one person for a taxation year must be reduced by the amount that is equal to that person’s income for the year under this Part or, where the person was not resident in Canada throughout the year, the amount that would be the person’s income for the year under this Part, computed as if the person had been resident in Québec and in Canada throughout the year or, where the person died in the year, throughout the period of the year preceding the time of death.

For the purposes of the first paragraph, the income of a person for a taxation year under this Part must be computed without reference to Chapter VII.1 of Title VI of Book III.”

(2) Subsection 1 applies from the taxation year 2003. In addition, where subparagraph ii of subparagraph *a* of the first paragraph of section 752.0.2 of the said Act applies

(1) to the taxation years 1998 and 1999, it shall be read as follows :

“ii. the aggregate of amounts deductible in computing the spouse’s taxable income for the year under any of paragraphs *b*, *b.1*, *c* and *e* of section 725 or section 725.1.2 or, if the spouse is not resident in Québec on 31 December of the year or in Canada throughout that year, the aggregate of the amounts that would be deductible in computing the spouse’s taxable income for the year if the spouse had been resident in Québec on 31 December of the year and in Canada throughout that year; and”;

(2) to the taxation year 2000, it shall be read as follows :

“ii. the aggregate of amounts deductible in computing the spouse’s taxable income for the year under any of paragraphs *b*, *b.1*, *c* and *e* of section 725 or section 725.1.2 or 737.29 or, if the spouse is not resident in Québec on 31 December of the year or in Canada throughout that year, the aggregate of the amounts that would be deductible in computing the spouse’s taxable

income for the year if the spouse had been resident in Québec on 31 December of the year and in Canada throughout that year; and”;

(3) to the taxation year 2001, it shall be read as follows :

“ii. the aggregate of amounts deductible in computing the spouse’s taxable income for the year under any of paragraphs *b*, *b.1*, *c*, *c.0.1* and *e* of section 725 or section 725.1.2 or 737.29 or, if the spouse is not resident in Québec on 31 December of the year or in Canada throughout that year, the aggregate of the amounts that would be deductible in computing the spouse’s taxable income for the year if the spouse had been resident in Québec on 31 December of the year and in Canada throughout that year; and”;

(4) to the taxation year 2002, it shall be read as follows :

“ii. the aggregate of amounts deductible in computing the spouse’s taxable income for the year under any of paragraphs *b*, *b.1*, *c*, *c.0.1* and *e* of section 725 or any of sections 725.1.2, 726.4 and 737.29 or, if the spouse is not resident in Québec on 31 December of the year or in Canada throughout that year, the aggregate of the amounts that would be deductible in computing the spouse’s taxable income for the year if the spouse had been resident in Québec on 31 December of the year and in Canada throughout that year; and”.

68. (1) Section 752.0.4 of the said Act is amended by replacing “by virtue of paragraph *a* or *b* of the said section” and “for each of the said paragraphs” by “as a consequence of the application of paragraph *b* of that section” and “in relation to that paragraph”, respectively.

(2) Subsection 1 applies from the taxation year 2003.

69. (1) The said Act is amended by inserting the following section after section 752.0.5.1 :

“752.0.5.2. For the purposes of subparagraph *i* of paragraph *e* of section 752.0.1, two persons connected by marriage shall be considered not to be married at any time if, at that time, they are living separate and apart because of a breakdown of their marriage for a period of at least 90 days that includes that time.”

(2) Subsection 1 applies from the taxation year 2003.

70. (1) Section 752.0.6 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2001.

(3) In addition, where section 752.0.6 of the said Act applies to taxation years preceding the taxation year 2001 and in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act were not expired on 5 July 2001, it shall be read with the following paragraph added :

“The first paragraph does not apply to an individual who throughout the year is required to pay a support amount in respect of a child, if it may reasonably be considered that the individual has custody of that child during the year.”

(4) For the purposes of subsection 3 and Part I of the said Act, the Minister of Revenue shall, notwithstanding sections 1007, 1010 to 1011 of the said Act, make under that Part such assessments or reassessments of tax, interest and penalties of a taxpayer as are necessary to give effect to subsection 3. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with the necessary modifications, to such assessments.

71. (1) Section 752.0.7 of the said Act is replaced by the following section :

“752.0.7. Where, for a taxation year, the aggregate of the amounts that an individual would, but for this section, be entitled to deduct under sections 752.0.1 to 752.0.5.2 in respect of the same dependent person is equal to the amount that would otherwise be deductible by each of the other individuals who would so be entitled to deduct an amount in respect of that person under those sections, the following rules apply :

(a) no amount greater than the amount that would be deductible under those sections if only one individual were entitled to deduct an amount in respect of that person under those sections may be deducted by the individuals in respect of that person ; and

(b) where the individuals cannot agree on the portion of the amount that each individual may deduct under those sections in respect of that person, the Minister may fix the amount of each portion.

Where, for a taxation year, the aggregate of the amounts that an individual would, but for this section, be entitled to deduct under sections 752.0.1 to 752.0.5.2 in respect of the same dependent person is different from the amount that another individual would so be entitled to deduct in respect of that person under those sections, the following rules apply :

(a) the amount of each deduction otherwise provided for, for an individual, in paragraphs *b* to *g* of section 752.0.1 in respect of that person, and the amount that would otherwise be the amount of that person’s income for the year shall, for the purposes of sections 752.0.1 to 752.0.5.2, be reduced to the proportion of each of those amounts determined in respect of the individual by all the individuals who would so be entitled to a deduction under sections 752.0.1 to 752.0.5.2 in respect of that person ;

(b) the aggregate of the proportions determined under subparagraph *a* for all the individuals in respect of that person shall in no case exceed 1 for the year ; and

(c) where the aggregate of the proportions determined under subparagraph *a* exceeds 1 for the year, the Minister may fix the amount deductible by each individual for the year under those sections in respect of that person.”

(2) Subsection 1 applies from the taxation year 2001. However, where section 752.0.7 of the said Act applies to the taxation years 2001 and 2002, it shall be read

(1) with the reference to “752.0.5.2”, wherever it appears in the portion before subparagraph *a* of the first paragraph and in the portion of the second paragraph before subparagraph *b*, replaced by a reference to “752.0.5.1”; and

(2) with the reference to “paragraphs *b* to *g*” in subparagraph *a* of the second paragraph replaced by a reference to “paragraphs *a* to *g*”.

72. (1) Section 752.0.7.1 of the said Act is amended by replacing the definitions of “eligible spouse” and “family income” by the following definitions:

““eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;

““family income” of an individual for a taxation year means the amount by which the aggregate of the income of the individual for the year and the income, for the year, of the individual’s eligible spouse for the year exceeds \$26,000.”

(2) Subsection 1 applies from the taxation year 2003.

73. (1) Section 752.0.7.2 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

74. (1) Section 752.0.7.3 of the said Act is amended by striking out “if the income were computed with reference to the rules in Title II of Book V.2.1 and”.

(2) Subsection 1 applies from the taxation year 2003.

75. (1) Section 752.0.7.4 of the said Act is amended

(1) by striking out subparagraph 1 of subparagraph *i* of paragraph *a*;

(2) by replacing subparagraph 3 of subparagraph *i* of paragraph *a* of the French text by the following subparagraph:

“3° il présente au ministre, pour l’année, relativement à l’établissement domestique autonome, un document prescrit ou, s’il ne peut présenter un tel

document, le formulaire prescrit, au plus tard à la date d'échéance de production qui lui est applicable pour l'année;" ;

(3) by striking out subparagraph 1 of subparagraph *i* of paragraph *b* ;

(4) by replacing subparagraph 3 of subparagraph *i* of paragraph *b* of the French text by the following subparagraph :

“3° le particulier présente au ministre, pour l'année, relativement à l'établissement domestique autonome, un document prescrit ou, s'il ne peut présenter un tel document, le formulaire prescrit, au plus tard à la date d'échéance de production qui est applicable au particulier pour l'année, sauf dans le cas où ce document ou ce formulaire est présenté par ailleurs au ministre pour l'année par ce conjoint admissible;" .

(2) Paragraphs 1 and 3 of subsection 1 apply from the taxation year 2003.

76. (1) Section 752.0.10 of the said Act is amended by replacing “section 737.18.10” in paragraph *f* by “section 737.18.10 or 737.18.34”.

(2) Subsection 1 applies from the taxation year 2000.

77. (1) Section 752.0.10.1 of the said Act, amended by section 211 of chapter 2 of the statutes of 2003, is again amended

(1) by replacing the definition of “qualified property” in the first paragraph by the following definition:

““qualified property” means property that is

(a) land situated in Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value;

(b) a real servitude granted for the benefit of land belonging to an entity referred to in paragraph *a* or *b* of the definition of “total gifts of qualified property” and encumbering the whole or part of land situated in Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value;

(c) land situated in a region bordering on Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec's ecological heritage ; or

(d) a real servitude granted for the benefit of land belonging to an entity referred to in paragraph *c* or *d* of the definition of “total gifts of qualified property” and encumbering the whole or part of land situated in a region bordering on Québec which, in the opinion of the Minister of the Environment, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec's ecological heritage ;” ;

(2) by replacing paragraph *a* of the definition of “qualified total charitable gifts” in the first paragraph and the portion of paragraph *b* of that definition before the formula by the following :

“(a) where the individual dies in the year or the subsequent taxation year, the lesser of the individual’s income for the year and the total charitable gifts of the individual for the year ; and

“(b) in any other case, the least of the individual’s income for the year, the total charitable gifts of the individual for the year and the amount determined by the formula”;

(3) by replacing paragraphs *a* and *b* of the definition of “total gifts of qualified property” in the first paragraph by the following paragraphs :

“(a) a registered charity whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of the Environment, in the conservation of the ecological heritage, if the object of the gift is property referred to in paragraph *a* or *b* of the definition of “qualified property” ;

“(b) the State, Her Majesty in right of Canada or a municipality in Québec, if the object of the gift is property referred to in paragraph *a* or *b* of the definition of “qualified property” ;”;

(4) by adding the following paragraphs after paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph :

“(c) a registered charity one of whose main missions, at the time of the gift, consists mainly, in the opinion of the Minister of the Environment of Canada, in the conservation and protection of Canada’s environmental heritage and that is, in the opinion of the Minister of the Environment, an appropriate donee in the circumstances, if the object of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property” ; or

“(d) the State, Her Majesty in right of Canada or a province, other than Québec, the United States or any state of that country, a municipality or any other public body exercising government functions, if the object of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property” .”;

(5) by replacing paragraphs *a* and *b* of the definition of “total cultural gifts” in the first paragraph by the following paragraphs :

“(a) an institution or public authority referred to in subparagraph *a* of the third paragraph of section 232, where the object of the gift is a cultural property described in that paragraph ; or

“(b) a certified archival centre or an accredited museum, where the gift is made after 30 June 1992 and has as its object a cultural property described in

subparagraph *c* of the third paragraph of section 232, except where it is also described in subparagraph *a* of that third paragraph;”;

(6) by inserting the following paragraph after the first paragraph:

“For the purposes of paragraphs *c* and *d* of the definition of “qualified property” in the first paragraph, a region bordering on Québec is a province or a state of the United States sharing a common border with Québec.”;

(7) by replacing subparagraph *a* of the third paragraph by the following subparagraph:

“(a) A is the individual’s income for the year;”;

(8) by replacing “third” in the fourth paragraph by “fourth”.

(2) Paragraphs 1, 3, 4, 6 and 8 of subsection 1 apply in respect of gifts made after 5 July 2001.

(3) Paragraphs 2 and 7 of subsection 1 apply from the taxation year 2003.

(4) Paragraph 5 of subsection 1 applies in respect of gifts made after 11 July 2002.

78. (1) Section 752.0.10.3.2 of the said Act, replaced by section 213 of chapter 2 of the statutes of 2003, is amended by replacing “in paragraph *b*” in paragraph *b* by “in paragraph *b* or *d*”.

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

79. (1) Section 752.0.10.4 of the said Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) the fair market value of a cultural property described in subparagraph *a* of the third paragraph of section 232 is deemed to be the value determined by the Canadian Cultural Property Export Review Board or, where an appeal has been instituted under subsection 1 of section 33.1 of the Cultural Property Export and Import Act (Revised Statutes of Canada, 1985, chapter C-51), the fair market value deemed to have been determined by the Board, for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), under subsection 2 of that section 33.1; and

“(b) the fair market value of a cultural property described in subparagraph *c* of the third paragraph of section 232 is deemed to be the value determined by the Commission des biens culturels du Québec.”

(2) Subsection 1 applies in respect of gifts made after 11 July 2002.

80. (1) The said Act is amended by inserting the following sections after section 752.0.10.4.1 :

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

(a) the gift of the bare ownership of a work of art or a cultural property described in the third paragraph of section 232 and made in the course of a recognized gift with reserve of usufruct or use is deemed to be, subject to section 752.0.10.11.1, the gift of a work of art or of such a cultural property ; and

(b) the fair market value of a recognized gift with reserve of usufruct or use, in relation to a work of art or a cultural property described in the third paragraph of section 232, is deemed to be equal to the product obtained by multiplying the amount of the fair market value of the work of art or of the cultural property, as the case may be, otherwise determined with reference to sections 752.0.10.4, 752.0.10.4.0.1, 752.0.10.4.1, 752.0.10.11.2, 752.0.10.15.1 and 752.0.10.18 by the appropriate percentage determined in section 752.0.10.4.3.

“752.0.10.4.3. The percentage to which section 752.0.10.4.2 refers, in respect of a recognized gift with reserve of usufruct or use is

(a) where the usufruct or right of use is established for the lifetime of the individual who made the gift,

- i. 25% where the individual is under 25 years of age,
- ii. 31% where the individual is at least 25 years of age and under 30 years of age,
- iii. 38% where the individual is at least 30 years of age and under 35 years of age,
- iv. 44% where the individual is at least 35 years of age and under 40 years of age,
- v. 50% where the individual is at least 40 years of age and under 45 years of age,
- vi. 56% where the individual is at least 45 years of age and under 50 years of age,
- vii. 62% where the individual is at least 50 years of age and under 55 years of age,
- viii. 68% where the individual is at least 55 years of age and under 60 years of age,

ix. 73% where the individual is at least 60 years of age and under 65 years of age,

x. 78% where the individual is at least 65 years of age and under 70 years of age,

xi. 83% where the individual is at least 70 years of age and under 75 years of age,

xii. 87% where the individual is at least 75 years of age and under 80 years of age, and

xiii. 91% where the individual is at least 80 years of age; and

(b) where the usufruct or right of use is established for a fixed duration regardless of the lifetime of the individual who made the gift,

i. 87% where the fixed duration is of 10 years or less,

ii. 74% where the fixed duration is of 10 years or more and 20 years or less, and

iii. 61% in any other case.”

(2) Subsection 1 applies in respect of recognized gifts with reserve of usufruct or use made after 11 July 2002.

81. (1) Section 752.0.10.7 of the said Act is amended by adding “or 752.0.10.4.2, as the case may be” at the end.

(2) Subsection 1 applies in respect of gifts made after 11 July 2002.

82. (1) Section 752.0.10.7.1 of the said Act, replaced by section 217 of chapter 2 of the statutes of 2003, is amended by replacing paragraph *a* by the following paragraph:

“(a) the certificate stating that

i. in the case of a gift whose object is a property described in paragraph *a* or *b* of the definition of “qualified property” in the first paragraph of section 752.0.10.1, the land referred to in that paragraph *a* or the land encumbered with a servitude referred to in that paragraph *b*, as the case may be, has undeniable ecological value and, where such is the case, that the mission in Québec of a charity referred to in paragraph *a* of the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1 consists mainly, at the time of the gift, in the conservation of the ecological heritage, and

ii. in the case of a gift whose object is a property described in paragraph *c* or *d* of the definition of “qualified property” in the first paragraph of section 752.0.10.1, the land referred to in that paragraph *c* or the land encumbered with a servitude referred to in that paragraph *d*, as the case may be, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec’s ecological heritage and, where such is the case, that a charity referred to in paragraph *c* of the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1 is an appropriate donee in the circumstances; and”.

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

83. (1) Section 752.0.11 of the said Act is amended, in the second paragraph,

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

“(c) C is 3% of the aggregate of the individual’s income for the year and the income, for the year, of the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4; and”;

(2) by replacing “paragraph *a*” in subparagraph *d* by “paragraph *b*”.

(2) Subsection 1 applies from the taxation year 2003.

84. (1) Section 752.0.11.0.1 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

85. (1) Section 752.0.15 of the said Act is amended, in the second paragraph,

(1) by striking out subparagraph *a*;

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

“(b) a person whose eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4 deducts for the year an amount under section 776.41.5; or

“(c) a person to whom the rules in Book V.2.1 apply for the year and whose eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4 deducts for the year an amount under section 776.78.”

(2) Subsection 1 applies from the taxation year 2003.

86. (1) Section 752.0.17 of the said Act, amended by section 224 of chapter 2 of the statutes of 2003, is again amended by replacing the third paragraph by the following paragraph:

“The Minister may obtain the advice of a body or of another minister to determine whether an individual in respect of whom an amount has been deducted under any of sections 752.0.14, 752.0.15, 776.41.5 and 776.78 with respect to an impairment has a severe and prolonged mental or physical impairment the effects of which are such that the individual’s ability to perform a basic activity of daily living is markedly restricted, and any person referred to in that section shall, on request in writing by the body or the other minister for information with respect to the individual’s impairment and its effect on the individual or with respect to the therapy referred to in subparagraph ii of subparagraph *b* of the first paragraph that is, where applicable, required to be administered to the individual, provide the information so requested in writing.”

(2) Subsection 1 applies from the taxation year 2000. However, where the third paragraph of section 752.0.17 of the said Act applies to the taxation years 2000 to 2002, the reference therein to “776.41.5” shall be read as a reference to “752.0.19”.

87. (1) Section 752.0.18.2 of the said Act is amended

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

“(a) an amount payable by the individual for the year, in relation to an office or employment of the individual, as a premium referred to in paragraph *a*, or a contribution referred to in paragraph *b*, of that section, if all of the individual’s income for the year from the office or employment is not required to be included in computing the individual’s income for the year or is deductible in computing the individual’s taxable income for the year under any of sections 725, 737.16, 737.18.10, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7 and 737.22.0.10; or”;

(2) by replacing “under section 725, 737.16 or 737.18.10” in paragraph *b* by “under any of sections 725, 737.16, 737.18.10, 737.18.34 and 737.22.0.10”.

(2) Subsection 1 applies from the taxation year 2000. However,

(1) where paragraph *a* of section 752.0.18.2 of the said Act applies to the taxation year 2000, the reference therein to “, 737.22.0.7 and 737.22.0.10” shall be read as a reference to “and 737.22.0.7”; and

(2) where paragraph *b* of section 752.0.18.2 of the said Act applies to the taxation year 2000, the reference therein to “, 737.18.34 and 737.22.0.10” shall be read as a reference to “and 737.18.34”.

88. (1) Section 752.0.18.3 of the said Act is amended by adding the following paragraph after paragraph *h*:

“(i) annual dues the payment of which is necessary to maintain a taxi driver’s permit, within the meaning of the Act respecting transportation services by taxi (chapter S-6.01).”

(2) Subsection 1 applies from the taxation year 2001.

89. (1) Section 752.0.18.7 of the said Act is amended by replacing “737.18.10, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3 and 737.22.0.7” by “737.18.10, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7 and 737.22.0.10”.

(2) Subsection 1 applies from the taxation year 2000. However, where section 752.0.18.7 of the said Act applies to the taxation year 2000, the reference therein to “, 737.22.0.7 and 737.22.0.10” shall be read as a reference to “and 737.22.0.7”.

90. (1) Section 752.0.18.9 of the said Act is replaced by the following section:

“752.0.18.9. Where an amount would, but for section 134.1, be deductible in computing an individual’s income for a taxation year from a business or property as dues or a contribution referred to in any of subparagraphs *a* to *c* of the first paragraph of that section, the individual shall not include that amount in the aggregate referred to in section 752.0.18.8 for the year if

(*a*) all of the individual’s income for the year from that business or property is not required to be included in computing the individual’s income for the year or is deductible in computing the individual’s taxable income for the year under any of sections 725, 737.16, 737.18.10, 737.18.34 and 737.22.0.10; or

(*b*) a portion or all of the individual’s income for the year from that business is deductible in computing the individual’s taxable income for the year under section 737.18.28.”

(2) Subsection 1 applies from the taxation year 2000. However, where section 752.0.18.9 of the said Act applies to the taxation year 2000, it shall be read as follows:

“752.0.18.9. Where an amount would, but for section 134.1, be deductible in computing an individual’s income for a taxation year from a business or property as dues or a contribution referred to in any of subparagraphs *a* to *c* of the first paragraph of that section, the individual shall not include that amount in the aggregate referred to in section 752.0.18.8 for the year if all of the individual’s income for the year from that business or property is not required to be included in computing the individual’s income for the year or is deductible in computing the individual’s taxable income for the year under any of sections 725, 737.16, 737.18.10 and 737.18.34.”

91. (1) Chapter I.0.4 of Title I of Book V of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

92. (1) Section 752.0.22 of the said Act is amended by striking out “752.0.19,” and by replacing “and 767” by “, 767 and 776.41.5”.

(2) Subsection 1 applies from the taxation year 2003.

93. (1) Section 752.0.23 of the said Act is amended by replacing “752.0.19” by “752.0.18.15”.

(2) Subsection 1 applies from the taxation year 2003.

94. (1) Section 752.0.24 of the said Act is amended

(1) by replacing “752.0.19” by “752.0.18.15” in the following provisions :

— the portion of subparagraph *a* of the first paragraph before subparagraph *i* ;

— subparagraph *b* of the first paragraph ;

— the second paragraph ;

(2) by replacing “, 752.0.15 and 752.0.19” in subparagraph *ii* of subparagraph *a* of the first paragraph by “and 752.0.15”.

(2) Subsection 1 applies from the taxation year 2003.

95. (1) Section 752.0.25 of the said Act is replaced by the following section :

“752.0.25. Where an individual is referred to in the second paragraph of section 26, sections 752.0.1 to 752.0.18.15 do not apply for the purpose of computing the individual’s tax payable under this Part for a taxation year.

However, the individual may deduct, in computing the individual’s tax payable under this Part for such a taxation year,

(*a*) where all or substantially all of the individual’s income for the year, as determined under section 28, is included in computing the individual’s taxable income earned in Canada for the year, such portion of the amounts determined under sections 752.0.1 to 752.0.10, 752.0.11 to 752.0.13.1.1, 752.0.15 and 752.0.16, as is represented by the proportion described in the second paragraph of section 26 ; and

(*b*) such portion of the amounts determined under sections 752.0.10.1 to 752.0.10.18, 752.0.14, 752.0.18.1, 752.0.18.3, 752.0.18.8, 752.0.18.10 and 752.0.18.15, as is represented by the proportion described in the second paragraph of section 26.”

(2) Subsection 1 applies from the taxation year 2000. However, where section 752.0.25 of the said Act applies to the taxation years 2000 to 2002, the

reference to “752.0.18.15” in the first paragraph shall be read as a reference to “752.0.19” and the reference to “and 752.0.16” in subparagraph *a* of the second paragraph shall be read as a reference to “, 752.0.16 and 752.0.19”.

96. (1) Section 752.0.27 of the said Act is amended

(1) by replacing “, 752.0.14 to 752.0.18 and 752.0.19” in the portion before paragraph *a* by “and 752.0.14 to 752.0.18”;

(2) by replacing “section 752.0.15 or 752.0.19” in paragraph *a* by “section 752.0.15”.

(2) Subsection 1 applies from the taxation year 2003.

97. (1) Section 767 of the said Act is amended by replacing “section 737.18.10” in the third paragraph by “section 737.18.10 or 737.18.34”.

(2) Subsection 1 applies from the taxation year 2000.

98. (1) Section 771.1 of the said Act is amended

(1) by replacing the definitions of “Centre de développement des biotechnologies de Laval”, “information technology development centre” and “new economy centre” in the first paragraph by the following definitions:

““biotechnology development centre” means a building designated as such by the Minister of Finance;

““information technology development centre” means a building designated as such by the Minister of Finance;

““new economy centre” means one or more buildings within the same region that are designated by Investissement Québec as constituting a marketplace for the new economy;”;

(2) by replacing paragraphs *a* to *c* of the definition of “eligibility date” in the first paragraph by the following paragraphs:

“(a) where the corporation carries on or may carry on its business in an information technology development centre, 26 March 1997;

“(b) where the corporation carries on or may carry on its business in a new economy centre, 10 March 1999; and

“(c) where the corporation carries on or may carry on its business in a biotechnology development centre, 30 March 2001;”;

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

“For the purposes of the definition of “new economy centre” in the first paragraph, premises designated by Investissement Québec are deemed to form part of a building referred to in that definition.”

(2) Paragraphs 1 and 2 of subsection 1 have effect from 30 March 2001, except where paragraph 1 of subsection 1 replaces the definition of “information technology development centre” in the first paragraph of section 771.1 of the said Act, and paragraph 2 of subsection 1 replaces paragraph *a* of the definition of “eligibility date” in that first paragraph, those paragraphs apply to taxation years that begin after 20 December 2001.

(3) Paragraph 3 of subsection 1 has effect from 10 March 1999.

(4) In addition, where the definition of “information technology development centre” in the first paragraph of section 771.1 of the said Act, replaced by paragraph 1 of subsection 1, applies in respect of a building designated after 31 March 2000, the reference therein to “Investissement Québec” shall be read as a reference to “the Minister of Finance”.

99. (1) The said Act is amended by inserting the following section after section 771.2.6 :

“771.2.7. For the purposes of paragraphs *d.2* and *h* of subsection 1 of section 771 and section 771.8.3, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed as if the amounts determined in accordance with subparagraphs *a* and *b* of the second paragraph of section 737.18.33 in respect of the corporation for the year were nil.”

(2) Subsection 1 applies from the taxation year 2000.

100. (1) Section 771.6 of the said Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph :

“(a) in respect of a corporation referred to in paragraph *a* or *c* of section 1132 or a mining corporation that has not reached the production stage, its paid-up capital that would be determined in accordance with Book III of Part IV if no reference were made to sections 1138.0.1 and 1141.3;”.

(2) Subsection 1 applies from the taxation year 2003.

101. (1) Section 771.12 of the said Act is amended

(1) by replacing subparagraphs i to iii of paragraph *a* by the following subparagraphs :

“i. the corporation carries on or may carry on a business that is an innovative project in an information technology development centre,

“ii. the corporation carries on or may carry on a business that is an innovative project in a new economy centre, or,

“iii. the corporation carries on or may carry on an innovative project in a biotechnology development centre;”;

(2) by replacing “elle a produit” in the French text of paragraph *e* by “elle a présenté”.

(2) Subsection 1 has effect from 30 March 2001, except where paragraph 1 thereof replaces subparagraph *i* of paragraph *a* of section 771.12 of the said Act, in which case that paragraph 1 applies to taxation years that begin after 20 December 2001.

102. (1) Section 772.2 of the said Act, amended by section 228 of chapter 2 of the statutes of 2003, is again amended by replacing “section 737.18.10” by “section 737.18.10 or 737.18.34”, in the following provisions:

— subparagraph *vii* of paragraph *d* of the definition of “non-business-income tax”;

— paragraph *b* of the definition of “business-income tax”.

(2) Subsection 1 applies from the taxation year 2000.

103. (1) Section 772.7 of the said Act is amended, in the first paragraph,

(1) by inserting “737.18.34,” after “737.18.10,” in subparagraph *ii* of subparagraph *a*;

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

“ii. the aggregate of all amounts each of which is an amount deductible under any of sections 725, 725.2 to 725.6, 726.26, 737.14, 737.16, 737.16.1, 737.18.10, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.22.0.10, 737.25 and 737.28, or deducted under any of sections 725.9, 726.7 to 726.9, 726.20.2 and 729, by the individual for the year or, as the case may be, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of section 23.”

(2) Subsection 1 applies from the taxation year 2000. However, where subparagraph *ii* of subparagraph *b* of the first paragraph of section 772.7 of the said Act applies to the taxation year 2000, it shall be read without reference to “737.18.28,” and “737.22.0.10,”.

104. (1) Section 772.9 of the said Act is amended, in paragraph *a*,

(1) by replacing “section 726.26, 737.16 or 737.18.10” in subparagraph 1 of subparagraph i by “any of sections 726.26, 737.16, 737.18.10, 737.18.28 and 737.18.34”;

(2) by replacing subparagraph 2 of subparagraph ii by the following subparagraph:

“(2) the aggregate of all amounts each of which is an amount deductible under any of sections 725, 725.2 to 725.6, 726.26, 737.14, 737.16, 737.16.1, 737.18.10, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.22.0.10, 737.25 and 737.28, or deducted under any of sections 725.9, 726.7 to 726.9, 726.20.2 and 729, by the individual for the year or, as the case may be, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of section 23; and”.

(2) Subsection 1 applies from the taxation year 2000. However,

(1) where subparagraph 1 of subparagraph i of paragraph *a* of section 772.9 of the said Act applies to the taxation year 2000, it shall be read without reference to “, 737.18.28”; and

(2) where subparagraph 2 of subparagraph ii of paragraph *a* of section 772.9 of the said Act applies to the taxation year 2000, it shall be read without reference to “737.18.28,” and “737.22.0.10,”.

105. (1) Section 772.11 of the said Act, amended by section 235 of chapter 2 of the statutes of 2003, is again amended by replacing subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph by the following subparagraph:

“(2) the aggregate of all amounts each of which is an amount deductible under any of sections 725, 725.2 to 725.6, 726.26, 737.14, 737.16, 737.16.1, 737.18.10, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.22.0.10, 737.25 and 737.28, or deducted under any of sections 725.9, 726.7 to 726.9, 726.20.2 and 729, by the individual for the year or, as the case may be, for any period referred to in respect of the individual for the year in subparagraph *a* of the second paragraph of section 23; and”.

(2) Subsection 1 applies from the taxation year 2000. However, where subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph of section 772.11 of the said Act applies to the taxation year 2000, it shall be read without reference to “737.18.28,” and “737.22.0.10,”.

106. (1) Section 776.1.5.0.11 of the said Act is replaced by the following section:

“776.1.5.0.11. An individual, other than a trust, who is resident in Québec at the end of 31 December of a particular taxation year and who is not a dealer acting as an intermediary or as a firm underwriter may deduct from the individual’s tax otherwise payable for the particular year under this Part an amount equal to 50% of the amount paid by the individual in the period beginning on 1 March of the particular year and ending on the last day of February of the year following the particular year, but before 1 March 2011, for the purchase, as first purchaser, of a share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

Where the period referred to in the first paragraph ends on a holiday, the period is deemed to end on the day immediately before the holiday.”

(2) Subsection 1 applies from the taxation year 2002. However, where the first paragraph of section 776.1.5.0.11 of the said Act applies to the taxation year 2002, the reference therein to “in the period beginning on 1 March” shall be read as a reference to “in the period beginning on 1 January”.

107. (1) Section 776.1.5.0.13 of the said Act is amended by replacing the portion before subparagraph *i* of paragraph *b* by the following:

“776.1.5.0.13. No individual may deduct, for a particular taxation year, an amount under section 776.1.5.0.11 in respect of an amount paid by the individual in the period referred to in the first paragraph of section 776.1.5.0.11 for the acquisition of a share referred to in that section if

(*a*) during that period or within the following 30 days, the individual requested redemption of the share in accordance with paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1); or

(*b*) the corporation governed by the Act constituting Capital régional et coopératif Desjardins, before 1 March of the year following the particular year, in relation to another share of the capital stock of that corporation,”.

(2) Subsection 1 applies from the taxation year 2002.

108. (1) Section 776.29 of the said Act is amended

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

““eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;”;

(2) by replacing the definition of “family income” by the following definition:

““family income” of an individual for a taxation year means the amount by which the aggregate of the income of the individual for the year and the income, for the year, of the individual’s eligible spouse for the year exceeds \$26,000;”.

(2) Subsection 1 applies from the taxation year 2003.

109. (1) Section 776.30 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

110. (1) Section 776.30.1 of the said Act is amended by striking out “if that income were computed with reference to the rules in Title II of Book V.2.1 and”.

(2) Subsection 1 applies from the taxation year 2003.

111. (1) The said Act is amended by inserting the following before Book V.1 of Part I:

“TITLE IX

“TRANSFER TO SPOUSE OF UNUSED PORTION OF NON-REFUNDABLE TAX CREDITS

“776.41.1. In this Title, the eligible spouse of an individual for a taxation year means

(a) where the taxation year is not the taxation year referred to in paragraph *b*,

i. the person who is the spouse of the individual at the end of 31 December of the year and who, at that time, is not living separate and apart from the individual, or

ii. where the individual does not have a spouse at the end of 31 December of the year, the last person who, during the year, has been the spouse of the individual, if that person died in the year and if, at the time of death, that person was the spouse of the individual and was not living separate and apart from the individual; and

(b) where the taxation year is the taxation year in which the individual dies,

i. the person who, at the time of the individuals’ death, was the spouse of the individual and who, at that time, was not living separate and apart from the individual, except if that person was the spouse of another individual at the end of 31 December of the year or, if the person died in the year, at the time of the person’s death, or

ii. where the individual did not have a spouse at the time of the individual's death, the last person who, during the year, had been the spouse of the individual, if that person died in the year and if, at the time of death, the person was the spouse of the individual and was not living separate and apart from the individual.

“776.41.2. For the purposes of section 776.41.1, a person shall not be considered to be living separate and apart from an individual at any time in a taxation year unless the person was living separate and apart from the individual at that time, because of a breakdown of their marriage, for a period of at least 90 days that includes that time.

“776.41.3. For the purposes of section 776.41.1, where an individual would, but for this section, have more than one eligible spouse for a taxation year, the individual is deemed to have only one eligible spouse for the year and to be the eligible spouse for the year of that person only.

For the purposes of section 776.41.1, where a person would, but for this section, be the eligible spouse of more than one individual for a taxation year, the Minister may designate which of the individuals is deemed to have that person as sole eligible spouse for the year and that person is deemed to be the eligible spouse for the year solely of the individual so designated by the Minister.

“776.41.4. For the purposes of sections 776.41.1 to 776.41.3, “taxation year” has the meaning that would be assigned by this Part if it were read without reference to section 779.

“776.41.5. Subject to the fifth paragraph and sections 776.41.6 to 776.41.10, an individual who has an eligible spouse for a taxation year may deduct from the individual's tax otherwise payable for the year under this Part, computed without reference to section 752.12, the amount determined by the formula,

$A - B.$

In the formula provided for in the first paragraph,

(a) A is,

i. where the rules set out in Book V.2.1 apply for the taxation year to the individual's eligible spouse for the year, the aggregate of all amounts each of which is an amount that the eligible spouse may, in accordance with section 776.76, deduct under Book V in computing the eligible spouse's tax otherwise payable for the year under this Part, except this section, or the amount that the eligible spouse may deduct under section 776.77 in computing the eligible spouse's tax payable for the year, and

ii. where the rules set out in Book V.2.1 do not apply for the taxation year to the individual's eligible spouse for the year, the aggregate of all amounts each of which is an amount that the eligible spouse may deduct under Book V in computing the eligible spouse's tax otherwise payable for the year under this Part, other than an amount deductible under section 752.12; and

(b) B is the eligible spouse's tax otherwise payable for the taxation year under this Part, computed without reference to the deductions to which subparagraph i of subparagraph *a* refers, where the rules set out in Book V.2.1 apply for the year to the individual's eligible spouse for the year, or without reference to the deductions provided for in Book V, where the rules set out in Book V.2.1 do not apply for the year to the individual's eligible spouse for the year.

For the purposes of subparagraph i of subparagraph *a* of the second paragraph, where the eligible spouse of an individual for a taxation year may deduct, for the year, an amount under any of sections 752.0.10.6, 752.0.11, 772.8, 776.1.1 and 776.1.2, in this paragraph referred to as the "deductible amount", the individual may, in respect of the deductible amount, include in the aggregate referred to in that subparagraph i only the portion of the deductible amount indicated by the eligible spouse in the fiscal return the eligible spouse files for the year.

For the purposes of subparagraph ii of subparagraph *a* of the second paragraph, where the eligible spouse of an individual for a taxation year may deduct, for the year, an amount under any of sections 752.0.10.6, 752.0.11, 752.0.18.10, 752.0.18.15, 772.8, 776.1.1 and 776.1.2, in this paragraph referred to as the "deductible amount", the individual may, in respect of the deductible amount, include in the aggregate referred to in that subparagraph ii only the portion of the deductible amount indicated by the eligible spouse in the fiscal return the eligible spouse files for the year.

An individual may deduct an amount under this section in computing the individual's tax otherwise payable under this Part for a taxation year only if the individual and the individual's eligible spouse for the year file a fiscal return for the year under this Part.

“776.41.6. Where an individual is referred to in the second paragraph of section 22 or 25, the amount that may be deducted by the individual under section 776.41.5 in computing the individual's tax otherwise payable for a taxation year under this Part shall not exceed the portion of the amount that is the proportion referred to in the second paragraph of section 22 or 25, as the case may be.

“776.41.7. Where an individual is resident in Canada only during part of a taxation year, the following rules apply for the purpose of determining the amount that may be deducted by the individual under section 776.41.5 in computing the individual's tax otherwise payable for the year under this Part :

(a) in respect of any period in the year throughout which the individual was resident in Canada, the amount deductible under section 776.41.5 must be computed as though that period were a whole taxation year and the amount that would have been deductible under section 776.41.5, if the individual had been resident in Canada throughout the year, were replaced by an amount equal to the proportion of the amount that the number of days in that period is of the number of days in the year; and

(b) in respect of a period in the year that is not referred to in subparagraph a, the amount deductible under section 776.41.5 must be computed as though that period were a whole taxation year.

Notwithstanding the foregoing, the amount deductible by the individual for the year under section 776.41.5, as a consequence of the application of the rules set out in the first paragraph, shall not exceed the amount that would have been otherwise deductible, under section 776.41.5, if the individual had been resident in Canada throughout the year.

“776.41.8. Where an individual is referred to in the second paragraph of section 26, section 776.41.5 does not apply for the purpose of computing the individual’s tax otherwise payable for a taxation year under this Part.

However, where all or substantially all of the individual’s income for the year, as determined under section 28, is included in computing the individual’s taxable income earned in Canada for the year, the individual may deduct, in computing the individual’s tax otherwise payable for the year under this Part, such portion of the amount, as determined under section 776.41.5, that is the proportion referred to in the second paragraph of section 26.

“776.41.9. Where an individual dies in a taxation year, the amount determined in respect of the individual for the year under section 776.41.5 may be deducted only in computing the individual’s tax payable as indicated in the fiscal return the individual is required to file for the year under this Part, otherwise than as the result of an election made by the individual’s legal representative in accordance with the second paragraph of section 429 or section 681 or 1003.

Where the eligible spouse of an individual for a taxation year dies in the year, the individual may deduct, in computing the individual’s tax payable for the year under section 776.41.5, only the amount determined by the formula provided for in the first paragraph of that section on the basis of the amounts indicated in the fiscal return of the individual’s eligible spouse for the year filed under this Part, otherwise than as the result of an election made by the individual’s legal representative in accordance with the second paragraph of section 429 or section 681 or 1003.

“776.41.10. Where an individual has become a bankrupt during a calendar year, the individual may, for that year, deduct an amount under section 776.41.5 only in computing the individual’s tax payable as indicated

in the fiscal return the individual is required to file under this Part for the taxation year that is deemed, under section 779, to commence on the date of the bankruptcy.

Where the eligible spouse of an individual for a taxation year has become a bankrupt during a calendar year, the amount that the individual may deduct for the taxation year under section 776.41.5 in computing the individual's tax payable is equal to the aggregate of all amounts each of which is the amount determined under the first paragraph of section 776.41.5 for each of the taxation years of the eligible spouse that is included in the calendar year.

“776.41.11. Where an individual deducts an amount under section 776.41.5 in computing tax payable under this Part for a taxation year, and where a portion of that amount is reasonably attributable to a deduction to which the eligible spouse of the individual for the year is entitled for the year under a particular provision referred to in the second paragraph, the portion of that amount is deemed to be deducted under the particular provision by the eligible spouse in computing tax payable under this Part for the year for the purpose of determining the amount that the eligible spouse will be entitled to deduct, under the particular provision or another particular provision, in computing the tax payable under this Part for another taxation year.

The provisions to which the first paragraph refers are sections 752.0.11, 752.0.10.6, 752.0.18.10, 752.0.18.15, 772.8, 776.1.1 and 776.1.2.

For the purpose of determining the portion of the amount that an individual may deduct under section 776.41.5 in computing tax payable under this Part for a taxation year that is reasonably attributable to a deduction to which the eligible spouse of the individual for the year is entitled for the year under a particular provision referred to in the second paragraph, the provisions referred to in that paragraph shall be applied in the order provided for in that paragraph.”

(2) Subsection 1 applies from the taxation year 2003.

112. (1) Section 776.65 of the said Act is amended by replacing “752.0.18.9” in the first and second paragraphs by “752.0.18.15”.

(2) Subsection 1 applies from the taxation year 1998. In addition, where the first and second paragraphs of section 776.65 of the said Act apply to the taxation year 1997, the reference therein to “752.0.18.9” shall be read as a reference to “752.0.18.14”.

113. (1) The said Act is amended by inserting the following section after section 776.68:

“776.68.1. In this Book, the eligible spouse of an individual for a taxation year means the person who is the individual's eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4.”

(2) Subsection 1 applies from the taxation year 2003.

114. (1) Title II of Book V.2.1 of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

115. (1) Section 776.74 of the said Act is replaced by the following section:

“776.74. The individual may deduct in computing the taxable income of the individual for the year only the amount that is deductible for the year under any of paragraphs *a* to *c.0.1* and *e* of section 725 or under any of sections 725.1.2, 726.4 and 737.29.”

(2) Subsection 1 applies from the taxation year 2002. However, where section 776.74 of the said Act applies to the taxation year 2002, the reference therein to “*a* to *c.0.1*” shall be read as a reference to “*b* to *c*, *c.0.1*”.

116. (1) Section 776.76 of the said Act is amended

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

“(a) the amounts that are deductible for the year under section 752.0.1, as a consequence of the application of any of paragraphs *b* to *g* of that section, and sections 752.0.7.4, 752.0.10.6, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.15, 766.4, 772.6, 772.8, 772.11, 776, 776.1.1, 776.1.2, 776.1.5.0.11 and 776.32; and”;

(2) by striking out subparagraphs *a.1* and *a.2* of the first paragraph;

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

“(b) the amount that is deductible for the year under section 776.41.5, where the rules in this Book do not apply for the year to the person who is the individual’s eligible spouse for the year.”;

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

“Where the first paragraph applies to an individual referred to in the second paragraph of section 22, the amounts that may be deducted by the individual under Book V, pursuant to the first paragraph, in computing the individual’s tax payable for the year under this Part, shall be determined without reference to the proportion referred to in section 752.0.23, 776.32.1 or 776.41.6, as the case may be.”

(2) Subsection 1 applies from the taxation year 2003.

117. (1) Section 776.78 of the said Act is replaced by the following section:

“776.78. Where the individual, in this section referred to as the “particular individual”, has an eligible spouse for the year, and where the eligible spouse is also an individual in respect of whom the rules provided for in this Book apply for that year, the particular individual may deduct from tax otherwise payable for the year under this Part the 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 an amount deductible, pursuant to section 776.76, by the eligible spouse under Book V in computing tax payable for the year under this Part, or the amount deductible by the eligible spouse under section 776.77 in computing that tax payable; and

(b) B is the amount of tax payable by the eligible spouse for the year under this Part, computed without reference to the deductions to which subparagraph *a* refers.

For the purposes of subparagraph *a* of the second paragraph, where the eligible spouse of an individual for a taxation year may deduct, for the year, an amount under any of sections 752.0.10.6, 752.0.11, 772.8, 776.1.1 and 776.1.2, in this paragraph referred to as the “deductible amount”, the individual may, in respect of the deductible amount, include in the aggregate referred to in that subparagraph *a* only the portion of the deductible amount indicated by the eligible spouse in the fiscal return the eligible spouse files for the year.”

(2) Subsection 1 applies from the taxation year 2003.

118. (1) The said Act is amended by inserting the following section after section 776.78:

“776.78.1. Where an individual deducts an amount under section 776.78 in computing tax payable under this Part for a taxation year, and where a portion of that amount is reasonably attributable to a deduction to which the eligible spouse of the individual for the year is entitled for the year under a particular provision referred to in the second paragraph, the portion of that amount is deemed to be deducted under the particular provision by the eligible spouse in computing tax payable under this Part for the year for the purpose of determining the amount that the eligible spouse will be entitled to deduct, under the particular provision or another particular provision, in computing the tax payable under this Part for another taxation year.

The provisions to which the first paragraph refers are sections 752.0.11, 752.0.10.6, 772.8, 776.1.1 and 776.1.2.

For the purpose of determining the portion of the amount that an individual may deduct under section 776.78 in computing tax payable under this Part for a taxation year that is reasonably attributable to a deduction to which the eligible spouse of the individual for the year is entitled for the year under a particular provision referred to in the second paragraph, the provisions referred to in that paragraph shall be applied in the order provided for in that paragraph.”

(2) Subsection 1 applies from the taxation year 2003.

119. (1) Section 776.79 of the said Act is replaced by the following section:

“776.79. For the purpose of computing the tax payable by an individual referred to in section 776.67, the following provisions shall be applied in the following order: sections 776.77 and 752.0.7.4, paragraphs *b* to *g* of section 752.0.1 and sections 752.0.14, 752.0.15, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.10.6, 766.4, 772.6, 772.8, 772.11, 776, 776.32, 776.1.5.0.11, 776.1.1, 776.1.2, 776.41.5 and 776.78.”

(2) Subsection 1 applies from the taxation year 2003.

120. (1) Sections 776.89 to 776.96 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 2003.

121. (1) Section 782 of the said Act, amended by section 248 of chapter 2 of the statutes of 2003, is again amended

(1) by replacing “, I.0.3 and I.0.4” in paragraph *b* by “and I.0.3”;

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

“(d) in Title IX of Book V.”

(2) Subsection 1 applies from the taxation year 2003.

122. Section 832.14 of the said Act is amended by striking out paragraph *c*.

123. (1) Section 965.1 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended

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

“(b) “qualifying share” means a share that is not referred to in section 965.9.4 or 965.9.7.0.1 and meeting the requirements of any of sections 965.7, 965.9, 965.9.1.0.0.1, 965.9.1.0.1 to 965.9.1.0.6 and 965.9.1.1 and, with the necessary modifications, a fraction of such a share not reimbursed;”;

(2) by striking out paragraphs *b.1*, *b.2* and *c*;

(3) by replacing “in any of sections 51, 52 and 263 of the Securities Act” in paragraph *h* by “in section 52 or 263 of the Securities Act or, where section 965.9.1.1 applies, in section 51 of that Act”;

(4) by inserting the following paragraph after paragraph *j*:

“(j.0.0.1) “venture capital corporation” means a corporation

i. whose main activity consists in investing funds in the form of shares of the capital stock of another corporation,

ii. that generally participates in the management of the other corporation in which it invests funds,

iii. whose funds it invests in another corporation are generally not guaranteed by the assets of the other corporation, and

iv. whose initial investment in another corporation does not exceed 20% of its funds available for investments of that kind;”;

(5) by replacing “965.11.8” in paragraph *j.0.1* by “965.11.11”;

(6) by striking out paragraph *j.0.3*.

(2) Paragraph 3 of subsection 1 has effect from 17 October 2002.

124. Section 965.3.1 of the said Act is amended by striking out the second paragraph.

125. Sections 965.4 to 965.4.1.1 of the said Act are repealed.

126. Sections 965.4.1.2 and 965.4.2 of the said Act are replaced by the following sections:

“965.4.1.2. For the purposes of sections 965.3 to 965.3.2, the assets shall be computed by making every possible combination in such computation in respect of each fiscal period of each corporation referred to, where that is the case, in those sections.

“965.4.2. For the purposes of section 965.3, the following rules apply:

(a) where any of the computations referred to therein must be made in respect of a corporation that is in its first fiscal period, the reference to its financial statements submitted to the shareholders for its last taxation year ended before the date of the receipt for the final prospectus or of the exemption from filing a prospectus shall be replaced by a reference to its financial statements at the beginning of its first fiscal period; and

(b) where any of the computations referred to therein must be made in respect of a corporation that, within the 365 days preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus, modified its usual and accepted fiscal period, the reference to its financial statements submitted to the shareholders for its last taxation year ended before the date of the receipt for the final prospectus or of the exemption from filing a prospectus shall be replaced by a reference to its financial statements submitted to the shareholders for each of the taxation years ended in the 365 days preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus.”

127. Section 965.4.3 of the said Act is amended by striking out “the net shareholder’s equity or”.

128. Section 965.4.4.1 of the said Act is amended by striking out the second paragraph.

129. Section 965.4.6 of the said Act is replaced by the following section :

“965.4.6. For the purposes of this Title, where a corporation must meet a requirement in respect of which section 965.3 or 965.3.1 applies, the requirement must be met for each of its fiscal periods referred to, where that is the case, in that section.”

130. (1) Section 965.6 of the said Act is amended

(1) by striking out paragraphs *a* to *b* and *c* to *c.6* ;

(2) by replacing paragraphs *c.7* and *c.8* by the following paragraphs :

“(c.7) 75% in the case of a qualifying share that is a common share with voting rights issued by a corporation, other than a growth corporation, whose assets are under \$350,000,000 and that is not a share referred to in paragraph *b.1* or *b.2* or in paragraph *c.8* ;

“(c.8) 0% in the case of a qualifying share that is a common share with voting rights issued by a corporation whose assets are \$350,000,000 or more, where the share is issued otherwise than under an exemption from filing a prospectus granted before 21 May 1993 under any of subparagraphs 2, 3 and 5 of the first paragraph of section 52 of the Securities Act (chapter V-1.1) and is acquired after 20 May 1993 as a result of the exercise of a right to subscribe a share conferred as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted after 1 May 1986, or the exercise of a conversion right conferred on the holder of a convertible security issued as part of a convertible security issue ;”

(2) Paragraph 2 of subsection 1, where it replaces paragraph *c.7* of section 965.6 of the said Act, applies in respect of a public share issue in respect of which either the receipt for the final prospectus or the exemption from filing a

prospectus is granted after 9 March 1999. However, where that paragraph *c.7* applies in respect of a public share issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus is granted between 9 March 1999 and 10 December 2003, the reference therein to “in paragraph *c.8*” shall be read as a reference to “in subparagraph ii of paragraph *c.8*”. In addition,

(1) where that paragraph *c.7* applies in respect of a public share issue in respect of which either the receipt for the final prospectus or the exemption from filing a prospectus is granted between 31 March 1998 and 10 March 1999, it shall be read as follows :

“(c.7) 75% in the case of a qualifying share that is a common share with voting rights issued by a corporation, other than a growth corporation, whose assets are under \$300,000,000 and that is not a share referred to in paragraph *b.1* or *b.2* or in subparagraph ii of paragraph *c.8*.”;

(2) where that paragraph *c.7* applies in respect of a public share issue in respect of which either the receipt for the final prospectus or the exemption from filing a prospectus is granted between 25 March 1997 and 1 April 1998, it shall be read as follows :

“(c.7) 75% in the case of a qualifying share that is a common share with voting rights issued by a corporation, other than a growth corporation, whose assets are under \$250,000,000 and that is not a share referred to in paragraph *b.1* or *b.2* or in subparagraph ii of paragraph *c.8*.”; and

(3) where that paragraph *c.7* applies between 20 May 1993 and 26 March 1997, it shall be read as follows :

“(c.7) 75% in the case of a qualifying share that is a common share with voting rights issued by a corporation, other than a growth corporation, whose assets are under \$250,000,000 and that is not a share referred to in paragraph *b.1* or in subparagraph ii of paragraph *c.8*.”.

131. Sections 965.6.0.2.0.2 and 965.6.0.2.0.3 of the said Act are repealed.

132. Section 965.6.0.2.1 of the said Act is replaced by the following section :

“965.6.0.2.1. The adjusted cost of a share that is a valid share for an individual, an investment group or an investment fund, in this section referred to as the “purchaser”, is equal to the cost of the share for the purchaser, determined without reference to the borrowing costs, brokerage or custody fees or other similar costs related to the share.”

133. Section 965.6.23.1 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended by replacing paragraph *a* by the following paragraph :

“(a) to use a determined percentage, which must be the same throughout any particular year during which securities are issued as part of the security issue, not lower than 50%, of the proceeds, for the particular year, of the issue of securities not redeemed by the investment fund on or before 31 December in the particular year, to acquire, on or before 31 December in the year following the particular year, qualifying non-guaranteed convertible securities, or qualifying shares that are common shares with voting rights, that are issued by growth corporations;”.

134. Section 965.7 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended

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

“**965.7.** A share qualifies for a stock savings plan if the following conditions are satisfied:

(a) it is a common share which carries voting rights and those voting rights may be exercised under any circumstances in the issuing corporation ;

(b) the number of voting rights attached thereto is equal to or greater than that attached to any other share of the capital stock of the issuing corporation ;” ;

(2) by striking out “and” at the end of paragraph *g* ;

(3) by striking out paragraph *h*.

135. Sections 965.9 and 965.9.1 of the said Act are repealed.

136. Section 965.9.1.0.1 of the said Act is amended by replacing paragraph *a* by the following paragraph :

“(a) it is a common share with voting rights;”.

137. Section 965.9.1.0.2 of the said Act is amended by replacing paragraph *a* by the following paragraph :

“(a) it is a common share with voting rights;”.

138. Sections 965.9.2 and 965.9.3 of the said Act are repealed.

139. Section 965.9.4 of the said Act is amended by replacing “965.9.1 to 965.9.3” in the portion before paragraph *a* by “965.9.1.0.0.1 to 965.9.1.1”.

140. Section 965.9.7.0.1 of the said Act is amended by replacing the first paragraph by the following paragraph :

“965.9.7.0.1. Notwithstanding sections 965.9.1.0.0.1 to 965.9.1.1, a qualifying share does not include a share issued in a particular year, under an exemption from filing a prospectus granted under any of subparagraphs 2, 3 and 5 of the first paragraph of section 52 of the Securities Act (chapter V-1.1), by a corporation that has certified, in accordance with the first paragraph of section 965.24.2, that on 30 June in the year preceding that particular year, it would not have been a qualified corporation by reason of the first paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17 had that first paragraph applied on that date.”

141. Section 965.9.7.0.2 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is replaced by the following section :

“965.9.7.0.2. Section 965.9.7.0.1 does not apply to a share issued in a particular year by a corporation that has certified, in accordance with the first paragraph of section 965.24.2, that on 30 June in the year preceding that particular year, as a result of a transaction other than a particular transaction referred to in section 965.11.19.1 in respect of which the corporation was not bound to meet the requirement mentioned in the second paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17, the corporation would not have been a qualified corporation by reason of the first paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17 if that first paragraph had applied on that date and if, during the period beginning on 1 July in the year preceding the particular year and ending on 31 December in that year, the corporation met, with reference to section 965.11.19.1, the requirement mentioned in the second paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17 in relation to that transaction, and transmitted to the Commission des valeurs mobilières du Québec and to the Minister, on or before 31 December in the year preceding the particular year, a written notice certifying that it had met that requirement.”

142. Sections 965.9.7.0.3 to 965.9.7.0.6 of the said Act are repealed.

143. Section 965.9.7.2 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing “si” in the French text of the portion before paragraph *a* by “si les conditions suivantes sont remplies”;

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

“(c) it is issued by the corporation as part of a share issue referred to in the second paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17;”;

(3) by striking out “et” at the end of the French text of paragraph *d*.

144. Section 965.10.1 of the said Act is amended by striking out paragraph *a*.

145. Sections 965.11.8 to 965.11.9.1 of the said Act are repealed.

146. Section 965.11.19.3 of the said Act is replaced by the following section:

“965.11.19.3. Notwithstanding sections 965.11.11 to 965.11.19.2, a corporation may make a transaction referred to in those sections without having to meet the requirement in the second paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17 if, in the opinion of the Minister, an undesirable situation would otherwise result therefrom.”

147. (1) The said Act is amended by inserting the following section after section 965.11.19.3:

“965.11.19.4. For the purposes of paragraph *e* of section 965.10, sections 965.10.2 and 965.10.3, paragraph *b* of section 965.10.3.1, subparagraph *b* of the first paragraph of section 965.10.3.2 and paragraph *d* of section 965.11.5, for the purpose of determining whether, throughout the 12 months that precede the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a class of shares of a corporation’s capital stock was listed on a Canadian stock exchange, no account shall be taken of any period during which such a class of shares of a corporation was listed on a Canadian stock exchange as a class of shares of a capital pool company.”

(2) Subsection 1 applies in respect of applications for an advance ruling filed with the Ministère du Revenu after 11 July 2002.

148. Chapter V of Title VI.1 of Book VII of Part I of the said Act is repealed.

149. (1) Section 965.17.2 of the said Act is amended by adding the following paragraph after the second paragraph:

“For the purposes of subparagraph *c* of the first paragraph, for the purpose of determining whether, throughout the 12 months that precede the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a class of shares of a corporation’s capital stock was listed on a Canadian stock exchange, no account shall be taken of any period during which such a class of shares of a corporation was listed on a Canadian stock exchange as a class of shares of a capital pool company.”

(2) Subsection 1 applies in respect of applications for an advance ruling filed with the Ministère du Revenu after 11 July 2002.

150. Section 965.19 of the said Act is amended by striking out “the lesser of the aggregate determined under section 965.19.1 and”.

151. Sections 965.19.1 and 965.19.1.1 of the said Act are repealed.

152. Section 965.19.2 of the said Act is amended by replacing “For the purposes of sections 965.18 to 965.19.1, where an individual contemplated

therein” by “For the purposes of sections 965.18 and 965.19, where an individual referred to in those sections”.

153. Section 965.22 of the said Act is amended by replacing “\$2,500,000,000” in the first paragraph by “\$350,000,000”.

154. Sections 965.23.1.2 and 965.23.1.3 of the said Act are repealed.

155. (1) Section 965.24.1.2 of the said Act is amended by replacing “on the Montréal Stock Exchange” by “on a Canadian stock exchange”.

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

156. Section 965.24.1.3 of the said Act is amended by inserting “that is a growth corporation and” after “qualified corporation” in the first paragraph.

157. Section 965.24.2 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended

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

“965.24.2. A corporation that is authorized, in a year, to issue shares of its capital stock under an exemption from filing a prospectus granted under any of subparagraphs 2, 3 and 5 of the first paragraph of section 52 of the Securities Act (chapter V-1.1), with the stipulation that they can be included in a stock savings plan, and, on the date determined under the second paragraph in respect of the year, is authorized under the exemption to issue such shares in the following year, shall file with the Commission des valeurs mobilières du Québec and the Minister, not later than 15 December in the year, a written notice certifying that, on 30 June in the year, as a result of a transaction other than a particular transaction referred to in section 965.11.19.1 in respect of which the corporation is not bound to meet the requirement mentioned in the second paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17, it is a corporation that

(a) would not be a qualified corporation by reason of the first paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17 if that first paragraph applied on that date ; or

(b) would be a qualified corporation by reason of the first paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17 if that first paragraph applied on that date and if, where such is the case, a particular transaction referred to in section 965.11.19.1 were not taken into account in respect of which the corporation is not bound to meet the requirement mentioned in the second paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17.”;

(2) by striking out the third and fourth paragraphs.

158. Section 965.24.3 of the said Act is amended by striking out “in the third paragraph of sections 965.11.8 and 965.11.9 and”.

159. Section 965.28 of the said Act is repealed.

160. Section 965.28.1 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended by replacing “section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17” by “any of sections 965.11.11, 965.11.13 and 965.11.17”.

161. (1) Section 985.27 of the said Act is amended by replacing “subparagraph ii” in paragraph *a* of the definition of “qualified donee” by “subparagraph 2 of subparagraph i”.

(2) Subsection 1 applies in respect of gifts made after 5 July 2001.

162. (1) Section 1015 of the said Act, amended by section 127 of chapter 9 of the statutes of 2001, is again amended

(1) by replacing “subject to section 1015.0.1” in the first paragraph by “subject to sections 1015.0.1 and 1015.0.2”;

(2) by inserting the following paragraphs after the fifth paragraph:

“Where the Minister considers that the average monthly withholding, within the meaning of the regulations made under this section, of a person referred to in the first paragraph, for the calendar year preceding a particular calendar year or for the second calendar year preceding that particular calendar year, does not exceed \$1,000 and the person meets the conditions determined by the Minister, the Minister may authorize the person, in relation to an amount referred to in the first paragraph and equal to an amount deducted or withheld in respect of remuneration paid by that person in a month in the particular calendar year, to pay that amount on the dates, for the periods and according to the terms and conditions prescribed.

“The authorization referred to in the sixth paragraph is valid from the first month in respect of which it is given to the end of

(*a*) the month in which the Minister sends to the person a notice of change in the frequency of payment, where that notice results from the fact that the person no longer meets one of the conditions determined by the Minister; and

(*b*) the month preceding the month from which a notice of change in the frequency of payment that the Minister sends to the person takes effect, in any other case.”

(2) Paragraph 1 of subsection 1 applies in respect of amounts paid, allocated, granted or awarded after 5 July 2001.

(3) Paragraph 2 of subsection 1 applies in respect of remuneration paid after 31 December 2001.

163. (1) Section 1015.0.1 of the said Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1015.0.1.** No amount shall be deducted or withheld under section 1015 in respect of the remuneration, for a period referred to in that section or part of such a period of a taxation year, that an individual receives from employment, to the extent that the remuneration is attributable to an amount that may be deducted in computing the individual’s taxable income for the year under any of sections 737.18.10, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7 and 737.28 or that could be deducted under that section if the individual’s taxable income were determined under this Part, where.”

(2) Subsection 1 applies in respect of remuneration paid after 6 October 2000.

164. (1) The said Act is amended by inserting the following section after section 1015.0.1 :

“**1015.0.2.** No amount shall be deducted or withheld under section 1015 in respect of an amount paid, allocated, granted or awarded for services rendered or to be rendered in Québec, for a period referred to in that section or part of such a period of a taxation year, to an individual, to the extent that the amount is attributable to an amount that may be deducted in computing the individual’s taxable income for the year or a preceding taxation year under section 737.22.0.10 or could deduct under that section if the individual’s taxable income had been determined under this Part, where the certificate referred to in the definition of “eligible individual” in section 737.22.0.9 was issued to the individual in relation to an eligible production, within the meaning of that section, and the certificate is valid for that period or part of the period.”

(2) Subsection 1 applies in respect of amounts paid, allocated, granted or awarded after 5 July 2001.

165. (1) Section 1015.3 of the said Act is amended

(1) by replacing the portion before the formula in the third paragraph by the following :

“**1015.3.** Every person to whom another person pays, in a taxation year, remuneration, within the meaning of the regulations made under section 1015, shall furnish the other person with a return in the form and within the time prescribed in section 1015.4.

Where a person fails to furnish the return referred to in the first paragraph, the deduction or withholding shall be made in respect of the person as though

the person were entitled to deduct, in computing the person's tax payable for the year, only the amount obtained by multiplying \$8,840 by the percentage determined under section 750.1 for the year.

The amount of \$8,840 to which the second paragraph refers shall, where it is to be used for a taxation year subsequent to the taxation year 2002, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the percentage determined by the formula”;

(2) by replacing “first” in the portion of the fourth paragraph before subparagraph *a* by “third”;

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

“Where the amount that results from the adjustment provided for in the third paragraph is not a multiple of 5, it shall be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Paragraph 1 of subsection 1, where it replaces the first paragraph of section 1015.3 of the said Act and the portion of the third paragraph of that section before the formula, and paragraph 3 of that subsection 1 apply from the taxation year 2003.

(3) Paragraph 1 of subsection 1, where it replaces the second paragraph of section 1015.3 of the said Act, applies in respect of remuneration paid after 31 December 2002.

(4) Paragraph 2 of subsection 1 applies from the taxation year 2002.

166. (1) The said Act is amended by inserting the following section after section 1015.3:

“1015.4. The person referred to in the first paragraph of section 1015.3 shall furnish the other person referred to in that paragraph with a return in the prescribed form containing the prescribed information within the following time :

(a) the person's employment starting date where the other person is the person's employer; and

(b) before remuneration is paid for the first time where the other person is not the person's employer.

The person referred to in the first paragraph of section 1015.3 shall furnish the other person referred to in that paragraph with a new return in the prescribed form containing the prescribed information within 15 days after an

event that results in the reduction of the amount of the person's deductions or personal tax credits, according to the information indicated in the last return furnished to the other person.

Notwithstanding the first and second paragraphs, the person referred to in the first paragraph of section 1015.3 may, at any time, furnish the other person referred to in that paragraph with a return or a new return in the prescribed form containing the prescribed information."

(2) Subsection 1 applies from the taxation year 2003.

167. The said Act is amended by inserting the following before section 1025 :

"DIVISION I
"INDIVIDUALS".

168. The said Act is amended by inserting the following after section 1026.2 :

"DIVISION II
"CORPORATIONS".

169. The said Act is amended by inserting the following after section 1027 :

"DIVISION III
"INSTALMENT DEFERRAL FOR QUALIFIED CORPORATIONS

"1027.1. In this division,

"eligible instalment day" of a qualified corporation means a day in October, November or December 2001, on which an instalment to be paid by the corporation in respect of the corporation's tax payable under this Part for the taxation year that includes that day would become payable if this Act were read without reference to this division ;

"qualified corporation", for a particular taxation year, means a corporation the paid-up capital of which determined for the taxation year preceding the particular year does not exceed,

(a) where the corporation is not associated with any other corporation in the particular year, \$15,000,000, and

(b) where the corporation is associated with one or more other corporations in the particular year, the amount by which \$15,000,000 exceeds the aggregate

of the paid-up capital of those other corporations for their last taxation year that ended in the last calendar year that ended before the end of the particular year.

For the purposes of the definition of “qualified corporation” in the first paragraph, the paid-up capital of a corporation is

(a) in respect of a corporation referred to in any of paragraphs *a* to *c* of section 1132, its paid-up capital determined in accordance with Book III of Part IV ;

(b) in respect of an insurance corporation, other than a corporation referred to in subparagraph *a*, its paid-up capital that would be determined in accordance with Title II of Book III of Part IV, if the corporation were a bank and if paragraph *a* of section 1140 were replaced by paragraph *a* of subsection 1 of section 1136; and

(c) in respect of a cooperative, its paid-up capital determined in accordance with Title I of Book III of Part IV.

For the purposes of this division, a corporation the first taxation year of which ends after 30 September 2001 and before 1 April 2002 is deemed to be a qualified corporation for the year, insofar as, where the corporation is associated with one or more other corporations in the year, the paid-up capital of those other corporations for their last taxation year that ended in the last calendar year that ended before the end of the year does not exceed \$15,000,000.

“1027.2. An amount that, because of subparagraph *a* of the first paragraph of section 1027, would otherwise become payable on an eligible instalment day by a qualified corporation for a taxation year of the qualified corporation that ends after 30 September 2001 and before 1 January 2003, becomes payable, not on that day, but

(a) on the last day of the period that ends six months after the eligible instalment day,

i. where the taxation year of the qualified corporation ends in February 2002 and the eligible instalment day is a day in October 2001,

ii. where the taxation year of the qualified corporation ends in March 2002 and the eligible instalment day is a day in October 2001 or a day in November 2001, and

iii. where the taxation year of the qualified corporation ends after 31 March 2002 and before 1 January 2003 ; and

(b) in any other case, on the qualified corporation’s filing-due date for the taxation year.

“1027.3. A qualified corporation’s balance-due day for a taxation year that ends after 30 September 2001 and before 1 April 2002 is deemed to be the qualified corporation’s filing-due date for that taxation year.

“DIVISION IV

“CORPORATIONS PAYING PATRONAGE DIVIDENDS”.

170. (1) Section 1029.6.0.0.1 of the said Act is amended, in the second paragraph,

(1) by replacing “II.6.14” in the portion before subparagraph *a* by “II.6.14.1”;

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

“(b) in the case of each of Divisions II.4.2, II.4.3, II.5.2, II.6.0.0.1, II.6.0.1.7, II.6.0.4 to II.6.0.7, II.6.5.1 and II.6.6.1 to II.6.14.1, government assistance or non-government assistance does not include an amount that is deemed to have been paid to the Minister for a taxation year under that division;”;

(3) by inserting the following subparagraph after subparagraph *i* of subparagraph *c* :

“i.1 an amount that a corporation is deemed to have paid for a taxation year under subsection 3 of section 125.4 of the Income Tax Act;”;

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

“iii. the amount of financial assistance granted by the National Film Board of Canada;”;

(5) by striking out subparagraph *vi* of subparagraph *c* ;

(6) by replacing “II.6.0.1.5” in the portion of subparagraph *h* before subparagraph *i* by “II.6.0.1.6” ;

(7) by replacing “in the case of each of Divisions II.6.0.2 to II.6.0.3.1” in the portion of subparagraph *i* before subparagraph *i* by “in the case of Division II.6.0.3” ;

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

“iii. except for the purposes of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.17 and sections 1029.8.36.0.24 and 1029.8.36.0.31, the amount of a grant relating to wages that is paid under the Regulation respecting the Private Investment and Job Creation Promotion

Fund made by Order in Council 530-97 dated 23 April 1997, as that regulation read at the time of its application.”

(2) Paragraphs 1 to 3 and 6 to 8 of subsection 1 have effect from 20 December 2001. However,

(1) where subparagraph *b* of the second paragraph of section 1029.6.0.0.1 of the said Act, enacted by paragraph 2 of subsection 1, applies to taxation years preceding the taxation year 2002, the reference therein to “II.4.2, II.4.3” shall be read as a reference to “II.4.1 to II.4.3”; and

(2) where the portion of subparagraph *i* of the second paragraph of section 1029.6.0.0.1 of the said Act before subparagraph *i*, enacted by paragraph 7 of subsection 1, applies to taxation years that begin before 21 December 2001, the reference therein to “in the case of Division II.6.0.3” shall be read as a reference to “in the case of Division II.6.0.2 or II.6.0.3”.

(3) Paragraphs 4 and 5 of subsection 1 apply in respect of property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 31 August 2001 or, where the corporation so elects, in respect of property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 5 July 2001 and before 1 September 2001.

171. (1) Section 1029.6.0.1 of the said Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) where, in respect of a particular expenditure or particular costs, an amount is deemed under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.15 to have been paid to the Minister by a taxpayer for a taxation year, or is deemed under section 34.1.9 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), to have been an overpayment to the Minister by the taxpayer, no other amount may be deemed to have been paid to the Minister by the taxpayer for any taxation year under any of those divisions, or be deemed to have been an overpayment to the Minister by the taxpayer under section 34.1.9, in respect of all or part of a cost, an expenditure or costs included in the particular expenditure or the particular costs;

“(b) where it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under a particular contract relates to a particular expenditure or to particular costs and that the person or a member of the partnership may, for a taxation year, be deemed to have paid an amount to the Minister under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.15, in respect of that expenditure or those costs, as the case may be, no amount may be deemed to have been paid to the Minister by another taxpayer for any taxation year under any of those divisions, or be deemed to have been an overpayment to the Minister by another taxpayer

under section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec, in respect of all or part of a cost, an expenditure or costs incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure or particular costs;”.

(2) Subsection 1 applies in respect of expenditures or costs incurred after 26 April 2000. However, where paragraphs *a* and *b* of section 1029.6.0.1 of the said Act apply

(1) in respect of costs incurred before 30 March 2001, the reference therein to “II.6.15” shall be read as a reference to “II.6.14.1”;

(2) in respect of costs incurred after 29 March 2001 and in taxation years that end before 20 March 2002, they shall be read as follows:

“(a) where, in respect of a particular expenditure or particular costs, an amount is deemed under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.15 to have been paid to the Minister by a taxpayer for a taxation year, or is deemed under the first paragraph of section 34.0.0.4 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), to have been paid to the Minister by the taxpayer for a calendar year, no other amount may be deemed to have been paid to the Minister by the taxpayer for any taxation year under any of those divisions, or be deemed to have been paid to the Minister by the taxpayer for any calendar year under the first paragraph of section 34.0.0.4, in respect of all or part of a cost, an expenditure or costs included in the particular expenditure or the particular costs;

“(b) where it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under a particular contract relates to a particular expenditure or to particular costs and that the person or a member of the partnership may, for a taxation year, be deemed to have paid an amount to the Minister under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.14, in respect of that expenditure or those costs, as the case may be, no amount may be deemed to have been paid to the Minister by another taxpayer for any taxation year under any of those divisions, or be deemed to have been paid to the Minister by another taxpayer for any calendar year under the first paragraph of section 34.0.0.4 of the Act respecting the Régie de l'assurance maladie du Québec, in respect of all or part of a cost, an expenditure or costs incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure or particular costs;”.

172. (1) Section 1029.6.0.1.3 of the said Act is amended

(1) by striking out “II.6.0.1.4, II.6.0.1.5,” and “, II.6.0.2”;

(2) by replacing “under the first paragraph of section 34.0.0.4 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) to have paid an amount to the Minister for a calendar year” by “under section 34.1.9 of

the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) to have made an overpayment to the Minister”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 20 December 2001.

(3) Paragraph 2 of subsection 1 applies in respect of expenditures or costs incurred in taxation years that end after 19 March 2002.

173. (1) Section 1029.6.0.1.4 of the said Act is replaced by the following section:

“1029.6.0.1.4. Notwithstanding paragraph *b* of section 1029.6.0.1, a taxpayer may, subject to section 1029.6.0.1.5 and provided that the conditions set out in the second paragraph are satisfied, be deemed to have paid an amount to the Minister for a taxation year under Division II.6.0.3 in respect of all or part of a wage expense incurred in performing a particular contract, or any contract derived therefrom, that may reasonably be considered to relate to a particular expenditure, even if it may reasonably be considered that all or a portion of a consideration paid or payable by a person under the particular contract relates to the particular expenditure and that the person may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.6 or II.6.0.0.2 in respect of that particular expenditure.

The conditions to which the first paragraph refers are the following:

(*a*) a particular certificate has been issued to the taxpayer by the Minister of Finance before 14 March 2000 for the purposes of any of Divisions II.6.0.1.4, II.6.0.1.5 and II.6.0.2, as they read before being repealed, or of Division II.6.0.3;

(*b*) before 14 March 2000, the taxpayer paid wages, in performing a particular contract entered into before that date, that may reasonably be considered to relate to a particular expenditure; and

(*c*) it may reasonably be considered that all or a portion of a consideration paid or payable by a person under the particular contract referred to in subparagraph *b* relates to the particular expenditure referred to in that subparagraph and that the person may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.6 or II.6.0.0.2 in respect of that particular expenditure.

For the purposes of subparagraph *a* of the second paragraph, a particular certificate is,

(*a*) where it has been issued for the purposes of Division II.6.0.1.4, as it read before being repealed, the certificate that was referred to in the first paragraph of section 1029.8.36.0.3.30;

(b) where it has been issued for the purposes of Division II.6.0.1.5, as it read before being repealed, the certificate that was referred to in the first paragraph of section 1029.8.36.0.3.40;

(c) where it has been issued for the purposes of Division II.6.0.2, as it read before being repealed, the certificate referred to in paragraph *a* of section 771.12; and

(d) where it has been issued for the purposes of Division II.6.0.3, the certificate referred to in paragraph *a* of section 771.12 or the certificate referred to in the first paragraph of section 1029.8.36.0.22.”

(2) Subsection 1 has effect from 26 March 1997. However, where section 1029.6.0.1.4 of the said Act applies

(1) before 16 June 1998, it shall be read

(a) with “Division II.6.0.3” in the first paragraph replaced by “Division II.6.0.2”,

(b) with subparagraph *a* of the second paragraph replaced by the following subparagraph:

“(a) the Minister of Finance has issued the certificate referred to in paragraph *a* of section 771.12 to the taxpayer before 14 March 2000 for the purposes of Division II.6.0.2;”, and

(c) without reference to the third paragraph;

(2) after 15 June 1998, but before 10 March 1999, it shall be read

(a) with “Division II.6.0.3” in the first paragraph replaced by “Division II.6.0.1.4 or II.6.0.2”,

(b) with subparagraph *a* of the second paragraph replaced by the following subparagraph:

“(a) a particular certificate has been issued to the taxpayer by the Minister of Finance before 14 March 2000 for the purposes of Division II.6.0.1.4 or II.6.0.2, as the case may be;”,

(c) with “as it read before being repealed,” in subparagraphs *a* and *c* of the third paragraph and “that was” in subparagraph *a* of the third paragraph struck out, and

(d) without reference to subparagraphs *b* and *d* of the third paragraph;

(3) after 9 March 1999, but before 30 March 2001, it shall be read

(a) with “Division II.6.0.3” in the first paragraph replaced by “any of Divisions II.6.0.1.4, II.6.0.1.5, II.6.0.2 and II.6.0.3”,

(b) with subparagraph *a* of the second paragraph replaced by the following subparagraph:

“(a) a particular certificate has been issued to the taxpayer by the Minister of Finance before 14 March 2000 for the purposes of Division II.6.0.1.4, II.6.0.1.5, II.6.0.2 or II.6.0.3, as the case may be;”,

(c) with “as it read before being repealed,” in subparagraphs *a* to *c* of the third paragraph and “that was” in subparagraphs *a* and *b* of the third paragraph struck out, and

(d) with subparagraph *d* of the third paragraph replaced by the following subparagraph:

“(d) where it has been issued for the purposes of Division II.6.0.3, the certificate referred to in paragraph *a* of section 771.12 or in the first paragraph of section 1029.8.36.0.22.”;

(4) after 29 March 2001, but to taxation years that begin before 21 December 2001, it shall be read

(a) with “Division II.6.0.3” in the first paragraph replaced by “any of Divisions II.6.0.1.4, II.6.0.1.5, II.6.0.2 and II.6.0.3”,

(b) with subparagraph *a* of the second paragraph replaced by the following subparagraph:

“(a) a particular certificate has been issued to the taxpayer by the Minister of Finance before 14 March 2000 for the purposes of Division II.6.0.1.4, II.6.0.1.5, II.6.0.2 or II.6.0.3, as the case may be;”, and

(c) with “as it read before being repealed,” in subparagraphs *a* to *c* of the third paragraph and “that was” in subparagraphs *a* and *b* of the third paragraph struck out.

174. (1) Section 1029.6.0.1.5 of the said Act is replaced by the following section:

“1029.6.0.1.5. Where a taxpayer is a corporation control of which was acquired by a person or group of persons at any time after 13 March 2000, section 1029.6.0.1.4 does not apply to the taxpayer for any taxation year that ends after that time.”

(2) Subsection 1 has effect from 26 March 1997.

175. (1) Sections 1029.6.0.2 to 1029.6.0.5 of the said Act are repealed.

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

176. (1) Section 1029.7 of the said Act is amended

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

“**1029.7.** A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada, undertakes or causes to be undertaken on the taxpayer’s behalf in Québec, as part of a contract, scientific research and experimental development and who encloses with the fiscal return the taxpayer is required to file under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, for the taxation year in which the research and development was undertaken, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for that year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 20% of the aggregate of”;

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

“For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

177. (1) Section 1029.8 of the said Act is amended

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

“1029.8. Where a partnership carries on a business in Canada and undertakes or causes to be undertaken on its behalf in Québec, as part of a contract, scientific research and experimental development, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which the research and development was undertaken, who is not a specified member of the partnership in that fiscal period and who encloses with the fiscal return the taxpayer is required to file under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, for the taxpayer’s taxation year in which the fiscal period ends, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for that year, on account of the taxpayer’s tax payable for that year under this Part, 20% of the taxpayer’s share of an amount equal to the aggregate of”;

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

“For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

178. Section 1029.8.1 of the said Act is amended, in paragraph *a.1.1*,

(1) by replacing “un visa” in the French text by “une attestation”;

(2) by striking out “, and any other prescribed body”.

179. (1) Section 1029.8.6 of the said Act is amended

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

“1029.3.6. A taxpayer, other than a tax-exempt taxpayer, carrying on a business in Canada who has entered into a university research contract with an eligible university entity or an eligible research contract with an eligible public research centre or an eligible research consortium, or for the benefit of whom a prescribed linkage agency has entered into such a contract in accordance with an agreement entered into between the taxpayer and the prescribed linkage agency and who encloses with the fiscal return the taxpayer is required to file under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, for the taxation year in which scientific research and experimental development related to a business of the taxpayer was undertaken under the contract by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister, on the taxpayer’s balance-due day for that year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 40%”;

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

“For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

130. (1) Section 1029.8.7 of the said Act is amended

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

“1029.8.7. Where a partnership carrying on a business in Canada has entered into a university research contract with an eligible university entity or into an eligible research contract with an eligible public research centre or an eligible research consortium, or where such a contract has been entered into by a prescribed linkage agency for the benefit of the partnership in accordance with an agreement entered into between the partnership and the prescribed linkage agency, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which scientific research and experimental development related to a business of the partnership was undertaken under the contract by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, and who is not a specified member of the partnership in that fiscal period and who encloses with the fiscal return the taxpayer is required to file under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, for the taxpayer’s taxation year in which the fiscal period ends, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for that year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 40% of the taxpayer’s share”;

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

“For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

181. (1) Sections 1029.8.9.0.3 and 1029.8.9.0.4 of the said Act are replaced by the following sections :

“1029.8.9.0.3. A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada and who encloses with the fiscal return the taxpayer is required to file for a taxation year under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 40% of the total of the aggregate of all amounts each of which is the taxpayer’s eligible fee for the year relating to an eligible research consortium and the aggregate of all amounts each of which is, where the taxpayer is a member of an eligible research consortium at the end of the fiscal period of the eligible research consortium ending in the year, the taxpayer’s eligible fee balance for the year relating to that consortium.

For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.9.0.4. Where a partnership carries on a business in Canada, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which the partnership paid an eligible fee to an eligible research consortium, who is not a specified member of the partnership in that fiscal period and who encloses with the fiscal return the taxpayer is required to file under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, for the taxpayer’s taxation year in which the fiscal period ends, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for that year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 40% of the taxpayer’s share of the total of the aggregate of all amounts each of which is, for the fiscal period of the partnership ending in the year, an eligible fee of the partnership relating to an eligible research consortium and the aggregate of all amounts each of which is, where the

partnership is a member of an eligible research consortium at the end of the fiscal period of the eligible research consortium ending in the fiscal period of the partnership, the partnership's eligible fee balance for the fiscal period relating to the eligible research consortium.

For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer's tax payable for the year under this Part and of the taxpayer's tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

182. (1) Section 1029.8.10 of the said Act is amended

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

“1029.8.10. A taxpayer, other than a tax-exempt taxpayer within the meaning of paragraph *b.1* of section 1029.8.1, who carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake or to cause to be undertaken on their behalf in Québec, as part of a contract, scientific research and experimental development and in respect of which either the Minister of Economic and Regional Development has issued a certificate recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before 31 December 1996, the scientific research and experimental development referred to was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, is deemed, subject to the second paragraph, to have paid to the Minister, on the taxpayer's balance-due day for the taxpayer's taxation year during which the scientific research and experimental development related to a business of the taxpayer was undertaken, on account of the taxpayer's tax payable for that year under this Part, if the taxpayer encloses with the fiscal

return the taxpayer is required to file for that year under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, the prescribed form containing the prescribed information and, where applicable, a copy of the certificate issued by the Minister of Economic and Regional Development, an amount equal to 40% of the aggregate of”;

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

“For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 1 of subsection 1, where it replaces “Minister of Research, Science and Technology” by “Minister of Economic and Regional Development”, has effect from 29 April 2003.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

183. (1) Section 1029.8.11 of the said Act is amended

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

“1029.8.11. Where a particular partnership carries on a business in Canada and has entered into an agreement with a person or partnership whereby the parties agree to undertake or to cause to be undertaken on their behalf in Québec, as part of a contract, scientific research and experimental development and in respect of which either the Minister of Economic and Regional Development has issued a certificate recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before 31 December 1996, the scientific research and experimental development referred to was the subject of a

decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, every taxpayer who is a member of the particular partnership at the end of a fiscal period of the particular partnership in which the scientific research and experimental development related to a business of the particular partnership was undertaken and who is not a tax-exempt taxpayer within the meaning of paragraph *b.1* of section 1029.8.1, or a specified member of the particular partnership in that fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister, on the taxpayer's balance-due day for the taxpayer's taxation year in which the fiscal period ends, on account of the taxpayer's tax payable for that year under this Part, if the taxpayer encloses with the fiscal return the taxpayer is required to file for that taxation year under section 1000, or would be required to file if tax were payable under this Part by the taxpayer, the prescribed form containing the prescribed information and, where applicable, a copy of the certificate issued by the Minister of Economic and Regional Development, 40% of the taxpayer's share of an amount equal to the aggregate of” ;

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

“For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer's tax payable for the year under this Part and of the taxpayer's tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of the amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 1 of subsection 1, where it replaces “Minister of Research, Science and Technology” by “Minister of Economic and Regional Development”, has effect from 29 April 2003.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

184. (1) Section 1029.8.16 of the said Act is amended

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

“**1029.8.16.** For the purposes of this division, the following rules apply :

(a) a certificate that is revoked by the Minister of Economic and Regional Development is null from the time the revocation becomes effective;”;

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

“*i.* where the agreement referred to in section 1029.8.10 or 1029.8.11 has been the object of a certificate issued by the Minister of Economic and Regional Development, if such certificate was not in force or valid at the time when the expenditure was made or at the time when the scientific research and experimental development was undertaken, where the expenditure was made after the date of issue of the certificate or, if the expenditure was made before the date indicated to that effect on the certificate, where the expenditure was made before the date of issue of the certificate, and”.

(2) Subsection 1, where it replaces “Minister of Research, Science and Technology” by “Minister of Economic and Regional Development”, has effect from 29 April 2003.

185. (1) Section 1029.8.16.6 of the said Act is replaced by the following section :

“**1029.8.16.6.** A qualified corporation for a taxation year beginning after 30 June 1999 and before 1 July 2004, in this section referred to as the “eligible taxation year”, that encloses, with the fiscal return it is required to file for the eligible taxation year under section 1000, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-day for the eligible taxation year, on account of its tax payable for that year under this Part, an amount equal to 15% of the amount by which its eligible amount for the eligible taxation year exceeds its expenditure base for the eligible taxation year.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular eligible taxation year that is subsequent to the first eligible taxation year of the qualified corporation, and of its tax payable for the particular eligible taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the eligible taxation year preceding the particular eligible taxation year and the amount determined under that paragraph for the particular eligible taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular eligible taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

186. (1) Section 1029.8.19.3.1 of the said Act is amended by replacing the third paragraph by the following paragraph :

“The contribution to which the first paragraph refers, in respect of a scientific research and experimental development project or the carrying out thereof, or to which the second paragraph refers, in respect of a contract for work relating to scientific research and experimental development or in respect of the carrying out thereof, is an amount that the corporation has received at a particular time from an eligible public research centre, an eligible university entity, a person with whom or which such a centre or entity is not dealing at arm’s length at the particular time, a partnership of which such a centre or entity is a member, or any person designated by the Minister in accordance with section 1029.8.19.2, in payment of the shares of the capital stock of the corporation subscribed by the centre, entity, person or partnership, as the case may be, as part of that project or the carrying out thereof or as part of the contract or the performance thereof.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

187. (1) Section 1029.8.19.5.1 of the said Act is amended by replacing the third paragraph by the following paragraph :

“The contribution to which the first paragraph refers, in respect of a scientific research and experimental development project or the carrying out thereof, or to which the second paragraph refers, in respect of a contract for work relating to scientific research and experimental development or in respect of the carrying out thereof, is an amount that the corporation has received at a particular time from an eligible public research centre, an eligible university entity, a person with whom or which such a centre or entity is not dealing at arm’s length at the particular time, a partnership of which such a centre or

entity is a member, or any person designated by the Minister in accordance with section 1029.8.19.5, in payment of the shares of the capital stock of the corporation subscribed by the centre, entity, person or partnership, as the case may be, as part of that project or the carrying out thereof or as part of the contract or the performance thereof.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

188. (1) Section 1029.8.19.7 of the said Act is amended by replacing paragraph *b* by the following paragraph :

“(b) where the intellectual property relating to a particular technology is, at a particular time, disposed of by an eligible public research centre, within the meaning of paragraph *a.1* of section 1029.8.1, by an eligible university entity, within the meaning of paragraph *f* of that section, by a person that is not dealing at arm’s length at that time with that centre or entity, by a partnership of which that centre or entity is a member, or by any person designated by the Minister in accordance with section 1029.8.19.2 or 1029.8.19.5, in this paragraph referred to as the “transferee”, to a corporation, as consideration for the issue to the transferee by the corporation of shares of the corporation’s capital stock for an amount that is not less than the fair market value of that intellectual property, and the corporation, or a partnership of which the corporation is a member, enters into a contract referred to in any of sections 1029.7, 1029.8, 1029.8.6 and 1029.8.7 with that centre or entity, the disposition is deemed not to be a contribution in respect of that project or the carrying out thereof or in respect of that contract or the performance thereof.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

189. (1) Division II.4.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2002.

190. (1) Section 1029.8.21.22 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

191. (1) Section 1029.8.21.23 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

192. (1) Section 1029.8.21.42 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

193. (1) Section 1029.8.21.44 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

194. (1) Section 1029.8.33.6 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

195. (1) Section 1029.8.33.7 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the qualified partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

196. (1) Section 1029.8.33.13 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax

payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

197. (1) Section 1029.8.33.14 of the said Act is amended by replacing the third paragraph by the following paragraph :

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the qualified partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

198. (1) Section 1029.8.34 of the said Act is amended

(1) by replacing subparagraph *i* of paragraph *b* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph by the following subparagraph :

“i. 50% of the amount by which the production costs directly attributable to the production of the property, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property until the post-production stage or within a longer period that is reasonable to the Minister but that may not exceed the date provided for in the sixth paragraph, and paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year and that it has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner; exceeds”;

(2) by replacing subparagraph i of paragraph b of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following subparagraph :

“i. 50% of the amount by which the production costs directly attributable to the production of the property, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property until the post-production stage or within a longer period that is reasonable to the Minister but that may not exceed the date provided for in the sixth paragraph, and paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year and that it has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner; exceeds”;

(3) by replacing paragraph *a* of the definition of “labour expenditure” in the first paragraph and the portion of paragraph *b* of that definition before subparagraph *i* by the following :

“(a) the salaries or wages directly attributable to the property that are incurred in the year by the corporation in connection with the stages of production of the property, from the script stage to the post-production stage, or in connection with another stage of production of the property that is carried out after the post-production stage within a period that is reasonable to the Minister but that may not exceed the date provided for in the sixth paragraph, and paid by the corporation ;

“(b) the portion of the remuneration, other than a salary or wages, incurred in the year by the corporation in connection with the stages of production referred to in paragraph *a* of the property and paid by the corporation.” ;

(4) by replacing paragraph *c* of the definition of “labour expenditure” in the first paragraph by the following paragraph :

“(c) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the labour expenditure of the corporation in respect of the property for the particular year because of paragraph *a* or *b* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid at the same time and to the same person or partnership as it was paid by the particular corporation ;” ;

(5) by replacing subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph by the following subparagraph :

“i. 50% of the amount by which the production costs directly attributable to the production of the property, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property until the post-production stage or within a longer period that is reasonable to the Minister but that may not exceed the date provided for in the sixth paragraph, and paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year and that it has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner; exceeds”;

(6) by replacing the portion of paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in the first paragraph before subparagraph *i* by the following :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to services rendered in the year outside the Montréal area in relation to a regional production and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of”;

(7) by replacing the portion of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph before subparagraph *i* by the following :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on as part of the production of the property and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of”;

(8) by replacing “imputables” in the French text of subparagraph *a* of the second paragraph by “attribuables”;

(9) by replacing the fifth paragraph by the following paragraph :

“For the purposes of paragraph *b* of the definitions of “qualified computer-aided special effects and animation expenditure”, “qualified expenditure for services rendered outside the Montréal area” and “qualified labour expenditure” in the first paragraph, the following rules apply :

(a) production fees and general administration costs may be taken into account for the purpose of computing the production costs directly attributable to the production of property that is a Québec film production only to the extent that they are reasonable under the circumstances ;

(b) production costs directly attributable to the production of property that is a Québec film production include the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the

production of the property, that is the portion of the depreciation of that particular property, for a taxation year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the production of the property; and

(c) the amount of an advantage attributable to production costs includes the portion of the proceeds of disposition for a corporation of a particular property used by it as part of the production of property that is a Québec film production that relates to the portion of the cost of acquisition of that particular property that is already included in the production costs of the property as depreciation up to the amount of the portion of the cost of acquisition of the particular property that is already included in the production costs of the property.”;

(10) by inserting the following paragraph after the fifth paragraph :

“For the purposes of the definitions of “labour expenditure”, “qualified computer-aided special effects and animation expenditure”, “qualified expenditure for services rendered outside the Montréal area” and “qualified labour expenditure” in the first paragraph, the date to which those definitions refer is the date on which the corporation filed an application for a certificate in respect of the property with the Société de développement des entreprises culturelles.”

(2) Paragraphs 1 to 5 and 8 to 10 of subsection 1 apply in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 31 August 2001 or, if the corporation so elects, in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 5 July 2001 and before 1 September 2001. In addition, where the fifth paragraph of section 1029.8.34 of the said Act applies in respect of a production the main filming or taping of which began after 30 June 1999, the portion of that paragraph before subparagraph *a* shall be read with “copyright,” inserted after “relating to”.

(3) Paragraphs 6 and 7 of subsection 1 apply in respect of a property for which an application for an advance ruling or a certificate is filed with the Société de développement des entreprises culturelles after 29 June 2000. In addition, where paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph of section 1029.8.34 of the said Act applies in respect of a property for which an application for an advance ruling or a certificate was filed with the Société de développement des entreprises culturelles before 30 June 2000, it shall be read as follows :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid after 31 March 1998 for activities connected with computer-

aided special effects and animation and carried on as part of the production of the property and that is indicated on the valid certificate issued to the corporation for the year in relation to the property by the Société de développement des entreprises culturelles, exceeds the amount of any government assistance and non-government assistance attributable to that portion of the labour expenditure of the corporation, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year;"

199. (1) Section 1029.8.35 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

200. (1) Section 1029.8.35.2 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) 45% in the case of any production that meets the criteria listed in the Regulation respecting the recognition of films as Québec films (R.R.Q., 1981, chapter C-18.1, r.0.1.6) to qualify for the increased rate applicable to certain French-language productions or to giant-screen films and in respect of which the Société de développement des entreprises culturelles has issued a certificate to that effect for the purposes of this division; and”

(2) Subsection 1 applies in respect of labour expenditures incurred after 21 December 2001.

201. (1) Section 1029.8.36.0.0.1 of the said Act is amended, in the first paragraph,

(1) by replacing paragraphs *a* and *b* of the definition of “film dubbing expenditure” by the following paragraphs:

“(a) the salaries or wages that are incurred in the year by the corporation and paid by it for eligible dubbing services rendered in Québec by the corporation’s employees in respect of the production of the property; and

“(b) the consideration that is paid by the corporation for eligible dubbing services rendered in Québec by a person or partnership, other than an employee of the corporation, as part of the production of the property;”;

(2) by striking out “, other than an excluded production,” in the definition of “qualified production”;

(3) by striking out the definition of “excluded production”.

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 5 July 2001.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of film dubbing expenditures incurred after 18 December 1997 as part of a dubbing contract entered into after that date.

202. (1) Section 1029.8.36.0.0.2 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

203. (1) Section 1029.8.36.0.0.4 of the said Act is amended

(1) by replacing paragraph *a* of the definition of “labour expenditure” in the first paragraph and the portion of paragraph *b* of that definition before subparagraph *i* by the following :

“(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year, to the extent that they relate to services rendered in Québec in relation to the stages of production of the property, from the script stage to the post-production stage, and paid by it to its eligible employees ;

“(b) that portion of the remuneration, other than salary or wages, that is directly attributable to the production of the property, that relates to services rendered in Québec during the year to the corporation in relation to the stages of production referred to in paragraph *a*, that is incurred in the year by the corporation and paid by it;” ;

(2) by replacing paragraph *c* of the definition of “labour expenditure” in the first paragraph by the following paragraph :

“(c) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the labour expenditure of the corporation in respect of the property for the particular year because of paragraph *a* or *b* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid to the same person or partnership as it was paid by the particular corporation ;” ;

(3) by replacing the portion of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph before subparagraph *i* by the following :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on as part of the production of the property and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the valid certificate issued to the corporation in relation to the property, exceeds the aggregate of” ;

(4) by replacing “imputables” in the French text of subparagraph *a* of the second paragraph by “attribuables”.

(2) Paragraphs 1, 2 and 4 of subsection 1 apply to taxation years that end after 5 July 2001.

(3) Paragraph 3 of subsection 1 applies in respect of a property for which an application for a certificate is filed with the Société de développement des

entreprises culturelles after 29 June 2000. In addition, where paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph of section 1029.8.36.0.0.4 of the said Act applies in respect of a property for which an application for a certificate was filed with the Société de développement des entreprises culturelles before 30 June 2000, it shall be read as follows :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid after 31 March 1998 for activities connected with computer-aided special effects and animation and carried on as part of the production of the property and that is indicated on the valid certificate issued to the corporation for the year, in relation to the property, by the Société de développement des entreprises culturelles, exceeds the amount of any government assistance and non-government assistance attributable to that portion of the labour expenditure of the corporation, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year;”.

204. (1) Section 1029.8.36.0.0.5 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

205. (1) Section 1029.8.36.0.0.7 of the said Act is amended by replacing paragraph *a* of the definition of “labour expenditure” in the first paragraph and the portion of paragraph *b* of that definition before subparagraph *i* by the following :

“(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year, to the extent that they relate to services rendered in Québec for eligible production work relating to the property, and paid by it to its eligible employees; and

“(b) that portion of the remuneration, other than salary or wages, that relates to services rendered in Québec to the corporation for eligible production work relating to the property, that is incurred in the year by the corporation and paid by it.”.

(2) Subsection 1 applies to taxation years that end after 5 July 2001.

206. (1) Section 1029.8.36.0.0.8 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

207. (1) The heading of Division II.6.0.0.4 of Chapter III.1 of Title III of Book IX of Part I of the said Act is replaced by the following heading:

“CREDIT FOR THE PRODUCTION OF PERFORMANCES”.

(2) Subsection 1 has effect from 6 July 2001.

208. (1) Section 1029.8.36.0.0.10 of the said Act is amended

(1) by replacing paragraph *a* of the definition of “labour expenditure” in the first paragraph and the portion of paragraph *b* of that definition before subparagraph *i* by the following:

“(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year, to the extent that they relate to services rendered in relation to the stages of production of the property, from the pre-production stage to the performance before an audience, and paid by it to its eligible employees; and

“(b) that portion of the remuneration, other than salary or wages, that relates to services rendered to the corporation in relation to the production of the property and that is related to the stages of production of the property referred to in paragraph *a*, that is incurred in the year by the corporation and paid by it;”;

(2) by striking out “musical” in the portion of the definition of “qualified corporation” in the first paragraph before paragraph *a*;

(3) by striking out “musical” in the portion of the definition of “qualified performance” in the first paragraph before paragraph *a*;

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

“(b) remuneration, including a salary or wages, does not include remuneration by reference to the profits or revenues derived from the operation of the property, except such remuneration paid to a performing artist, or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;”.

(2) Paragraph 1 of subsection 1 applies in respect of taxation years that end after 5 July 2001.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 6 July 2001.

(4) Paragraph 4 of subsection 1 applies in respect of labour expenditures incurred after 5 July 2001.

209. (1) Section 1029.8.36.0.0.11 of the said Act is amended

(1) by striking out “musical” in the first paragraph;

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

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 1 of subsection 1 has effect from 6 July 2001.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

210. (1) Section 1029.8.36.0.0.13 of the said Act is amended, in the first paragraph,

(1) by replacing paragraph *a* of the definition of “labour expenditure attributable to printing costs” and the portion of paragraph *b* of that definition before subparagraph *i* by the following :

“(a) the salaries or wages directly attributable to the printing of the property, to the extent that they relate to services rendered in Québec for eligible printing work, that the corporation incurred in the year and paid to its employees;

“(b) the portion of remuneration, other than a salary or wages or a non-repayable advance, for the delivery of services rendered in Québec to the corporation for eligible printing work that relates to the property, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and that the corporation paid;”;

(2) by replacing paragraph *c* of the definition of “labour expenditure attributable to printing costs” by the following paragraph :

“(c) one-third of the consideration, other than a salary or wages or a non-repayable advance, that the corporation incurred in the year, pursuant to a contract entered into in respect of the property, and that the corporation paid, for the delivery of services rendered in Québec to the corporation for eligible printing work by a person or partnership, other than an employee of the corporation, with whom or with which the corporation is dealing at arm’s length at the time the contract is entered into;”;

(3) by replacing paragraphs *a* and *b* of the definition of “labour expenditure attributable to preparation costs” and the portion of paragraph *c* of that definition before subparagraph *i* by the following :

“(a) the salaries or wages directly attributable to the preparation of the property, to the extent that they relate to services rendered in Québec for eligible preparation work, that the corporation incurred in the year and paid to its employees;

“(b) the non-refundable advances directly attributable to the preparation of the property, to the extent that the services for the eligible preparation work in respect of the property were rendered in Québec, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and that the corporation paid to a Québec author or a holder of the rights of a Québec author;

“(c) the portion of remuneration, other than salaries or wages or a non-repayable advance, for the delivery of services rendered in Québec to the corporation for eligible preparation work that relates to the property, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and that the corporation paid;”;

(4) by replacing paragraph *d* of the definition of “labour expenditure attributable to preparation costs” by the following paragraph:

“(d) half of the consideration, other than salaries or wages or a non-repayable advance, that the corporation incurred in the year, pursuant to a contract entered into in respect of the property, and that the corporation paid, for the delivery of services rendered in Québec to the corporation for eligible preparation work by a person or partnership, other than an employee of the corporation, with whom or with which the corporation is dealing at arm’s length at the time the contract is entered into;”.

(2) Subsection 1 applies to taxation years that end after 5 July 2001.

211. (1) Section 1029.8.36.0.0.14 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

212. (1) Section 1029.8.36.0.0.19 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002. In addition, where the second paragraph of section 1029.8.36.0.0.19 of the said Act, replaced by subsection 1, applies to taxation years that end before 12 July 2002, the reference to “aggregate of its tax payable” shall be read as a reference to “aggregate of its taxes payable”.

213. (1) Section 1029.8.36.0.0.20 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002. In addition, where the second paragraph of section 1029.8.36.0.0.20 of the said Act, replaced by subsection 1, applies to taxation years that end before 12 July 2002, the reference to “aggregate of its tax payable” shall be read as a reference to “aggregate of its taxes payable”.

214. (1) Section 1029.8.36.0.3.9 of the said Act is amended

(1) by striking out “of the corporation” after “in respect of a property that is a multimedia title” in the first paragraph;

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

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 2 of subsection 1 applies to taxation years that end after 11 July 2002.

215. (1) Section 1029.8.36.0.3.19 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

216. (1) Divisions II.6.0.1.4 and II.6.0.1.5 of Chapter III.1 of Title III of Book IX of Part I of the said Act are repealed.

(2) Subsection 1 applies to taxation years that begin after 20 December 2001.

(3) In addition, where Division II.6.0.1.4 of Chapter III.1 of Title III of Book IX of Part I of the said Act applies to taxation years that begin before 21 December 2001,

(1) the first paragraph of section 1029.8.36.0.3.28 of the said Act shall be read

(*a*) with the following definition inserted in alphabetical order:

““eligibility period” of a corporation for a taxation year means the part of the year that is within the period that begins on 16 June 1998 and ends, as the case may be,

(*a*) where the certificate referred to in the first paragraph of section 1029.8.36.0.3.30 that was issued to the corporation for the year is revoked, on the earlier of the day preceding the day on which the revocation of the certificate takes effect and 31 December 2010; and

(*b*) in any other case, on 31 December 2010;”, and

(b) with the portion of paragraph *b* of the definition of “qualified wages” before subparagraph *i* replaced by the following:

“(b) the amount by which the amount of the wages incurred by the corporation in respect of the employee, during the eligibility period of the corporation for the year, while the employee qualified as an eligible employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of an eligible activity having regard to the time spent thereon by the employee, exceeds”;

(2) section 1029.8.36.0.3.29 of the said Act shall be read

(a) with paragraphs *a* to *c* replaced by the following paragraphs:

“(a) where the taxation year of the corporation ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the eligibility period of the corporation for the year during which the employee qualifies as an eligible employee is of 365;

“(b) where the taxation year of the corporation includes 16 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the eligibility period of the corporation for the year before 16 June 1999 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the eligibility period of the corporation for the year after 15 June 1999 during which the employee qualifies as an eligible employee is of 365; and

“(c) in any other case, the amount obtained by multiplying \$37,500 by the proportion that the number of days in the eligibility period of the corporation for the taxation year during which the employee qualifies as an eligible employee is of 365.”, and

(b) by striking out paragraphs *d* to *f*;

(3) section 1029.8.36.0.3.30 of the said Act shall be read

(a) with “valid certificate” and “the certificate” in the portion of the first paragraph before subparagraph *a* replaced by “certificate” and “the unrevoked certificate”, respectively, and

(b) with “valid certificate issued” in subparagraphs *b* and *c* of the third paragraph replaced by “unrevoked certificate issued”;

(4) section 1029.8.36.0.3.32 of the said Act shall be read with “paragraph *a* or *b*” in paragraph *b* replaced by “paragraph *a*” and “paragraph *c* or *d*” wherever it appears in paragraph *c* replaced by “paragraph *b*”; and

(5) section 1029.8.36.0.3.33 of the said Act shall be read

(a) with subparagraph *b* of the first paragraph replaced by the following subparagraph :

“(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year, each of which is

i. an amount of government assistance relating to wages incurred by the corporation in respect of the employee, during the eligibility period of the corporation for the year, while the employee qualified as an eligible employee of the corporation, to the extent that the wages are paid and that they may reasonably be considered to relate to the carrying out in the year of an eligible activity having regard to the time spent thereon by the employee, or

ii. an amount that would be an amount of government assistance referred to in subparagraph i if any of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were not taken into account.”,

(b) with subparagraphs *a* and *b* of the second paragraph replaced by the following subparagraphs :

“(a) 60% of the amount of the wages incurred by the corporation in respect of the employee, during the eligibility period of the corporation for the year, while the employee qualified as an eligible employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of an eligible activity having regard to the time spent thereon by the employee ; and

“(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the eligibility period of the corporation for the year during which the employee qualifies as an eligible employee of the corporation is of 365.”, and

(c) with the third paragraph replaced by the following paragraph :

“For the purposes of subparagraph i of subparagraph *b* of the first paragraph and subparagraph *a* of the second paragraph, an eligible employee who spends 90% or more of working time on the carrying out of an eligible activity is deemed to spend all working time thereon.”

(4) Similarly, where Division II.6.0.1.5 of Chapter III.1 of Title III of Book IX of Part I of the said Act applies to taxation years that begin before 21 December 2001,

(1) the first paragraph of section 1029.8.36.0.3.38 of the said Act shall be read

(a) with the definition of “eligible activity” replaced by the following definition:

““eligible activity” of a corporation for a taxation year means an activity carried out by the corporation in the year and in respect of which Investissement Québec has issued a certificate to the corporation for the year and for the purposes of this division, certifying that the activity is related to information technologies or multimedia;”

(b) with the following definition inserted in alphabetical order:

““eligibility period” of a corporation for a taxation year means the part of the year that is within the period that begins on 10 March 1999 and ends, as the case may be,

(a) where the certificate referred to in the first paragraph of section 1029.8.36.0.3.40 that was issued to the corporation for the year is revoked, on the earlier of the day preceding the day on which the revocation of the certificate takes effect and 31 December 2010; and

(b) in any other case, on 31 December 2010;”, and

(c) with the portion of paragraph *b* of the definition of “qualified wages” before subparagraph *i* replaced by the following:

“(b) the amount by which the amount of the wages incurred by the corporation in respect of the employee, during the eligibility period of the corporation for the year, while the employee qualified as an eligible employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of an eligible activity having regard to the time spent thereon by the employee, exceeds”;

(2) section 1029.8.36.0.3.39 of the said Act shall be read as follows:

“1029.8.36.0.3.39. The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.38 refers for a taxation year of a corporation in relation to an eligible employee is equal to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the eligibility period of the corporation for the year during which the employee qualifies as an eligible employee is of 365.”;

(3) section 1029.8.36.0.3.40 of the said Act shall be read

(a) with “valid certificate” and “the certificate” in the portion of the first paragraph before subparagraph *a* replaced by “certificate” and “the unrevoked certificate”, respectively, and

(b) with “valid certificate issued” in subparagraphs *b* and *c* of the third paragraph replaced by “unrevoked certificate issued”; and

(4) section 1029.8.36.0.3.41 of the said Act shall be read

(a) with subparagraph *b* of the first paragraph replaced by the following subparagraph:

“(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year, each of which is

i. an amount of government assistance relating to wages incurred by the corporation in respect of the employee, during the eligibility period of the corporation for the year, while the employee qualified as an eligible employee of the corporation, to the extent that the wages are paid and that they may reasonably be considered to relate to the carrying out in the year of an eligible activity having regard to the time spent thereon by the employee, or

ii. an amount that would be an amount of government assistance referred to in subparagraph *i* if any of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were not taken into account.”,

(b) with subparagraphs *a* and *b* of the second paragraph replaced by the following subparagraphs:

“(a) 60% of the amount of the wages incurred by the corporation in respect of the employee, during the eligibility period of the corporation for the year, while the employee qualified as an eligible employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of an eligible activity having regard to the time spent thereon by the employee; and

“(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the eligibility period of the corporation for the year during which the employee qualifies as an eligible employee of the corporation is of 365.”, and

(c) with the third paragraph replaced by the following paragraph:

“For the purposes of subparagraph *i* of subparagraph *b* of the first paragraph and subparagraph *a* of the second paragraph, an eligible employee who spends 90% or more of working time on the carrying out of an eligible activity is deemed to spend all working time thereon.”

(5) However, where the definition of “eligible activity” in the first paragraph of section 1029.8.36.0.3.38 of the said Act, replaced by subparagraph *a* of paragraph 1 of subsection 4, applies in respect of a certificate issued before 1 April 2000, the reference therein to “Investissement Québec” shall be read as a reference to “the Minister of Finance”.

217. (1) Section 1029.8.36.0.3.48 of the said Act is amended

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

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(2) by replacing “the first paragraph of section 34.0.0.0.4” in the fourth paragraph by “section 34.1.9”.

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 11 July 2002.

(3) Paragraph 2 of subsection 1 applies in respect of wages incurred in taxation years that end after 19 March 2002.

218. (1) Section 1029.8.36.0.3.57 of the said Act is amended by replacing “the first paragraph of section 34.0.0.0.4” in the second paragraph by “section 34.1.9”.

(2) Subsection 1 applies in respect of amounts repaid in taxation years that end after 19 March 2002.

219. (1) The said Act is amended by inserting the following after section 1029.8.36.0.3.59:

“DIVISION II.6.0.1.7**“CREDIT FOR E-BUSINESS ACTIVITIES****“§1. — Definitions and general**

“1029.8.36.0.3.60. In this division,

“base amount” of a corporation, in relation to a particular recognized business, means

(a) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the particular recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business”; and

(b) in any other case, the aggregate of all amounts each of which is

i. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an excluded employee of the corporation, that were paid by the corporation, in the course of carrying on the particular recognized business, in respect of a period within its base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business”, or

ii. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an excluded employee of the corporation, that were paid by the corporation, in the course of carrying on any business that is not a recognized business, in respect of a period within its base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business”, except if an amount is included, in respect of the employee, in relation to that business, in computing the base amount of the corporation in relation to another recognized business;

“base period” of a corporation, in relation to a recognized business, means the calendar year preceding the calendar year in which the eligibility period of a corporation in relation to the recognized business begins;

“designated site” means premises designated by Investissement Québec for the purposes of this division;

“eligibility period” of a corporation, in relation to a recognized business, means, subject to the second paragraph,

(a) where the first calendar year in respect of which the corporation obtains its qualification certificate, in relation to the recognized business, is subsequent to the calendar year 2000 and precedes the calendar year 2010, the five-year period that begins on 1 January of that first calendar year; and

(b) where the first calendar year in respect of which the corporation obtains its qualification certificate, in relation to the recognized business, is subsequent to the calendar year 2009, the period that begins on 1 January of that first calendar year and ends on 31 December 2013;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is

(a) the salary or wages paid by the corporation to an employee in respect of a period within the year for which the employee is an eligible employee, in relation to a recognized business of the corporation; or

(b) the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an eligible employee referred to in paragraph *a*, or an excluded employee of the corporation, that were paid by the corporation in respect of a period within the year throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business”;

“eligible employee” of a corporation for a period of a calendar year, in relation to a recognized business, means an employee, other than an excluded employee at any time in that period, in respect of whom a qualification certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the employee is an eligible employee of the corporation for the period of the year indicated on the certificate, in relation to the recognized business;

“eligible repayment of assistance” for a taxation year of a qualified corporation means the aggregate of

(a) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.65 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of

computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance ;

(*b*) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.65 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;
and

(*c*) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.0.3.65 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.0.3.63 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations

that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.0.3.63, as the case may be, in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.0.3.63 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is

(a) a foreign specialist, within the meaning of section 737.22.0.1, where the corporation is an eligible employer referred to in paragraph *c* of the definition of foreign specialist in that section or in paragraph *d* of that definition if the corporation carries on a business in the Centre national des nouvelles technologies de Québec, within the meaning of the first paragraph of section 1029.8.36.0.17 ;

(b) an eligible employee of the corporation, within the meaning of the first paragraph of section 1029.8.36.0.3.38, as it read before being repealed, or a specified employee of the corporation, within the meaning of the first paragraph of section 1029.8.36.0.17, if the corporation carries on a business in the Centre national des nouvelles technologies de Québec ; or

(c) a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation ;

“qualified corporation”, for a calendar year, means a corporation that, in the year, carries on a qualified business in Québec and has an establishment in Québec, but does not include

(a) a corporation that is exempt from tax under Book VIII for the taxation year in which the calendar year ends ; or

(b) a corporation that would be exempt from tax for the taxation year in which the calendar year ends under section 985 but for section 192;

“recognized business” of a corporation for a taxation year means a business carried on by the corporation in the year in respect of which a qualification certificate is issued by Investissement Québec for the purposes of this division, certifying that its activities are

(a) activities of developing and supplying products and services relating to e-business;

(b) activities relating to the operation of e-business solutions; or

(c) activities of a client contact centre;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include directors’ fees, premiums, incentive bonuses, compensation for hours worked in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

Except where section 1029.8.36.0.3.67 or 1029.8.36.0.3.68 applies, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec and, in the opinion of Investissement Québec, the business is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the eligibility period of the corporation, in relation to the recognized business, is deemed, for the purposes of the definition of “eligibility period” in the first paragraph, to have begun on the date on which the eligibility period of the other corporation began, in relation to the recognized business.

For the purposes of this division,

(a) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in a designated site and at an establishment of the qualified corporation situated outside the designated site, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the designated site, or

ii. to report for work only at the establishment situated outside the designated site if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside the designated site;

(b) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec; and

(c) where, during a period within a calendar year, an employee is not required to report for work at an establishment of a qualified corporation and the employee's salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“§2. — *Credits*

“**1029.8.36.0.3.61.** A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation's eligibility period, in relation to a recognized business, and that encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 35% of the aggregate of

(a) the lesser of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the corporation situated in a designated site, other than an excluded employee of the corporation, that were paid by the corporation in respect of a period within its base period, in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the recognized business in an establishment of the corporation situated in the designated site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to the activities of the corporation described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

ii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year; and

(*b*) the eligible repayment of assistance by the qualified corporation for the taxation year.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following :

(a) the prescribed form containing the prescribed information ; and

(b) a copy of the unrevoked certificate and qualification certificates issued to the qualified corporation in respect of a recognized business and its eligible employees.

“1029.8.36.0.3.62. A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 35% of the aggregate of

(a) subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the corporation situated in a designated site, other than an excluded employee of the corporation, that were paid by the corporation in respect of a period within its base period, in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the recognized business in an establishment of the corporation situated in the designated site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to the activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60,

ii. the amount by which the aggregate of all amounts each of which is the qualified corporation’s eligible amount for the calendar year or the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect

of a period within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, exceeds the total of

(1) the aggregate of all amounts each of which is the qualified corporation’s base amount, in relation to a recognized business it carries on in the calendar year, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the qualified corporation’s base period in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, except if an amount is included, in respect of the employee, in relation to the other corporation, in computing an amount determined for the calendar year under this subparagraph 2 in relation to another recognized business, and

iii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year; and

(b) the eligible repayment of assistance by the qualified corporation for the taxation year.

Where the qualified corporation referred to in the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the taxation year in which the calendar year ends, the amount determined under subparagraph *a* of that first paragraph, in respect of the calendar year, shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.0.3.63.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a

particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following :

(a) the prescribed form containing the prescribed information ;

(b) a copy of the unrevoked certificate and qualification certificates issued to the qualified corporation in respect of a recognized business and its eligible employees ; and

(c) where the second paragraph applies, the agreement referred to in section 1029.8.36.0.3.63 filed in prescribed form.

“1029.8.36.0.3.63. The agreement to which the second paragraph of section 1029.8.36.0.3.62 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business and that are associated with each other at the end of that calendar year, hereinafter called the “group of associated corporations”, attribute to one or more of their number, for the purposes of this division, one or more amounts ; the aggregate of the amounts so attributed, for the calendar year, shall not be greater than the least of

(a) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a period within the calendar year for which the employee is an eligible employee of the corporation, in relation to a recognized business, exceeds the aggregate of all amounts each of which is

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in the base period of a qualified corporation that is a member of the group of associated corporations in

relation to a recognized business it carries on in the calendar year, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee who reports for work at an establishment of the qualified corporation situated in a designated site, other than an excluded employee of the corporation, in respect of a period within its base period, in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the recognized business in an establishment of the corporation situated in the designated site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to the activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60;

(*b*) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to a recognized business it carries on in the calendar year; and

(*c*) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, exceeds the total of

i. the aggregate of all amounts each of which is the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, in relation to a recognized business it carries on in the calendar year, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a corporation that is a member of the group at the end of the calendar year but that does not carry on

a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid by the other corporation in respect of a period within the base period of a qualified corporation that is a member of the group at the end of the calendar year in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, except if an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a period within a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group of associated corporations.

“1029.8.36.0.3.64. Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.0.3.62, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in a designated site and that are associated with each other at the end of that calendar year exceeds the particular amount that is the lesser of the amounts determined for that calendar year in respect of those corporations under any of paragraphs *a* to *c* of section 1029.8.36.0.3.63, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.0.3.62, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.

“§3. — *Government assistance, non-government assistance and other particulars*

“1029.8.36.0.3.65. For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a particular taxation year, under section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, the following rules apply, subject to the second paragraph:

(*a*) the amount of the salaries or wages referred to in the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.0.3.60, in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 or in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 and paid by the qualified corporation, and the amount of the salaries or wages referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 and paid by a corporation associated with the qualified corporation shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of the salaries or wages referred to in subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be ;

(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.0.3.63 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of the salaries or wages referred to in subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation's filing-due date for its taxation year, to the

extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the particular qualified corporation; and

(c) where the amount of the salary or wages of an employee referred to in paragraph *b* of the definition of “eligible amount” in the first paragraph of section 1029.8.36.0.3.60, that is paid by the corporation or a corporation associated with it in respect of the calendar year ending in the particular taxation year, in relation to a recognized business, is reduced, as a consequence of the application of subparagraph *a*, by the amount, in this subparagraph referred to as the “reduction amount of the salaries or wages”, that is the portion of such a salary or wages that may reasonably be considered to be included in computing an expenditure in respect of which the corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under another division of this chapter for the particular taxation year, the aggregate of all amounts each of which is the amount, determined after the application of subparagraph *a*, of the salaries or wages referred to in paragraph *b* of the definition of “base amount” in the first paragraph of section 1029.8.36.0.3.60 paid by the corporation or the corporation associated with it, as the case may be, in relation to the recognized business, shall be reduced by the lesser of

i. the amount by which the part of the amount of the salary or wages of the employee referred to in paragraph *b* of the definition of “eligible amount” in the first paragraph of section 1029.8.36.0.3.60, determined before the application of this section, paid to the employee by the corporation or the corporation associated with it, as the case may be, in the corporation’s base period, in relation to the recognized business, that may reasonably be considered to be included in computing an expenditure in respect of which the corporation or the corporation associated with it would have been deemed to have paid an amount to the Minister under that other division of this chapter for the particular taxation year if the salary or wages had been paid in the particular taxation year, exceeds the portion of such a salary or wages that may reasonably be considered to be included in computing an expenditure in respect of which the corporation or the corporation associated with it is deemed to have paid an amount to the Minister under that other division of this chapter for the taxation year in which its base period ends, in relation to the recognized business, and

ii. the reduction amount of the salaries or wages in relation to the recognized business.

The aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages that the qualified corporation or a corporation associated with it paid in respect of a period within the qualified corporation’s base period in relation to a recognized business, shall not exceed, for each of those corporations, the aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the corporation, in relation to the recognized business, in respect of the calendar year ending in its particular taxation year.

“1029.8.36.0.3.66. For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation where that amount

(a) reduced the amount of salaries or wages for the purpose of computing,

i. in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.65, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, or

ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.3.65, the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.0.3.63 determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;

(b) was not received by the qualified corporation; and

(c) ceased in the calendar year to be an amount that the qualified corporation may reasonably expect to receive.

“1029.8.36.0.3.67. Where a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which referred to in this section as a “predecessor corporation”, carries on after the amalgamation a business carried on before the amalgamation by a predecessor corporation, the new corporation and the predecessor corporation are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year in which the amalgamation occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the predecessor corporation carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the new corporation carries on after the amalgamation a recognized business resulting from the consolidation of recognized businesses carried on by predecessor corporations, immediately before the amalgamation, each recognized business so carried on before the amalgamation is deemed to be a separate recognized business carried on by the new corporation after the amalgamation.

“1029.8.36.0.3.68. Where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, and the parent corporation, within the meaning of section 556, carries on after the winding-up a business carried on before the winding-up by the subsidiary, the parent corporation and the subsidiary are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which the calendar year in

which the winding-up occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the subsidiary carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the parent corporation carried on after the winding-up a recognized business resulting from the consolidation of a recognized business carried on by the parent corporation immediately before the winding-up and a recognized business carried on by the subsidiary immediately before the winding-up, each recognized business so carried on before the winding-up is deemed to be a separate recognized business carried on by the parent corporation after the winding-up.

“1029.8.36.0.3.69. Subject to sections 1029.8.36.0.3.67 and 1029.8.36.0.3.68, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, in relation to a particular recognized business, for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in a designated site, other than an excluded employee of the vendor, paid by the vendor in respect of a period within the vendor’s base period, in relation to the particular recognized business, during which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business in an establishment of the vendor situated in the designated site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$A \times C \times D$, and

ii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which the amount otherwise

determined, without reference to subparagraph i, exceeds the amount determined by the formula

$$B \times C \times D;$$

(b) if the vendor was not carrying on a recognized business before the particular time and the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year, the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *c* of section 1029.8.36.0.3.63, as the case may be, is deemed to be equal to the amount by which the amount determined, without reference to this subparagraph, exceeds the amount determined by the formula

$$B \times C \times D;$$

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid in respect of the purchaser's base period, in relation to the particular recognized business, to employees referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *a* of section 1029.8.36.0.3.63, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages paid by the purchaser to an employee in respect of a period within the particular calendar year for which the employee is an eligible employee, in relation to the particular recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,

ii. to have paid to employees in respect of a period within the particular calendar year for which the employees are eligible employees, in relation to the particular recognized business, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate determined in relation to the particular recognized business,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount, otherwise determined, without reference to subparagraph i, in relation to the particular recognized business, and

(2) the amount that is the proportion of the aggregate, in subparagraph 2 of subparagraph iv referred to as the “particular aggregate”, of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, other than an excluded employee of the purchaser, that the purchaser paid, after the particular time, in respect of a period of the particular calendar year during which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business in an establishment of the purchaser situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment in Québec, work that is directly related to activities of the purchaser that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business, and

iv. to have an eligible amount for the particular calendar year, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser’s eligible amount for the particular calendar year, otherwise determined, without reference to subparagraph ii, in relation to the particular recognized business, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business; and

(d) if the purchaser does not carry on a recognized business after the particular time and the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year, the purchaser is deemed to have paid

i. in respect of the base period, in relation to the particular recognized business, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the “particular aggregate”, of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, other than an excluded employee of the purchaser, that the purchaser paid, after the particular time, in respect of a period of the particular calendar year during which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business in an establishment of the purchaser situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment in Québec, work that is directly related to activities of the purchaser that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, to

the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph, in relation to another recognized business, and

ii. in respect of the particular calendar year, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in a designated site, other than an excluded employee of the vendor, that the vendor paid in respect of a period within the vendor's base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the business in an establishment of the vendor situated in the designated site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60;

(*b*) *B* is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, that the vendor paid in respect of a period within the base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, except if an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined under this subparagraph, in relation to another recognized business;

(*c*) *C* is the proportion that the number of the vendor's employees referred to in subparagraph *a* or *b*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees assigned to those activities immediately before the particular time; and

(d) D, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365 and, in any other case, 1.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying on of the activities that ceased after the subsequent time.

Where a particular corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to part of those activities, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed not to have paid to its employees the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the particular corporation ceases to carry on after the subsequent time.

“1029.8.36.0.3.70. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of a particular corporation ends, in relation to a recognized business it carries on, and it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.3.65, as the case may be, the amount of the salaries or wages paid by the particular corporation or a corporation that is associated with the particular corporation, in respect of the base period, in relation to the recognized business, so as to cause the particular corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the particular corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be equal to zero.

“1029.8.36.0.3.71. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.”

(2) Subsection 1 has effect from 1 January 2001. However,

(1) where section 1029.8.36.0.3.60 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order in the first paragraph of that section :

““government assistance” means assistance from a government, municipality or other public authority whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;” ;

(2) where the second paragraph of section 1029.8.36.0.3.61 and the third paragraph of section 1029.8.36.0.3.62 of the said Act apply to taxation years that end before 12 July 2002, they shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.” ; and

(3) where section 1029.8.36.0.3.60 of the said Act applies before 1 April 2003,

(a) the reference to “Investissement Québec” in the definitions of “eligible employee” and “recognized business” in the first paragraph of that section shall be read as a reference to “the Minister of Finance”,

(b) the reference to “by Investissement Québec” in the definition of “designated site” in the first paragraph of that section shall be read as a reference to “by the Minister of Finance or Investissement Québec”, and

(c) the reference to “by Investissement Québec and, in the opinion of Investissement Québec,” in the second paragraph of that section shall be read as a reference to “by the Minister of Finance and in that Minister’s opinion”.

220. (1) Division II.6.0.2 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 20 December 2001.

(3) In addition, where Division II.6.0.2 of Chapter III.1 of Title III of Book IX of Part I of the said Act applies to taxation years that begin before 21 December 2001,

(1) section 1029.8.36.0.4 of the said Act shall be read

(a) with “the eligibility period of the corporation determined” in paragraph *a.1* of the definition of “qualified property” in the first paragraph replaced by “its eligibility period applicable”,

(b) with paragraphs *a* and *c* of the definition of “eligibility period” in the first paragraph replaced by the following paragraphs :

“(a) for the purpose of determining the amount of qualified wages paid by a corporation in a taxation year, on the earlier of the day preceding the day on which the corporation ceases to be an exempt corporation and

i. 31 December 2010, if the first taxation year of the corporation begins before 1 January 2008, or

ii. the last day of the three-year period that begins at that time, if the first taxation year of the corporation begins after 31 December 2007;”;

“(c) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.6 in relation to acquisition costs incurred in respect of qualified property, on the last day of the three-year period that begins at that time or on that date, as the case may be;”;

(c) with subparagraphs *a* to *e* of the second paragraph replaced by the following subparagraphs :

“(a) where the taxation year of the corporation begins before 16 June 1998 and ends before 16 June 1999, to the aggregate of

i. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year before 16 June 1998 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year after 15 June 1998 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee is of 365 ;

“(b) where the taxation year of the corporation begins after 15 June 1998 and ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee is of 365 ;

“(c) where the taxation year of the corporation begins before 16 June 1998 and ends after 15 June 1999, to the aggregate of

i. the amount obtained by multiplying \$37,500 by the proportion that the total of the number of days in the taxation year, within the eligibility period of the corporation, before 16 June 1998, and the number of days in the taxation year, within the eligibility period of the corporation, after 15 June 1999, during which the employee qualifies as an eligible employee, is of 365, and

ii. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation after 15 June 1998 and before 16 June 1999 during which the employee qualifies as an eligible employee is of 365 ;

“(d) where the taxation year of the corporation begins after 15 June 1998 and ends after 15 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year before 16 June 1999 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year after 15 June 1999 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee is of 365 ; and

“(e) in any other case, the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee is of 365.”, and

(d) with the following paragraph added after the fourth paragraph :

“For the purposes of sections 1029.8.36.0.5 and 1029.8.36.0.5.1, a corporation is deemed to be an exempt corporation for the taxation year in which it ceases to be an exempt corporation.”;

(2) section 1029.8.36.0.5 of the said Act shall be read with “valid certificate” replaced by “unrevoked certificate”;

(3) subparagraph *b* of the second paragraph of section 1029.8.36.0.5.1 of the said Act shall be read with “valid certificate” replaced by “unrevoked certificate”;

(4) section 1029.8.36.0.5.3 of the said Act shall be read

(a) with subparagraph *b* of the first paragraph replaced by the following subparagraph :

“(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that taxation year, each of which is

i. an amount of government assistance relating to wages paid to the employee by the corporation while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation, or

ii. an amount that would be an amount of government assistance referred to in subparagraph i if any of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were not taken into account.”, and

(b) with subparagraphs *a* and *b* of the second paragraph replaced by the following subparagraphs :

“(a) 60% of the aggregate of all amounts each of which is the amount paid as wages to the employee by the corporation, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time of the taxation year that is within the eligibility period of the corporation ; and

“(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualified as an eligible employee of the corporation is of 365.”; and

(5) section 1029.8.36.0.6 of the said Act shall be read with “valid certificate” replaced by “unrevoked certificate”.

221. (1) Section 1029.8.36.0.17 of the said Act is amended

(1) by replacing the definition of “specified activity” in the first paragraph by the following definition :

““specified activity” of a corporation in relation to a designated site for a taxation year means an activity that the corporation carries out in the site in the year and in respect of which Investissement Québec issues a certificate to the corporation for the year and for the purposes of this division, certifying that the activity is,

(a) if the designated site is a biotechnology development centre, an activity related to biotechnologies ;

(b) if the designated site is a new economy centre, an activity related to the new economy ; and

(c) if the designated site is the Centre national des nouvelles technologies de Québec or the Cité du multimédia, an activity related to information technologies or multimedia ;” ;

(2) by replacing paragraphs *b*, *d* and *e* of the definition of “qualified property” in the first paragraph by the following paragraphs :

“(b) where the property is leased by the corporation, the lease began during one of the first three years of the eligibility period of the corporation that applies for the purpose of establishing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to rental expenses paid in respect of the qualified property ;

“(d) that the corporation uses principally in a qualified centre and, exclusively or almost exclusively, to earn income from a business it carries on in that centre ; and

“(e) in respect of which Investissement Québec has issued a certificate for the purposes of this division or Division II.6.0.2, as it read before being repealed ;” ;

(3) by inserting the following definitions in alphabetical order in the first paragraph :

““biotechnology development centre” has the meaning assigned by the first paragraph of section 771.1 ;

““information technology development centre” has the meaning assigned by section 771.1 ;

““qualified centre” means

(a) a biotechnology development centre ;

(b) an information technology development centre ; or

(c) a new economy centre ;” ;

(4) by replacing the definition of “new economy centre” in the first paragraph by the following definition :

““new economy centre” has the meaning assigned by section 771.1 ;” ;

(5) by inserting the following definitions in alphabetical order in the first paragraph :

““Centre national des nouvelles technologies de Québec” means all the premises designated as such by Investissement Québec ;

““Cité du multimédia” means all the buildings designated as such by the Minister of Finance ;

““reference date” of a corporation means

(a) if the corporation carries on or may carry on its business in an information technology development centre, 26 March 1997 ;

(b) if the corporation carries on or may carry on its business in the Cité du multimédia, 16 June 1998 ;

(c) if the corporation carries on or may carry on its business in a new economy centre or the Centre national des nouvelles technologies de Québec, 10 March 1999 ; and

(d) if the corporation carries on or may carry on its business in a biotechnology development centre, 30 March 2001 ;” ;

(6) by replacing “is an eligible employee” in the definition of “eligible employee” in the first paragraph by “is an eligible employee of the corporation” ;

(7) by replacing “is a specified employee” in the definition of “specified employee” in the first paragraph by “is a specified employee of the corporation” ;

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

““associated group” in a taxation year means the group formed by all of the corporations that are associated with each other in the year ;

““eligible facility” of a person in relation to a biotechnology development centre means a facility in respect of which a certificate was issued to the person by Investissement Québec for the purposes of this division, certifying that, as the case may be,

(a) the facility is a specialized facility that is used in respect of the biotechnologies of a prescribed body; or

(b) the facility is set up by the person in the biotechnology development centre and comprises, exclusively or almost exclusively, property each of which

- i. constitutes a specialized property that is used in respect of biotechnologies,
- ii. before being set up in the biotechnology development centre, was not used for any purpose whatever or acquired for use for a purpose other than lease, and
- iii. is to be leased, on an *ad hoc* basis, to more than one person;

““eligible rental expenses” incurred by a corporation in respect of an eligible facility means the aggregate of all expenses incurred by the corporation for the lease of the facility, including expenses attributable to property that is necessary to the use of the facility and that is consumed in connection with that use and to a person’s wages or compensation for services rendered in connection with that use;”;

(9) by replacing the definitions of “contract payment” and “eligibility period” in the first paragraph by the following definitions:

““contract payment” means an amount payable under a contract by the Government of Canada or of a province, by a municipality or other public authority in Canada or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to the acquisition or lease of qualified property, to the lease of an eligible facility, or to the payment of qualified wages by a corporation up to the amount incurred in respect of that property, that facility or those wages by that corporation;

““eligibility period” of a corporation means the period that begins at the later of the time the corporation’s first taxation year begins and the reference date of the corporation and ends, as the case may be,

(a) for the purpose of determining the amount of qualified wages paid by a corporation in a taxation year, on the earliest of the day preceding the day on which the corporation ceases to be an exempt corporation and

- i. 31 December 2010, if the corporation’s first taxation year begins before 1 January 2001,
- ii. the last day of the 10-year period that begins at that time or on that date, as the case may be, if the corporation’s first taxation year begins after 31 December 2000 and before 1 January 2004,

iii. 31 December 2013, if the corporation's first taxation year begins after 31 December 2003 and before 1 January 2011, and

iv. the last day of the three-year period that begins at that time, if the corporation's first taxation year begins after 31 December 2010;

(b) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to rental expenses paid in respect of qualified property, or under section 1029.8.36.0.25.1, the last day of the five-year period that begins at that time or on that date, as the case may be; and

(c) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to acquisition costs incurred in respect of qualified property, the last day of the three-year period that begins at that time or on that date, as the case may be;";

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

““specified period” of a corporation for a taxation year in respect of a designated site means the portion of the year in the period that begins on the reference date of the corporation in respect of the site and that ends, as the case may be,

(a) where the corporation is, throughout the year, a specified corporation in respect of the designated site, on

i. 31 December 2010, if the effective date of the certificate referred to in paragraph *c* of the definition of “specified corporation” that was issued to the corporation for its first taxation year in which the corporation carried on or could carry on its business in any designated site is before 1 January 2001, or the last day of the 10-year period that begins on that effective date if that date is before 1 January 2004 but after 31 December 2000, or

ii. 31 December 2013, in any other case; and

(b) where the corporation ceases in the year to be a specified corporation in respect of the designated site, the earlier of the day preceding the day on which the corporation so ceases and the date that would be determined pursuant to paragraph *a* if that paragraph applied to the corporation for that year;”;

(11) by replacing “determined” in paragraph *a* of the definition of “qualified wages” in the first paragraph by “established”;

(12) by replacing paragraph *b* of the definition of “qualified wages” in the first paragraph by the following paragraph:

“(b) the aggregate of all amounts each of which is the amount by which the wages paid by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation and that may reasonably be considered to be paid by the corporation in the course of carrying on a business in a qualified centre, exceeds the amount of any contract payment, government assistance and non-government assistance, attributable to such wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year;”;

(13) by replacing the portion of the definition of “specified wages” in the first paragraph before subparagraph i of paragraph *b* by the following :

““specified wages” incurred by a corporation in a taxation year in respect of a specified employee of a designated site means the lesser of

(a) the proportion of the amount established for the year pursuant to the second paragraph of section 1029.8.36.0.18 in relation to the specified employee that the working time spent by that employee on a specified activity of the corporation in relation to the designated site in the year is of the aggregate of the employee’s working time for the year as a specified employee of the corporation ; and

(b) the amount by which the amount of the wages incurred by the corporation in respect of the employee in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of a specified activity in relation to the designated site having regard to the time spent thereon by the employee, exceeds the aggregate of” ;

(14) by replacing “ou société de personnes” in the French text of subparagraph ii of paragraph *b* of the definition of “salaire déterminé” in the first paragraph by “ou une société de personnes” ;

(15) by inserting the following definition in alphabetical order in the first paragraph :

““designated site” means

(a) a biotechnology development centre ;

(b) a new economy centre ;

(c) the Centre national des nouvelles technologies de Québec ; or

(d) the Cité du multimédia ;” ;

(16) by replacing the definition of “specified corporation” in the first paragraph by the following definition :

““specified corporation” in respect of a designated site for a taxation year means a corporation that

(a) in the year, has an establishment in Québec and carries on a qualified business in Québec ;

(b) does not include

i. a corporation that is exempt from tax for the year under Book VIII,

ii. a corporation that would be exempt from tax for the year under section 985, but for section 192, or

iii. an exempt corporation for the year ; and

(c) obtains for the year a certificate issued to the corporation by Investissement Québec for the purposes of this division, certifying that the corporation carries out or may carry out in the year in the designated site a specified activity in relation to that site ;” ;

(17) by replacing the portion of the definition of “exempt corporation” in the first paragraph before paragraph *b* by the following :

““exempt corporation” for a taxation year means a corporation referred to in paragraph *a* of section 771.12 that, as the case may be,

(a) for the purposes of the definition of “specified corporation” and section 1029.8.36.0.19, would be an exempt corporation for the year within the meaning of sections 771.12 and 771.13 if section 771.12 were read without reference to paragraph *d* thereof ; and” ;

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

“(a) the person did not acquire the property before the reference date of the corporation ;” ;

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

“For the purposes of paragraph *d* of the definition of “qualified property” in the first paragraph, where, at any time that is not before the corporation’s reference date, a corporation has acquired or leased property that is used by the corporation in the course of carrying on a business and that would be qualified property of the corporation if the definition of “qualified property” were read without reference to paragraph *d* thereof, the corporation is deemed to use the property principally in a qualified centre and, exclusively or almost exclusively, to earn income from a business it carries on in that centre,

throughout the period that begins at that time and that ends on the day on which Investissement Québec issues a certificate referred to in paragraph *a* of section 771.12 to the corporation.”;

(20) by inserting the following paragraph after the third paragraph :

“For the purpose of applying the definition of “specified period” in the first paragraph to a corporation that is a member of an associated group in its first taxation year in which the corporation carries on or may carry on its business in a particular designated site, the effective date of the certificate that was issued to the corporation for its first taxation year in which the corporation carried on or could carry on its business in any designated site to which subparagraph *i* of paragraph *a* of that definition refers is deemed to be the earliest of all the dates each of which is the effective date of the certificate that was issued to a member of that associated group for the member’s first taxation year in which the member carried on or could carry on business in such a site.”;

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

“For the purposes of the definition of “specified wages” in the first paragraph, a specified employee who spends 90% or more of working time on a specified activity is deemed to spend all working time thereon.”

(2) Paragraphs 1, 6, 7, 12 to 19 and 21 of subsection 1 apply in respect of wages or expenses incurred after 29 March 2001. However, where the first paragraph of section 1029.8.36.0.17 of the said Act applies to taxation years that begin before 21 December 2001,

(1) the definition of “specified activity” in that first paragraph shall be read without reference to paragraph *c* thereof;

(2) the definition of “designated site” in that first paragraph shall be read without reference to paragraphs *c* and *d* thereof; and

(3) the portion of the definition of “exempt corporation” in that first paragraph before paragraph *a* shall be read as follows :

““exempt corporation” for a taxation year means a corporation referred to in subparagraph *ii* or *iii* of paragraph *a* of section 771.12 that, as the case may be,”.

(3) Paragraph 2 of subsection 1 applies in respect of expenses incurred after 9 March 1999, except where it replaces paragraph *d* of the definition of “qualified property” in the first paragraph of section 1029.8.36.0.17 of the said Act, in which case it applies in respect of expenses incurred after 29 March 2001, and except where it replaces paragraph *e* of that definition, in which case it applies to taxation years that begin after 20 December 2001.

(4) Paragraph 3 of subsection 1 applies in respect of wages or expenses incurred after 29 March 2001, except where it enacts the definition of “information technology development centre” in the first paragraph of section 1029.8.36.0.17 of the said Act, in which case it applies to taxation years that begin after 20 December 2001. However, where the definition of “qualified centre” in that first paragraph applies to taxation years that begin before 21 December 2001, it shall be read without reference to paragraph *b* thereof.

(5) Paragraph 4 of subsection 1 applies in respect of wages or expenses incurred after 9 March 1999.

(6) Paragraph 5 of subsection 1 applies to taxation years that begin after 20 December 2001, except where it enacts the definition of “reference date” in the first paragraph of section 1029.8.36.0.17 of the said Act, in which case it applies in respect of wages or expenses incurred after 29 March 2001. However, where that definition applies to taxation years that begin before 21 December 2001, it shall be read without reference to paragraphs *a* and *b* thereof and with paragraph *c* thereof replaced by the following paragraph :

“(c) if the corporation carries on or may carry on its business in a new economy centre, 10 March 1999; and”.

(7) Paragraph 8 of subsection 1 applies in respect of expenses incurred after 29 March 2001, except where it enacts the definition of “associated group” in the first paragraph of section 1029.8.36.0.17 of the said Act, in which case it has effect from 30 March 2001. However, where paragraph *a* of the definition of “eligible facility” in that first paragraph applies in respect of expenses incurred before 20 March 2002, it shall be read as follows :

“(a) the facility is a specialized facility of the Institut national de la recherche scientifique that is used in respect of biotechnologies ; or”.

(8) Paragraphs 9 to 11 of subsection 1 have effect from 10 March 1999, except where paragraph 9 replaces the definition of “contract payment” in the first paragraph of section 1029.8.36.0.17 of the said Act, in which case it applies in respect of wages or expenses incurred after 29 March 2001. However,

(1) where the definition of “eligibility period” in the first paragraph of section 1029.8.36.0.17 of the said Act applies

(a) before 30 March 2001,

i. the reference to “the reference date of the corporation” in the portion of that definition before paragraph *a* shall be read as a reference to “10 March 1999”, and

ii. paragraph *b* of that definition shall be read as follows :

“(b) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to rental expenses paid in respect of qualified property, the last day of the five-year period that begins at that time or on that date, as the case may be; and”;

(b) before 1 January 2001, paragraph *a* of that definition shall be read without reference to subparagraphs ii and iii thereof and the reference to “2001” in subparagraph i thereof shall be read as a reference to “2008”, and the reference to “2010” in subparagraph iv thereof shall be read as a reference to “2007”; and

(2) where the definition of “specified period” in the first paragraph of section 1029.8.36.0.17 of the said Act applies before 30 March 2001, it shall be read as follows :

““specified period” of a corporation for a taxation year means the portion of the year in the period that begins on 10 March 1999 and that ends, as the case may be,

(a) where the certificate referred to in the first paragraph of section 1029.8.36.0.22 that was issued to the corporation for the year is revoked, on the earlier of the day preceding the day on which the revocation of that certificate takes effect and 31 December 2010; and

(b) in any other case, on 31 December 2010;”.

(9) Paragraph 20 of subsection 1 has effect from 30 March 2001.

(10) In addition, where section 1029.8.36.0.17 of the said Act applies in respect of wages incurred before 30 March 2001,

(1) the reference to “amount determined” in paragraph *a* of the definition of “specified wages” in the first paragraph of that section shall be read as a reference to “amount established”; and

(2) the portion of paragraph *b* of the definition of “specified wages” in the first paragraph of that section before subparagraph i shall be read as follows :

“(b) the amount by which the amount of the wages incurred by the corporation in respect of the employee in the specified period of the corporation for the year, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of a specified activity having regard to the time spent thereon by the employee, exceeds the aggregate of”.

222. (1) Section 1029.8.36.0.18 of the said Act is amended

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

“(a) where the corporation carries on or may carry on its business in a new economy centre and its taxation year ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365;

“(b) where the corporation carries on or may carry on its business in a new economy centre and its taxation year includes 16 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year before 16 June 1999 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year after 15 June 1999 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365; and

“(c) in any other case, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365.”;

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

“The amount to which paragraph *a* of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.17 refers for a taxation year of a corporation in relation to a specified employee of a designated site is equal to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the specified period of the corporation for the year in respect of the designated site during which the employee qualifies as a specified employee of the corporation is of 365.”

(2) Subsection 1 applies in respect of wages incurred after 9 March 1999. However, where the second paragraph of section 1029.8.36.0.18 of the said Act applies in respect of wages incurred before 30 March 2001, it shall be read as follows:

“The amount to which paragraph *a* of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.17 refers for a taxation year of a corporation in relation to a specified employee is equal to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the specified period of the corporation for the year during which the employee qualifies as a specified employee of the corporation is of 365.”

223. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.18:

“1029.8.36.0.18.1. For the purposes of sections 1029.8.36.0.19 and 1029.8.36.0.20, a corporation is deemed to be an exempt corporation for the taxation year in which it ceases to be an exempt corporation.”

(2) Subsection 1 applies in respect of wages incurred after 9 March 1999.

224. (1) Section 1029.8.36.0.19 of the said Act is amended

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

“1029.8.36.0.19. A corporation that is an exempt corporation for a taxation year and that encloses the documents referred to in the second paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which 40% of the qualified wages paid by the corporation in the year to an eligible employee exceeds the amount established for the year under section 1029.8.36.0.23 in relation to the qualified wages.”;

(2) by replacing “valid” in subparagraph *b* of the second paragraph by “unrevoked”;

(3) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of wages incurred after 9 March 1999. However, where the first paragraph of section 1029.8.36.0.19 of the said Act applies to taxation years that end before 12 July 2002, it shall be read with the reference to “, subject to the third paragraph,” struck out.

(3) Paragraph 3 of subsection 1 applies to taxation years that end after 11 July 2002.

225. (1) Section 1029.8.36.0.20 of the said Act is amended

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

“1029.8.36.0.20. A corporation that is an exempt corporation for a taxation year is deemed, subject to the fourth paragraph, where that year is the first year during which the corporation so qualifies and the corporation encloses the documents referred to in the second paragraph with the fiscal return it is required to file for the year under section 1000, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the aggregate of all amounts each of which is the amount by which 40% of the qualified wages paid by the corporation in a preceding taxation year to an eligible employee exceeds the amount established under section 1029.8.36.0.23 in relation to the qualified wages.”;

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

“(b) a copy of the unrevoked certificate issued by Investissement Québec to the corporation in respect of the eligible employee for a preceding taxation year and for the purposes of this division or Division II.6.0.2, as it read before being repealed.”;

(3) by adding the following paragraphs after the second paragraph :

“For the purposes of the first paragraph and section 1029.8.36.0.23, and notwithstanding the first paragraph of section 1029.8.36.0.17, “eligible employee” and “qualified wages” have the meaning assigned by section 1029.8.36.0.4, as it read for the preceding taxation year in which the wages were paid, where

(a) the corporation carries on or may carry on its business in an information technology development centre ; and

(b) the preceding taxation year began before 21 December 2001.

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19

where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Paragraph 1 of subsection 1 applies in respect of wages incurred after 9 March 1999. However, where the first paragraph of section 1029.8.36.0.20 of the said Act applies to taxation years that end before 12 July 2002, it shall be read without reference to “subject to the fourth paragraph,”.

(3) Paragraph 2 of subsection 1 and paragraph 3 of that subsection, where it enacts the third paragraph of section 1029.8.36.0.20 of the said Act, apply to taxation years that begin after 20 December 2001. In addition, where subparagraph *b* of the second paragraph of section 1029.8.36.0.20 of the said Act applies to taxation years that begin before 21 December 2001, the reference therein to “valid” shall be read as a reference to “unrevoked”.

(4) Paragraph 3 of subsection 1, where it enacts the fourth paragraph of section 1029.8.36.0.20 of the said Act, applies to taxation years that end after 11 July 2002.

226. (1) Section 1029.8.36.0.21 of the said Act is replaced by the following section :

“1029.8.36.0.21. Where a corporation carries on or may carry on its business in a new economy centre and a taxation year of the corporation is, in whole or in part, within a particular period that is between 9 March 1999 and 16 June 1999, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.19 or 1029.8.36.0.20, in respect of the qualified wages paid by the corporation to an eligible employee in that taxation year, each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23, shall be replaced by a rate of 60% in respect of the portion of the qualified wages that may reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period.

Notwithstanding the first paragraph, where the qualified wages paid by the corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period, are an amount established in accordance with subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.18, the following rules apply for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.19 or 1029.8.36.0.20, in respect of the qualified wages :

(a) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23, is replaced by a rate of 60% in respect of the lesser of the qualified wages paid by the corporation to the eligible employee in the taxation year and the portion of the qualified wages that could reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period, if the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.17 were read without reference to “the lesser of” in the portion before paragraph *a* and to paragraph *a* ; and

(b) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23, applies only in respect of the amount by which the qualified wages paid by the corporation to the eligible employee in the taxation year exceed the amount established in accordance with subparagraph *a* in respect of the qualified wages.”

(2) Subsection 1 applies in respect of wages incurred after 9 March 1999.

227. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.21 :

“1029.8.36.0.21.1. Where a corporation carries on or may carry on its business in an information technology development centre and a taxation year of the corporation is, in whole or in part, within a particular period that is between 15 June 1998 and 16 June 1999, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.20, in respect of the qualified wages paid by the corporation to an eligible employee in that taxation year, each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.20 and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 shall be replaced by a rate of 60% in respect of the portion of the qualified wages that may reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period.

Notwithstanding the first paragraph, where the qualified wages paid by the corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period, are an amount established in accordance with any of subparagraphs *a* to *d* of the second paragraph of

section 1029.8.36.0.4, as it read for that taxation year, the following rules apply for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.20, in respect of the qualified wages :

(a) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.20 and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 is replaced by a rate of 60% in respect of the lesser of the qualified wages paid by the corporation to the eligible employee in the taxation year and the portion of the qualified wages that could reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period, if the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.4 were read for that taxation year without reference to “the lesser of” in the portion before paragraph *a* and to paragraph *a*; and

(b) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.20 and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 applies only in respect of the amount by which the qualified wages paid by the corporation to the eligible employee in the taxation year exceed the amount determined in accordance with subparagraph *a* in respect of the qualified wages.

For the purposes of this section and notwithstanding the first paragraph of section 1029.8.36.0.17, “eligible employee” and “qualified wages” have the meaning assigned by section 1029.8.36.0.4, as it read for the taxation year.”

(2) Subsection 1 has effect from 21 December 2001.

228. (1) Section 1029.8.36.0.22 of the said Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs :

“1029.8.36.0.22. A corporation that is a specified corporation in respect of a designated site for a taxation year and that encloses the documents referred to in the third paragraph with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount by which 40% of the specified wages incurred by the corporation in the year in respect of a specified employee of the site exceeds the amount established for the year under section 1029.8.36.0.24 in relation to the specified wages.

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year

under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

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

“(a.1) a copy of the unrevoked certificate referred to in paragraph *c* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17 issued to the corporation for the year by Investissement Québec for the purposes of this division;”;

(3) by replacing subparagraphs *b* and *c* of the third paragraph by the following subparagraphs :

“(b) a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec for the purposes of this division in respect of a specified activity, in relation to the designated site, on which the specified employee spends all or part of the employee’s working time; and

“(c) a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec in respect of the specified employee for the purposes of this division.”

(2) Paragraph 1 of subsection 1, where it replaces the first paragraph of section 1029.8.36.0.22 of the said Act, and paragraphs 2 and 3 of that subsection 1 apply in respect of wages incurred after 29 March 2001. In addition, where section 1029.8.36.0.22 of the said Act applies in respect of wages incurred before 30 March 2001,

(1) the references to “a valid certificate”, “the certificate” and “certifying that the corporation carries on or may carry on for the year a business” in the portion of the first paragraph of that section before paragraph *a* shall be read as references to “a certificate”, “the unrevoked certificate” and “certifying that the corporation carries out or may carry out in the year a specified activity”, respectively;

(2) the reference to “determined” in subparagraph *b* of the first paragraph of that section shall be read as a reference to “established”; and

(3) the reference to “valid certificate issued” in subparagraphs *b* and *c* of the third paragraph of that section shall be read as a reference to “unrevoked certificate issued”.

(3) Paragraph 1 of subsection 1, where it replaces the second paragraph of section 1029.8.36.0.22 of the said Act, applies to taxation years that end after 11 July 2002.

229. (1) Sections 1029.8.36.0.23 to 1029.8.36.0.25 of the said Act are replaced by the following sections :

“1029.8.36.0.23. The amount to which the first paragraph of section 1029.8.36.0.19 and of section 1029.8.36.0.20 refers in relation to qualified wages paid in a taxation year by a corporation to an eligible employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount established pursuant to the second paragraph in respect of the wages :

(*a*) 40% of the qualified wages paid by the corporation in the year to the eligible employee ; and

(*b*) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year, each of which is

i. an amount of government assistance relating to the wages paid by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation, or

ii. an amount that would be an amount of government assistance referred to in subparagraph i if none of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were taken into account.

The amount to which the first paragraph refers in relation to the qualified wages paid in the taxation year by the corporation to the eligible employee is equal to the lesser of

(*a*) 60% of the aggregate of all amounts each of which is the amount paid as wages by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation ; and

(*b*) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year that are in the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365.

“**1029.8.36.0.24.** The amount to which the first paragraph of section 1029.8.36.0.22 refers in relation to specified wages incurred in a taxation year by a corporation in respect of a specified employee in a designated site, is equal to the amount by which the aggregate of the following amounts exceeds the amount established pursuant to the second paragraph in respect of the wages :

(a) 40% of the specified wages incurred by the corporation in the year in respect of the specified employee ; and

(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year, each of which is

i. an amount of government assistance relating to the wages incurred by the corporation in respect of the employee, in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that the wages are paid and that they may reasonably be considered to relate to the carrying on in the year of a specified activity in relation to that site having regard to the time spent thereon by the employee, or

ii. an amount that would be an amount of government assistance referred to in subparagraph i if none of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were taken into account.

The amount to which the first paragraph refers in relation to the specified wages incurred in the taxation year by the corporation in respect of the specified employee is equal to the lesser of

(a) 60% of the amount of the wages incurred by the corporation in respect of the employee in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on in the year of a specified activity in relation to that site having regard to the time spent thereon by the employee ; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the specified period of the corporation for the year in respect of the designated site during which the employee qualifies as a specified employee of the corporation is of 365.

For the purposes of subparagraph i of subparagraph b of the first paragraph and of subparagraph a of the second paragraph, a specified employee who spends 90% or more of working time on a specified activity is deemed to spend all working time thereon.

“1029.8.36.0.25. A corporation that is an exempt corporation for a taxation year is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the acquisition costs incurred by the corporation in the year or a preceding taxation year in respect of the acquisition of qualified property during the year or a preceding taxation year and during its eligibility period, or of the rental expenses paid by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of qualified property of the corporation, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister in respect of the qualified property for a preceding taxation year under this section or section 1029.8.36.0.6, as it read for that preceding taxation year, if the corporation encloses with the fiscal return it is required to file for the year under section 1000,

- (a) the prescribed form containing the prescribed information ; and
- (b) a copy of the unrevoked certificate issued to it by Investissement Québec in respect of the qualified property for the purposes of this division or Division II.6.0.2, as it read before being repealed.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and
- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1, where it replaces section 1029.8.36.0.23 of the said Act, applies in respect of wages incurred after 9 March 1999.

(3) Subsection 1, where it replaces section 1029.8.36.0.24 of the said Act, applies in respect of wages incurred after 9 March 1999. However, where the first and second paragraphs of section 1029.8.36.0.24 of the said Act apply in respect of wages incurred before 30 March 2001 :

(1) the portion of that first paragraph before subparagraph *b* shall be read as follows:

“**1029.8.36.0.24.** The amount to which subparagraph *b* of the first paragraph of section 1029.8.36.0.22 refers in relation to specified wages incurred in a taxation year by a corporation in respect of a specified employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount established pursuant to the second paragraph in respect of the wages:

(*a*) the amount established in relation to the specified employee for the year under subparagraph *a* of the first paragraph of section 1029.8.36.0.22;”;

(2) subparagraph *i* of subparagraph *b* of that first paragraph shall be read as follows:

“*i.* an amount of government assistance relating to the wages incurred by the corporation in respect of the employee, in the specified period of the corporation for the year, while the employee qualified as a specified employee of the corporation, to the extent that the wages are paid and that they may reasonably be considered to relate to the carrying on in the year of a specified activity having regard to the time spent thereon by the employee, or”;

(3) subparagraphs *a* and *b* of that second paragraph shall be read as follows:

“(*a*) 60% of the amount of the wages incurred by the corporation in respect of the employee in the specified period of the corporation for the year, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on in the year of a specified activity having regard to the time spent thereon by the employee; and

“(*b*) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the specified period of the corporation for the year during which the employee qualifies as a specified employee of the corporation is of 365.”

(4) Subsection 1, where it replaces section 1029.8.36.0.25 of the said Act, applies to taxation years that begin after 20 December 2001. However, where section 1029.8.36.0.25 of the said Act applies to taxation years that end before 12 July 2002, it shall be read with the reference to “, subject to the second paragraph,” in the first paragraph struck out and with the second paragraph struck out.

(5) In addition, where section 1029.8.36.0.25 of the said Act applies to taxation years that begin before 21 December 2001, the reference therein to “valid” shall be read as a reference to “unrevoked”.

230. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.25:

“1029.8.36.0.25.1. A corporation that is, for a taxation year, an exempt corporation that carries on or may carry on its business in a biotechnology development centre, is deemed to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the eligible rental expenses incurred by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of an eligible facility of a person in relation to the biotechnology development centre, to the extent that those expenses are paid, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section in respect of the eligible facility for a preceding taxation year, if the corporation encloses, with the fiscal return it is required to file for the year under section 1000, the following documents:

- (a) the prescribed form containing the prescribed information;
- (b) a copy of the unrevoked certificate issued to the person by Investissement Québec in respect of the eligible facility for the purposes of this division; and
- (c) a copy of the last lease rate schedule for the eligible facility that the person submitted to Investissement Québec.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001.

231. (1) Section 1029.8.36.0.26 of the said Act is amended by replacing “Sous réserve de l’application des articles” in the French text of the portion of the first paragraph before subparagraph *a* by “Sous réserve des articles”.

(2) Subsection 1 has effect from 30 March 2001.

232. (1) Section 1029.8.36.0.27 of the said Act is amended

(1) by replacing “However” in the portion of the second paragraph before subparagraph *a* by “In addition”;

(2) by replacing “10 March 1999” in the third paragraph by “the corporation’s reference date”.

(2) Subsection 1 applies in respect of wages or expenses incurred after 29 March 2001.

233. (1) Sections 1029.8.36.0.28 and 1029.8.36.0.29 of the said Act are replaced by the following sections:

“1029.8.36.0.28. No amount shall be deemed to have been paid to the Minister by a corporation for any taxation year under any of sections 1029.8.36.0.19, 1029.8.36.0.20 and 1029.8.36.0.22 in respect of all or any part of particular wages, if an amount is deemed to have been paid to the Minister by the corporation for a taxation year under another of those sections in respect of the particular wages.

“1029.8.36.0.29. For the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25, the amount of the acquisition costs or rental expenses shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance, attributable to those costs or expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year.”

(2) Subsection 1, where it replaces section 1029.8.36.0.28 of the said Act, applies in respect of wages incurred after 9 March 1999.

(3) Subsection 1, where it replaces section 1029.8.36.0.29 of the said Act, applies in respect of expenses incurred after 29 March 2001.

234. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.29:

“1029.8.36.0.29.1. For the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25.1, the amount of the eligible rental expenses shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance, attributable to those expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001.

235. (1) Section 1029.8.36.0.30 of the said Act is amended by adding the following paragraphs:

“However, if the payment year begins before 21 December 2001 and the corporation carried on or could carry on its business in an information technology development centre in the particular taxation year, the reference to section 1029.8.36.0.17 in the portion of the first paragraph before subparagraph *a* shall be read as a reference to section 1029.8.36.0.4, as it read for the payment year.

In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have

paid an amount to the Minister in respect of qualified wages under section 1029.8.36.0.5 or 1029.8.36.0.5.1, as it read for the particular year, the first paragraph applies, in respect of an amount that may reasonably be considered to be repayment of assistance that was taken into account for the purpose of computing the qualified wages, having regard to the following rules:

(a) the references to sections 1029.8.36.0.17, 1029.8.36.0.19 and 1029.8.36.0.20, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as references to sections 1029.8.36.0.4, 1029.8.36.0.5 and 1029.8.36.0.5.1, as they formerly read for the particular year; and

(b) subparagraph *b* of the first paragraph shall be read as follows:

“(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance, under this section or section 1029.8.36.0.10, as it read for that preceding taxation year.”

Where the second or third paragraph applies, “eligible employee” and “qualified wages” have, in this section and notwithstanding the first paragraph of section 1029.8.36.0.17, the meaning assigned by section 1029.8.36.0.4, as it read for the payment year.”

(2) Subsection 1 applies in respect of amounts paid as repayment of assistance in taxation years that begin after 20 December 2001.

236. (1) Section 1029.8.36.0.31 of the said Act is amended

(1) by replacing “before 1 January 2012” and “the aggregate determined” in the portion before paragraph *a* by “before 1 January 2015” and “the aggregate established”, respectively;

(2) by adding the following paragraphs:

“In addition, if a corporation carried on or could carry on its business in the Cité du multimédia or the Centre national des nouvelles technologies de Québec in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of qualified wages under section 1029.8.36.0.3.30 or 1029.8.36.0.3.40, as the case may be, as it read for the particular year, the first paragraph applies, in respect of an amount that may reasonably be considered to be repayment of assistance that was taken into account for the purpose of computing the qualified wages, having regard to the following rules:

(a) the references to sections 1029.8.36.0.17 and 1029.8.36.0.22, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as references to

i. sections 1029.8.36.0.3.28 and 1029.8.36.0.3.30, as they formerly read for the particular year, where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, or

ii. sections 1029.8.36.0.3.38 and 1029.8.36.0.3.40, as they formerly read for the particular year, where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year;

(b) the expressions “specified wages” and “specified employee”, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as “qualified wages” and “eligible employee”, having the meaning assigned by

i. section 1029.8.36.0.3.28, as it read for the particular year, where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, or

ii. section 1029.8.36.0.3.38, as it read for the particular year, where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year; and

(c) subparagraph *b* of the first paragraph shall be read as follows:

“(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance, under this section or under section 1029.8.36.0.3.35 or 1029.8.36.0.3.43, as it read for that preceding taxation year.”

Notwithstanding the first paragraph of section 1029.8.36.0.17, the expression “qualified wages” in the portion of the second paragraph before subparagraph *a* has the meaning assigned by section 1029.8.36.0.3.28 or 1029.8.36.0.3.38, as it read for the particular year, according to whether the corporation carried on or could carry on its business in the particular year in the Cité du multimédia or in the Centre national des nouvelles technologies de Québec.”

(2) Paragraph 1 of subsection 1 has effect from 30 March 2001, except where it replaces “the aggregate determined” by “the aggregate established”, in which case it applies in respect of wages incurred after 9 March 1999.

(3) Paragraph 2 of subsection 1 applies in respect of amounts paid as repayment of assistance in taxation years that begin after 20 December 2001.

237. (1) Section 1029.8.36.0.32 of the said Act is amended by adding the following paragraph:

“In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that

begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of acquisition costs or rental expenses under section 1029.8.36.0.6, as it read for the particular year, the first paragraph applies, in respect of an amount that may reasonably be considered to be repayment of assistance that reduced those costs or expenses for the purpose of computing that amount deemed to be paid, having regard to the following rules :

(a) the references to sections 1029.8.36.0.25 and 1029.8.36.0.29, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as references to sections 1029.8.36.0.6 and 1029.8.36.0.9, as they formerly read for the particular year; and

(b) subparagraph *b* of the first paragraph shall be read as follows :

“(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance, under this section or section 1029.8.36.0.11, as it read for that preceding taxation year.”

(2) Subsection 1 applies in respect of amounts paid as repayment of assistance in taxation years that begin after 20 December 2001.

238. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.32 :

“**1029.8.36.0.32.1.** Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, pursuant to section 1029.8.36.0.29.1, eligible rental expenses of the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.25.1, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.25.1, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.29.1, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.25.1 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001.

239. (1) Section 1029.8.36.0.33 of the said Act is amended

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

“1029.8.36.0.33. For the purposes of section 1029.8.36.0.30 or 1029.8.36.0.31, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount”;

(2) by adding the following paragraph :

“In addition, if wages were paid or incurred in a particular taxation year that begins before 21 December 2001 by a corporation that, in the particular year, carried on or could carry on its business in an eligible facility, or in a designated site, other than a new economy centre or a biotechnology development centre, the first paragraph applies, in respect of an amount that reduced the wages, taking into account that,

(*a*) where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, the portion of the first paragraph before subparagraph *b* shall be read as follows :

“1029.8.36.0.33. For the purposes of section 1029.8.36.0.31, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(*a*) reduced the amount of the wages referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.28, as it read for the particular taxation year in which the wages were incurred, because of subparagraph *i* of that paragraph *b*, for the purpose of computing qualified wages, within the meaning of section 1029.8.36.0.3.28, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.30, as it read for the particular year ;”;

(*b*) where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year, the portion of the first paragraph before subparagraph *b* shall be read as follows :

“1029.8.36.0.33. For the purposes of section 1029.8.36.0.31, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(*a*) reduced the amount of the wages referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.38, as it read for the particular taxation year in which the wages were incurred, because of subparagraph *i* of that paragraph *b*, for the purpose

of computing qualified wages, within the meaning of section 1029.8.36.0.3.38, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.40, as it read for the particular year;”; and

(c) where the corporation carried on or could carry on its business in an information technology development centre in the particular year, the portion of the first paragraph before subparagraph *b* shall be read as follows :

“1029.8.36.0.33. For the purposes of section 1029.8.36.0.30, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced the amount of the wages referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.4, as it read for the particular taxation year in which the wages were paid, because of that paragraph *b*, for the purpose of computing qualified wages, within the meaning of section 1029.8.36.0.4, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.5, as it read for the particular year, or under section 1029.8.36.0.5.1, as it read for the taxation year following the particular year in which the corporation is deemed to have paid that amount, or 1029.8.36.0.20;”

(2) Paragraph 1 of subsection 1 applies in respect of wages incurred after 9 March 1999.

(3) Paragraph 2 of subsection 1 applies in respect of amounts that ceased to be amounts that the corporation may reasonably expect to receive in a taxation year that begins after 20 December 2001.

240. (1) Section 1029.8.36.0.34 of the said Act is amended

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

“1029.8.36.0.34. For the purposes of section 1029.8.36.0.32 or 1029.8.36.0.32.1, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced, as the case may be, acquisition costs or rental expenses of the corporation, because of section 1029.8.36.0.29, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25, or eligible rental expenses of the corporation, because of section 1029.8.36.0.29.1, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25.1;”;

(2) by adding the following paragraph :

“In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of acquisition costs or rental expenses under section 1029.8.36.0.6, as it read for the particular year, the first paragraph applies, in respect of an amount that reduced those costs or expenses for the purpose of computing the amount deemed to have been paid, by replacing the portion of the first paragraph before subparagraph *b* by the following :

“1029.8.36.0.34. For the purposes of section 1029.8.36.0.32, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced acquisition costs or rental expenses of the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.6, as it read for the particular year, because of section 1029.8.36.0.9, as it read for the particular year;”

(2) Paragraph 1 of subsection 1 applies in respect of wages incurred after 29 March 2001.

(3) Paragraph 2 of subsection 1 applies in respect of amounts that ceased to be amounts that the corporation may reasonably expect to receive in a taxation year that begins after 20 December 2001.

241. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.35 :

“1029.8.36.0.35.1. For the purposes of this division, the eligible rental expenses of a corporation in respect of an eligible facility shall be reduced by the amount of the consideration for the provision of services to the corporation or to a person with whom the corporation does not deal at arm’s length, or by the amount of the consideration for the disposition or lease of other property either to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the lease of the eligible facility.”

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001.

242. (1) The said Act is amended by inserting the following section after section 1029.8.36.0.36 :

“1029.8.36.0.36.1. Where, in respect of the lease of an eligible facility, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or setting up of the

eligible facility, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of a corporation's eligible rental expenses in respect of the eligible facility for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that taxation year."

(2) Subsection 1 applies in respect of expenses incurred after 29 March 2001.

243. (1) Division II.6.0.3.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1 applies in respect of wages or expenses incurred after 29 March 2001.

244. (1) Section 1029.8.36.0.38 of the said Act is amended by replacing paragraph *b* of the definition of "qualified wages" in the first paragraph by the following paragraph:

"(b) any of the following amounts:

i. where the valid certificate referred to in paragraph *a* of the definition of "recognized business" became effective before 1 January 2001, the amount by which the amount of the wages incurred by the corporation or partnership in the year or fiscal period, but after 9 March 1999 and before 1 January 2011, in respect of the employee while the employee qualifies as an eligible employee of the corporation or partnership in relation to the recognized business, to the extent that that amount is paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period,

ii. where the valid certificate referred to in paragraph *a* of the definition of "recognized business" has become effective after 31 December 2000 and before 1 January 2004, the amount by which the amount of the wages incurred by the corporation or partnership in the year or fiscal period, but on or before the day of the tenth anniversary of the effective date of the certificate, in respect of the employee while the employee qualifies as an eligible employee of the corporation or partnership in relation to the recognized business, to the extent that that amount is paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive on or before, in the case

of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period, and

iii. where the valid certificate referred to in paragraph *a* of the definition of "recognized business" became effective after 31 December 2003, the amount by which the amount of the wages incurred by the corporation or partnership in the year or fiscal period, but before 1 January 2014, in respect of the employee while the employee qualifies as an eligible employee of the corporation or partnership in relation to the recognized business, to the extent that that amount is paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period;".

(2) Subsection 1 has effect from 1 November 2001.

245. (1) Section 1029.8.36.0.39 of the said Act is amended by replacing "2010" and "2011" in paragraph *c* by "2013" and "2014", respectively.

(2) Subsection 1 has effect from 1 November 2001.

246. (1) Section 1029.8.36.0.40 of the said Act is amended

(1) by inserting ", subject to the third paragraph," after "is deemed" in the first paragraph;

(2) by adding the following paragraph:

"For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment."

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

247. (1) Section 1029.8.36.0.41 of the said Act is amended

(1) by replacing “2011” in paragraph *e* by “2014”;

(2) by replacing “2010” in paragraph *f* by “2013”.

(2) Subsection 1 has effect from 1 November 2001.

248. (1) Section 1029.8.36.0.42 of the said Act is amended by replacing “2011” in paragraph *c* by “2014”.

(2) Subsection 1 has effect from 1 November 2001.

249. (1) Section 1029.8.36.0.43 of the said Act is amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

250. (1) Section 1029.8.36.0.44 of the said Act is amended

(1) by replacing “2011” in paragraph *e* by “2014”;

(2) by replacing “2010” in paragraph *f* by “2013”.

(2) Subsection 1 has effect from 1 November 2001.

251. (1) Section 1029.8.36.0.45 of the said Act is amended by replacing “2011” in paragraph *c* by “2014”.

(2) Subsection 1 has effect from 1 November 2001.

252. (1) Section 1029.8.36.0.49 of the said Act is amended by replacing “2012” in the portion before paragraph *a* by “2015”.

(2) Subsection 1 has effect from 1 November 2001.

253. (1) Section 1029.8.36.0.50 of the said Act is amended by replacing “2012” in the portion before paragraph *a* by “2015”.

(2) Subsection 1 has effect from 1 November 2001.

254. (1) Section 1029.8.36.0.51 of the said Act is amended by replacing “2012” in the portion before paragraph *a* by “2015”.

(2) Subsection 1 has effect from 1 November 2001.

255. (1) Section 1029.8.36.0.55 of the said Act is amended by replacing paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph by the following paragraph:

“(b) any of the following amounts:

i. where the valid certificate issued to the corporation or partnership in respect of the recognized business became effective before 1 January 2001, the amount by which

(1) the aggregate of all amounts each of which is the amount of fees incurred by the corporation or partnership in the year or fiscal period, but after 9 March 1999 and before 1 January 2011, for services that qualify as eligible customs brokerage services, for the year or fiscal period, in relation to the recognized business, to the extent that that amount is paid, exceeds

(2) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to fees referred to in subparagraph 1, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation’s filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period,

ii. where the valid certificate issued to the corporation or partnership in respect of the recognized business became effective after 31 December 2000 and before 1 January 2004, the amount by which

(1) the aggregate of all amounts each of which is the amount of fees incurred by the corporation or partnership in the year or fiscal period, but on or before the day that is ten years after the effective date of that certificate, for services that qualify as eligible customs brokerage services, for the year or fiscal period, in relation to the recognized business, to the extent that that amount is paid, exceeds

(2) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to fees referred to in subparagraph 1, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period, and

iii. where the valid certificate issued to the corporation or partnership in respect of the recognized business became effective after 31 December 2003, the amount by which

(1) the aggregate of all amounts each of which is the amount of fees incurred by the corporation or partnership in the year or fiscal period, but before 1 January 2014, for services that qualify as eligible customs brokerage services, for the year or fiscal period, in relation to the recognized business, to the extent that that amount is paid, exceeds

(2) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to fees referred to in subparagraph 1, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period ;”.

(2) Subsection 1 has effect from 1 November 2001.

256. (1) Section 1029.8.36.0.56 of the said Act is amended by replacing “2010” and “2011” in paragraph *c* by “2013” and “2014”, respectively.

(2) Subsection 1 has effect from 1 November 2001.

257. (1) Section 1029.8.36.0.57 of the said Act is amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the first paragraph ;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

258. (1) Section 1029.8.36.0.58 of the said Act is amended

(1) by replacing “2011” in paragraph *e* by “2014”;

(2) by replacing “2010” in paragraph *f* by “2013”.

(2) Subsection 1 has effect from 1 November 2001.

259. (1) Section 1029.8.36.0.59 of the said Act is amended by replacing “2011” in paragraph *c* by “2014”.

(2) Subsection 1 has effect from 1 November 2001.

260. (1) Section 1029.8.36.0.60 of the said Act is amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1,

on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

261. (1) Section 1029.8.36.0.61 of the said Act is amended

(1) by replacing “2011” in paragraph *e* by “2014”;

(2) by replacing “2010” in paragraph *f* by “2013”.

(2) Subsection 1 has effect from 1 November 2001.

262. (1) Section 1029.8.36.0.62 of the said Act is amended by replacing “2011” in paragraph *c* by “2014”.

(2) Subsection 1 has effect from 1 November 2001.

263. (1) Section 1029.8.36.0.66 of the said Act is amended by replacing the portion before paragraph *a* by the following:

“1029.8.36.0.66. Where, before 1 January 2015, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance referred to in subparagraph 2 of any of subparagraphs *i* to *iii* of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 that was taken into account for the purpose of computing a qualified brokerage expenditure incurred by the corporation in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.57 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified brokerage expenditure, under section 1029.8.36.0.57, if any amount of such

assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under subparagraph 2 of any of subparagraphs i to iii of that paragraph *b*, exceeds the aggregate of”.

(2) Subsection 1 has effect from 1 November 2001.

264. (1) Section 1029.8.36.0.67 of the said Act is amended

(1) by replacing “2012” and “in subparagraph ii” in the portion before paragraph *a* by “2015” and “in subparagraph 2 of subparagraph ii”, respectively;

(2) by replacing “under subparagraph ii” in subparagraph i of paragraph *a* by “under subparagraph 2 of any of subparagraphs i to iii”.

(2) Subsection 1 has effect from 1 November 2001.

265. (1) Section 1029.8.36.0.68 of the said Act is amended

(1) by replacing “2012” in the portion before paragraph *a* by “2015”;

(2) by replacing “in subparagraph ii” in subparagraph i of paragraph *a* by “in subparagraph 2 of any of subparagraphs i to iii”.

(2) Subsection 1 has effect from 1 November 2001.

266. (1) Section 1029.8.36.0.69 of the said Act is amended by replacing “of subparagraph ii” and “in subparagraph i” in paragraph *a* by “of subparagraph 2 of any of subparagraphs i to iii” and “in subparagraph 1 of any of subparagraphs i to iii”, respectively.

(2) Subsection 1 has effect from 1 November 2001.

267. (1) Section 1029.8.36.0.70 of the said Act is amended by replacing “in subparagraph ii” by “in subparagraph 2 of any of subparagraphs i to iii” in the following provisions:

— paragraph *a*;

— the portion of paragraph *b* before subparagraph i.

(2) Subsection 1 has effect from 1 November 2001.

268. (1) Section 1029.8.36.0.72 of the said Act is amended

(1) by replacing the portion of paragraph *a* of the definition of “qualified property” in the first paragraph before subparagraph i by the following:

“(a) in the case of property acquired by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective before 1 January 2001, property”;

(2) by inserting the following paragraphs after paragraph *a* of the definition of “qualified property” in the first paragraph :

“(a.1) in the case of property acquired by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective after 31 December 2000 and before 1 January 2004, property

i. that meets the conditions set out in subparagraphs i and iii to v of paragraph *a*, and

ii. that is acquired by the corporation or the partnership under a contract in writing entered into on or before the day that is ten years after the effective date of that certificate, within a reasonable time after the effective date of the certificate described in subparagraph v of paragraph *a* and issued in respect of the property ;

“(a.2) in the case of property acquired by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective after 31 December 2003, property

i. that meets the conditions set out in subparagraphs i and iii to v of paragraph *a*, and

ii. that is acquired by the corporation or the partnership under a contract in writing entered into before 1 January 2014, within a reasonable time after the effective date of the certificate described in subparagraph v of paragraph *a* and issued in respect of the property ;”;

(3) by replacing the portion of paragraph *b* of the definition of “qualified property” in the first paragraph before subparagraph i by the following :

“(b) in the case of property leased by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective before 1 January 2001, property”;

(4) by inserting the following paragraphs after paragraph *b* of the definition of “qualified property” in the first paragraph :

“(c) in the case of property leased by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective after 31 December 2000 and before 1 January 2004, property

i. that is leased by the corporation or the partnership under a contract in writing entered into on or before the day that is ten years after the effective date of that certificate,

ii. that, before being leased by the corporation or the partnership, has not been used for any purpose whatever and was not acquired for use or lease for any purpose other than for lease to the corporation or the partnership,

iii. that the corporation or the partnership, within a reasonable time after the date on which the contract referred to in subparagraph i is entered into, begins to use exclusively in the international trade zone, and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or the partnership, and

iv. in respect of which a certificate that is valid for all or part of the year or fiscal period has been issued to the corporation or the partnership by the Minister of Finance; or

“(d) in the case of property leased by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective after 31 December 2003, property

i. that is leased by the corporation or the partnership under a contract in writing entered into before 1 January 2014,

ii. that, before being leased by the corporation or the partnership, has not been used for any purpose whatever and was not acquired for use or lease for any purpose other than for lease to the corporation or the partnership,

iii. that the corporation or the partnership, within a reasonable time after the date on which the contract referred to in subparagraph i is entered into, begins to use exclusively in the international trade zone, and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or the partnership, and

iv. in respect of which a certificate that is valid for all or part of the year or fiscal period has been issued to the corporation or the partnership by the Minister of Finance;”;

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

“For the purposes of subparagraph iv of paragraph *a* and subparagraph iii of any of paragraphs *b* to *d* of the definition of “qualified property” in the first paragraph, where, at any time after 13 March 2000, a corporation or a partnership has acquired or leased a property that it begins to use, within a reasonable time after its acquisition or after the date on which the contract of lease referred to in subparagraph i of those paragraphs *b* to *d* is entered into, exclusively or almost exclusively to earn income from the business activities, carried on in Québec but outside the international trade zone, to which paragraph *a* of section 1029.8.36.0.38.1 applies, and the property would be a qualified property if the definition of that expression were read without subparagraph iv of paragraph *a* thereof or without subparagraph iii of

paragraphs *b* to *d* thereof, as the case may be, the corporation or the partnership is deemed, from that time and throughout the period during which the property is being used exclusively or almost exclusively in the course of the business activities, to use the property exclusively in the international trade zone and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business and carried on within the international trade zone by the corporation or the partnership.”

(2) Subsection 1 has effect from 1 November 2001.

269. (1) Section 1029.8.36.0.73 of the said Act is amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the first paragraph;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

270. (1) Section 1029.8.36.0.74 of the said Act is amended

(1) by inserting “, subject to the fourth paragraph,” after “is deemed” in the first paragraph;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first

paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

271. (1) Section 1029.8.36.0.77 of the said Act is amended by replacing “2012” in the portion before paragraph *a* by “2015”.

(2) Subsection 1 has effect from 1 November 2001.

272. (1) Section 1029.8.36.0.78 of the said Act is amended by replacing “2012” in the portion before paragraph *a* by “2015”.

(2) Subsection 1 has effect from 1 November 2001.

273. (1) Section 1029.8.36.0.79 of the said Act is amended by replacing “2012” in the portion before paragraph *a* by “2015”.

(2) Subsection 1 has effect from 1 November 2001.

274. (1) Section 1029.8.36.0.84 of the said Act is amended by replacing the definition of “eligible expenses” in the first paragraph by the following definition:

““eligible expenses” incurred by a qualified corporation in a taxation year, in respect of a strategic building, means

(a) where the certificate referred to in the definition of “strategic building” became effective before 1 January 2001, the aggregate of all the expenses that were incurred after 29 June 2000 and before the completion date of the work by the corporation in that year and that may reasonably be attributed to work carried out after 29 June 2000 and before the completion date of the work, by or on behalf of the corporation, for the construction, renovation or alteration

of the building and that are included, at the end of that year, in the capital cost of the building;

(b) where the certificate referred to in the definition of “strategic building” became effective after 31 December 2000 and before 1 January 2004, the aggregate of all the expenses

i. that were incurred by the corporation in that year, before the completion date of the work, and that may reasonably be attributed to work carried out by or on behalf of the corporation, for the construction, renovation or alteration of the building before the earlier of

(1) the completion date of the work, and

(2) the day that is ten years after the effective date of that certificate, and

ii. that are included, at the end of that year, in the capital cost of the building; and

(c) where the certificate referred to in the definition of “strategic building” became effective after 31 December 2003, the aggregate of all the expenses

i. that were incurred by the corporation in that year, before the completion date of the work, and that may reasonably be attributed to work carried out by or on behalf of the corporation, for the construction, renovation or alteration of the building before the earlier of

(1) the completion date of the work, and

(2) 1 January 2014, and

ii. that are included, at the end of that year, in the capital cost of the building;”.

(2) Subsection 1 has effect from 1 November 2001.

275. (1) Section 1029.8.36.0.85 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Subject to the third paragraph, for the purpose of computing the payments that a qualified corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

276. (1) Section 1029.8.36.5 of the said Act is amended by replacing the third paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

277. (1) Section 1029.8.36.6 of the said Act is amended by replacing the third paragraph by the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

278. (1) Section 1029.8.36.7 of the said Act is amended

(1) by inserting “, subject to the second paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph ;

(2) by inserting the following paragraph after the first paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

279. (1) Section 1029.8.36.53.2 of the said Act is amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the first paragraph ;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

280. (1) Section 1029.8.36.55 of the said Act is amended

(1) by inserting “, subject to the fourth paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

281. (1) Section 1029.8.36.55.1 of the said Act is amended

(1) by inserting “, subject to the fourth paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

282. (1) Section 1029.8.36.59.2 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

283. (1) Section 1029.8.36.59.3 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

284. (1) The said Act is amended by inserting the following after section 1029.8.36.59.8:

“DIVISION II.6.5.2

“CREDIT TO PROMOTE THE MODERNIZATION OF THE TAXI FLEET USED IN THE TAXI INDUSTRY

“**1029.8.36.59.9.** In this division,

“eligibility date” means, in relation to an eligible vehicle of an eligible taxpayer, the later of

(a) the date on which the eligible taxpayer registers the eligible vehicle as a taxi; and

(b) 1 January 2001 ;

“eligibility period” in relation to an eligible vehicle of an eligible taxpayer means the period that begins on the eligibility date and that ends on the earliest of

(a) the day that is five years after the day on which the eligible vehicle was first registered as a road vehicle ;

(b) the day on which the eligible taxpayer ceases to register the eligible vehicle as a taxi ; and

(c) 31 December 2010 ;

“eligible taxpayer”, for a taxation year, means a taxpayer who, in the portion, in the year, of the eligibility period relating to an eligible vehicle of the taxpayer, is the holder of a taxi owner’s permit to which that eligible vehicle is attached ;

“eligible vehicle” of an eligible taxpayer means, at a particular time in a taxation year, a motor vehicle that

(a) was first registered as a road vehicle on a date that precedes the eligibility date by no more than five years ;

(b) is acquired or leased by the eligible taxpayer before 1 January 2006 ; and

(c) is registered as a taxi at the particular time ;

“holder” of a taxi owner’s permit means the person in whose name the taxi owner’s permit is issued or, where such a permit is issued in the name of two or more persons, the person among them whom they designate ;

“taxi owner’s permit” means such a permit referred to in the Act respecting transportation services by taxi (chapter S-6.01), including a limousine permit or other specialized taxi permit referred to in that Act.

Subject to the third paragraph, for the purposes of the definitions of “eligibility period” and “eligible vehicle” in the first paragraph, a motor vehicle that was first registered as a road vehicle outside Québec is deemed to have been first registered as a road vehicle on the date that is the earlier of

(a) the date on which the motor vehicle was first registered in Québec ; and

(b) 1 January of the model year of the motor vehicle.

The second paragraph does not apply where the eligible taxpayer files with the Minister a document issued by a competent government authority showing

the date on which the motor vehicle was first registered as a road vehicle outside Québec.

“1029.8.36.59.10. An eligible taxpayer who, for a taxation year, holds an information return issued by the Société de l’assurance automobile du Québec in respect of a taxi owner’s permit of which the taxpayer is the holder in the year and who applies therefor in the fiscal return the taxpayer is required to file for the year under section 1000, or would be so required to file if the taxpayer had tax payable for the year under this Part, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for the year, for each such permit in respect of which the taxpayer holds such an information return, an amount equal to the product obtained by multiplying \$500 by the proportion, which may not exceed 1, that the number of days in the portion, in the year, of the eligibility period relating to an eligible vehicle of the eligible taxpayer is of 365.

For the purpose of computing the payments that an eligible taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.59.11. For the purposes of this Part and the regulations, the amount that an eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.59.10 is deemed not to be assistance or an inducement received by the taxpayer from a government.”

(2) Subsection 1 has effect from 1 January 2001. However,

(1) where the first paragraph of section 1029.8.36.59.9 of the said Act applies before 30 June 2002, it shall be read

(a) with the reference therein to “taxi owner’s” replaced by a reference to “taxi”, wherever it appears in the following provisions:

— the definition of “eligible taxpayer”,

— the definition of “holder”, and

(b) with the definition therein of “taxi owner’s permit” replaced by the following definition:

““taxi permit” means such a permit referred to in the Act respecting transportation by taxi (chapter T-11.1), including a limousine permit or other specialized taxi permit referred to in that Act.”;

(2) where the first paragraph of section 1029.8.36.59.10 of the said Act applies before 30 June 2002, the reference therein to “taxi owner’s” shall be read as a reference to “taxi”; and

(3) where the second paragraph of section 1029.8.36.59.10 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows:

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.”

285. (1) Section 1029.8.36.72.2 of the said Act, amended by section 263 of chapter 2 of the statutes of 2003, is again amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 has effect from 1 January 2001. However, where the third paragraph of section 1029.8.36.72.2 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

286. (1) Section 1029.8.36.72.3 of the said Act, amended by section 264 of chapter 2 of the statutes of 2003, is again amended

(1) by inserting “, subject to the fourth paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends

in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 has effect from 1 January 2001. However, where the fourth paragraph of section 1029.8.36.72.3 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

287. (1) Section 1029.8.36.72.15 of the said Act, amended by section 265 of chapter 2 of the statutes of 2003, is again amended

(1) by replacing the definition of “eligible employee” in the first paragraph by the following definition:

““eligible employee” of a corporation for a period within a calendar year, in relation to a recognized business of the corporation, means an employee who, during that period, reports for work at an establishment of the corporation situated in the Saguenay–Lac-Saint-Jean area and who, throughout that period, spends, when at work, at least 75% of the time undertaking, supervising or

supporting, in the course of the carrying on by the corporation of the recognized business or another recognized business of the corporation in the year,

(a) work that is directly related to the manufacturing or, as the case may be, the commercialization of finished or semi-finished products made from aluminum having already undergone primary processing or of specialized equipment for businesses producing or processing aluminum ;

(b) work that is directly related to design work or engineering work in relation to the manufacturing of finished or semi-finished products made from aluminum having already undergone primary processing or of specialized equipment for businesses producing or processing aluminum ; or

(c) work that is directly related to reclamation and recycling of waste and residues from the processing of aluminum ;” ;

(2) by replacing the definition of “recognized business” in the first paragraph by the following definition :

““recognized business” of a corporation for a taxation year means a business carried on by the corporation in the year and in respect of which a qualification certificate is issued by Investissement Québec for the purposes of this division certifying that its activities are

(a) the manufacturing and, as the case may be, the commercialization of finished or semi-finished products made from aluminum which has already undergone primary processing ;

(b) the manufacturing and, as the case may be, the commercialization of specialized equipment for businesses producing or processing aluminum ; or

(c) the reclamation and recycling of waste and residues from the processing of aluminum ;” ;

(3) by replacing the definitions of “base amount”, “base period”, “eligibility period” and “eligible amount” in the first paragraph by the following definitions :

““base amount” of a corporation, in relation to a particular recognized business, means

(a) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the particular recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” ; and

(b) in any other case, the aggregate of all amounts each of which is

i. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in the course of carrying on the particular recognized business, in respect of a period within its base period, in relation to the particular recognized business for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported had been situated in the Saguenay–Lac-Saint-Jean area, or

ii. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in the course of carrying on any business that is not a recognized business, in respect of a period within its base period, in relation to the particular recognized business for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, unless an amount is included, in respect of the employee, in relation to that business, in computing the base amount of the corporation in relation to another recognized business ;

““base period” of a corporation, in relation to a recognized business, means the calendar year preceding the calendar year in which the eligibility period of a corporation in relation to the recognized business begins ;

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the second and sixth paragraphs, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its qualification certificate in relation to the recognized business ;

““eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is

(a) the salary or wages paid by the corporation to an employee in respect of a period within the year for which the employee is an eligible employee, in relation to a recognized business of the corporation ; or

(b) the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in respect of a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area ;” ;

(4) by replacing “the salaries or wages paid” and “the salaries or wages” in the portion of paragraphs *a*, *b* and *c* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph i by “the salary or wages paid” and “the salary or wages”, respectively ;

(5) by inserting the following paragraph after the first paragraph :

“Except where section 1029.8.36.72.23 or 1029.8.36.72.24 applies, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the eligibility period of the corporation in relation to the recognized business is deemed, for the purposes of the definition of “eligibility period” in the first paragraph, to have begun on the date on which the eligibility period of the other corporation began, in relation to the recognized business.”;

(6) by replacing the portion of the second paragraph before subparagraph *a* by the following :

“For the purposes of this division,”;

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

“(a.1) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside Québec ; and”;

(8) by replacing “in the Saguenay–Lac-Saint-Jean area” in subparagraph *b* of the second paragraph by “in Québec”;

(9) by striking out the fourth and fifth paragraphs ;

(10) by adding the following paragraph after the sixth paragraph :

“Investissement Québec may, on the request of a corporation, cancel, in the circumstances and on the conditions it determines, a qualification certificate issued to the corporation, in relation to a recognized business,

(a) the eligibility period of which began on 1 January 2000. In such circumstances, the following rules apply :

i. for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for a taxation year in which a calendar year subsequent to the calendar year 2000 ends, the definition of “eligibility period” in the first paragraph shall be read as follows :

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the second paragraph, the four-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its second qualification certificate in relation to the recognized business ;”, and

ii. the certificate so cancelled is deemed not to have been revoked for the purposes of subparagraph i and Part III.10.1.3 ; or

(b) the eligibility period of which began on 1 January 2001. The certificate so cancelled is deemed, for the purposes of this Act, never to have been issued.”

(2) Paragraphs 1 and 5 of subsection 1 and paragraph 9 of subsection 1, where it strikes out the fifth paragraph of section 1029.8.36.72.15 of the said Act, have effect from 1 January 2001.

(3) Paragraphs 2 to 4, 6 to 8 and 10 of subsection 1 and paragraph 9 of subsection 1, where it strikes out the fourth paragraph of section 1029.8.36.72.15 of the said Act, have effect from 1 January 2000.

(4) However, notwithstanding subsection 3, where the definition of “eligibility period” in the first paragraph of section 1029.8.36.72.15 of the said Act, applies before 1 January 2001, it shall be read as follows :

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the fifth paragraph, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its qualification certificate in relation to the recognized business ;”.

288. (1) Section 1029.8.36.72.16 of the said Act, amended by section 266 of chapter 2 of the statutes of 2003, is again amended

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

“1029.8.36.72.16. A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) the lesser of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.15, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the qualified corporation’s base period, in relation to the recognized business, for which the employee is an eligible employee in relation to that recognized business, and

ii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year;”;

(2) by inserting the following paragraph after the first paragraph :

“Where the first paragraph applies to the taxation year that includes the end of the calendar year 2001 or 2002 and the base period of the corporation, in relation to the recognized business, is the calendar year 1999 or 2000, or where it applies to the taxation year that includes the end of the calendar year 2002 or 2003 and the base period of the corporation, in relation to the recognized business, is the calendar year 2001, the following rules apply :

(a) the amount determined in accordance with subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”;

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

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which

the first calendar year within the qualified corporation's eligibility period ends, in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(4) by replacing “in relation to the recognized business” in subparagraph *b* of the third paragraph by “in relation to a recognized business”.

(2) Subsection 1 has effect from 1 January 2000. However, where the third paragraph of section 1029.8.36.72.16 of the said Act, enacted by paragraph 3 of subsection 1, applies to taxation years that end before 12 July 2002, it shall be read as follows:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends, in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

289. (1) Section 1029.8.36.72.17 of the said Act, amended by section 267 of chapter 2 of the statutes of 2003, is again amended

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

“1029.8.36.72.17. A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and encloses the documents referred to in the fifth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.15, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the qualified corporation’s base period, in relation to the recognized business, for which the employee is an eligible employee in relation to that recognized business,

ii. the amount by which the aggregate of all amounts each of which is the qualified corporation’s eligible amount for the calendar year or the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in the Saguenay–Lac-Saint-Jean area, the establishment where the employee reported for work had been situated in the Saguenay–Lac-Saint-Jean area, exceeds the total of

(1) the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the qualified corporation's base period in relation to a recognized business it carries on in the calendar year, for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in the Saguenay–Lac-Saint-Jean area, the establishment where the employee reported for work had been situated in the Saguenay–Lac-Saint-Jean area, unless an amount is included, in respect of the employee, in relation to the other corporation, in computing the amount determined for the calendar year under this subparagraph 2 in relation to another recognized business, and

iii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation's base amount in relation to a recognized business it carries on in the calendar year;" ;

(2) by inserting the following paragraph after the second paragraph :

"Where the first paragraph applies to the taxation year that includes the end of the calendar year 2001 or 2002 and the base period of the corporation, in relation to the recognized business, is the calendar year 1999 or 2000, or where it applies to the taxation year that includes the end of the calendar year 2002 or 2003 and the base period of the corporation, in relation to the recognized business, is the calendar year 2001, the following rules apply :

(a) the amount determined in accordance with subparagraph 2 of subparagraph i of subparagraph a of the first paragraph or subparagraph 2 of subparagraph ii of that subparagraph a, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined ; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined." ;

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

"For the purpose of computing the payments that a qualified corporation is required to make under subparagraph a of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph a, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period

ends, in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(4) by replacing “in relation to the recognized business” in subparagraph *b* of the fourth paragraph by “in relation to a recognized business”.

(2) Subsection 1 has effect from 1 January 2000. However, where the fourth paragraph of section 1029.8.36.72.17 of the said Act, enacted by paragraph 3 of subsection 1, applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends, in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

290. (1) Section 1029.8.36.72.18 of the said Act is replaced by the following section :

“1029.8.36.72.18. The agreement to which the second paragraph of section 1029.8.36.72.17 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year,

a recognized business and that are associated with each other at the end of the calendar year, hereinafter called the “group of associated corporations”, attribute to one or more of their number, for the purposes of this division, one or more amounts; the aggregate of the amounts so attributed, for the calendar year, shall not be greater than the least of

(a) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a period within the calendar year for which the employee is an eligible employee of the corporation, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in the base period of a qualified corporation that is a member of the group of associated corporations in relation to a recognized business it carries on in the calendar year, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.15, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in a period within the qualified corporation’s base period in relation to a recognized business it carries on in the calendar year, for which the employee is an eligible employee of the corporation in relation to the recognized business;

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to a recognized business it carries on in the calendar year; and

(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in the Saguenay–Lac-Saint-Jean area, the establishment where the employee reported for work had been situated in the Saguenay–Lac-Saint-Jean area, exceeds the total of

i. the aggregate of all amounts each of which is the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, in relation to a recognized business it carries on in the calendar year, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid by the other corporation in respect of a period within the base period of a qualified corporation that is a member of the group at the end of the calendar year in relation to a recognized business it carries on in the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in the Saguenay–Lac-Saint-Jean area, the establishment where the employee reported for work had been situated in the Saguenay–Lac-Saint-Jean area, unless an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a period within a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group of associated corporations.

However, for the purposes of the first paragraph, where the calendar year referred to in the first paragraph is the calendar year 2001 or 2002 and the base period of the qualified corporation that is a member of the group of associated corporations, in relation to the recognized business, is the calendar year 1999 or 2000, or where that calendar year is the calendar year 2002 or 2003 and the base period of the qualified corporation that is a member of the group of associated corporations, in relation to the recognized business, is the calendar year 2001, the following rules apply :

(a) the amount determined in accordance with subparagraph ii of subparagraph *a* or *c* of the first paragraph, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined ; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”

(2) Subsection 1 has effect from 1 January 2000.

291. (1) Section 1029.8.36.72.20 of the said Act is replaced by the following section :

“1029.8.36.72.20. Where the aggregate of the amounts attributed, pursuant to an agreement referred to in the second paragraph of section 1029.8.36.72.17, in respect of a calendar year by the qualified corporations

carrying on, in that calendar year, a recognized business in the Saguenay–Lac-Saint-Jean area and that are associated with each other at the end of that calendar year exceeds the particular amount that is the lesser of the amounts determined for that calendar year in respect of those corporations under any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.72.18, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.17, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.”

(2) Subsection 1 has effect from 1 January 2000.

292. (1) Section 1029.8.36.72.21 of the said Act is amended

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

“(a) the amount of the salaries or wages referred to in the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.15, subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.16 or subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.17 and paid by the corporation, and the amount of the salaries or wages referred to in subparagraph *ii* of subparagraph *a* of the first paragraph of section 1029.8.36.72.17 and paid by a corporation associated with the corporation shall be reduced, where applicable;” ;

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

“The aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a period within the qualified corporation’s base period in relation to a recognized business, shall not exceed, for each of those corporations, the aggregate of all amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the corporation, in relation to the recognized business, in respect of the calendar year ending in its particular taxation year.”

(2) Subsection 1 has effect from 1 January 2000.

293. (1) Section 1029.8.36.72.22 of the said Act is amended by replacing subparagraph *ii* of paragraph *a* by the following subparagraph :

“ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.21, the excess amount referred to in subparagraph *a* or *c* of the first paragraph of section 1029.8.36.72.18 determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;”.

(2) Subsection 1 has effect from 1 January 2000.

294. (1) Section 1029.8.36.72.23 of the said Act is replaced by the following section :

“1029.8.36.72.23. Where a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which referred to in this section as a “predecessor corporation”, carries on after the amalgamation a business carried on before the amalgamation by a predecessor corporation, the new corporation and the predecessor corporation are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year in which the amalgamation occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the predecessor corporation carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the new corporation carries on after the amalgamation a recognized business resulting from the consolidation of recognized businesses carried on by predecessor corporations, immediately before the amalgamation, each recognized business so carried on before the amalgamation is deemed to be a separate recognized business carried on by the new corporation after the amalgamation.”

(2) Subsection 1 has effect from 1 January 2000.

295. (1) Section 1029.8.36.72.24 of the said Act is replaced by the following section :

“1029.8.36.72.24. Where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, and the parent corporation, within the meaning of section 556, carries on after the winding-up a business carried on before the winding-up by the subsidiary, the parent corporation and the subsidiary are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which the calendar year in which the winding-up occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the subsidiary carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the parent corporation carried on after the winding-up a recognized business resulting from the consolidation of a recognized business carried on by the parent corporation immediately before the winding-up and a recognized business carried on by the subsidiary immediately before the winding-up, each recognized business so carried on before the winding-up is deemed to be a separate recognized business carried on by the parent corporation after the winding-up.”

(2) Subsection 1 has effect from 1 January 2000.

296. (1) Section 1029.8.36.72.25 of the said Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs :

“1029.8.36.72.25. Subject to sections 1029.8.36.72.23 and 1029.8.36.72.24, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.15, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, in relation to a particular recognized business, for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(*a*) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a period within its base period in relation to the particular recognized business for which the employee is an eligible employee, is deemed to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$A \times C \times D$, and

ii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which the amount otherwise determined, without reference to subparagraph i, exceeds the amount determined by the formula

$B \times C \times D$;

(*b*) if the vendor was not carrying on a recognized business before the particular time and the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year, the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.16 or in subparagraph ii of subparagraph *c* of the first paragraph of section 1029.8.36.72.17, as the case may be, is deemed to be equal to the amount by which the amount determined, without reference to this subparagraph, exceeds the amount determined by the formula

$B \times C \times D$;

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid in respect of the purchaser's base period, in relation to the particular recognized business, to employees referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.16, in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.17 or in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.18, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages paid by the purchaser to an employee in respect of a period within the particular calendar year for which the employee is an eligible employee, in relation to the particular recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,

ii. to have paid to employees in respect of a period within the particular calendar year for which the employees are eligible employees, in relation to the particular recognized business, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate determined in relation to the particular recognized business,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount, otherwise determined, without reference to subparagraph i, in relation to the particular recognized business, and

(2) the amount that is the proportion of the aggregate, in subparagraph 2 of subparagraph iv referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec that the purchaser paid, after the particular time, in respect of a period of the particular calendar year for which the employee would be an eligible employee of the purchaser if the establishment where the employee reported for work had been situated in the Saguenay-Lac-Saint-Jean area, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business, and

iv. to have an eligible amount for the particular calendar year, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's eligible amount for the particular calendar year, otherwise determined, without reference to subparagraph ii, in relation to the particular recognized business, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business; and

(d) if the purchaser does not carry on a recognized business after the particular time and the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year, the purchaser is deemed to have paid

i. in respect of the base period, in relation to the particular recognized business, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec that the purchaser paid, after the particular time, in respect of a period of the particular calendar year for which the employee would be an eligible employee of the purchaser if the establishment where the employee reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time and except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph, in relation to another recognized business, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, and

ii. in respect of the particular calendar year, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(a) A is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a period within its base period, in relation to the particular recognized business for which the employee is an eligible employee;

(b) B is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec that the vendor paid in respect of a period within the base period, in relation to the particular recognized business, for which the employee would be an eligible employee of the vendor if the establishment where the employee

reported for work had been situated in the Saguenay–Lac-Saint-Jean area, except if an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined under this subparagraph, in relation to another recognized business;

(c) C is the proportion that the number of the vendor's employees referred to in subparagraph *a* or *b*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees assigned to those activities immediately before the particular time; and

(d) D, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365 and, in any other case, 1.”;

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

“Where a particular corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to part of those activities, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed not to have paid to its employees the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the particular corporation ceases to carry on after the subsequent time.”

(2) Subsection 1 has effect from 1 January 2000.

297. (1) Section 1029.8.36.72.26 of the said Act is replaced by the following section :

“1029.8.36.72.26. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of a particular corporation ends in relation to a recognized business it carries on, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph *i* or *iii* of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.72.21, as the case may be, the amount of the salaries or wages paid by the particular corporation or a corporation that is associated with the particular corporation,

in respect of the base period, in relation to the recognized business, so as to cause the particular corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the particular corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be zero.”

(2) Subsection 1 has effect from 1 January 2000.

298. (1) Section 1029.8.36.72.28 of the said Act is replaced by the following section:

“1029.8.36.72.28. The Minister may obtain the advice of Investissement Québec to determine, for the purposes of this division, whether work is directly related to the activities of a business which are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.15.”

(2) Subsection 1 has effect from 1 January 2000.

299. (1) Section 1029.8.36.72.30 of the said Act, amended by section 269 of chapter 2 of the statutes of 2003, is again amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which

is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 has effect from 1 January 2001. However, where the third paragraph of section 1029.8.36.72.30 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

300. (1) Section 1029.8.36.72.31 of the said Act, amended by section 270 of chapter 2 of the statutes of 2003, is again amended

(1) by inserting “, subject to the fourth paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph ;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 has effect from 1 January 2001. However, where the fourth paragraph of section 1029.8.36.72.31 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

301. (1) Section 1029.8.36.72.43 of the said Act is amended

(1) by replacing the definition of “eligible employee” in the first paragraph by the following definition :

““eligible employee” of a corporation for a period within a calendar year, in relation to a recognized business of the corporation, means an employee who, during that period, reports for work at an establishment of the corporation situated in an eligible region and who, throughout that period, spends, when at work, at least 75% of the time undertaking, supervising or supporting, in the course of the carrying on by the corporation of the recognized business or another recognized business of the corporation in the year, work that is directly related to activities described in any of paragraphs *a* to *f* of the definition of “recognized business”;;

(2) by replacing the definition of “recognized business” in the first paragraph by the following definition :

““recognized business” of a corporation for a taxation year means a business carried on by the corporation in the year and in respect of which a qualification certificate is issued by Investissement Québec for the purposes of this division certifying that its activities are

(a) the processing and, as the case may be, the commercialization of marine products ;

(b) the manufacturing, processing and, as the case may be, the commercialization of finished or semi-finished products in the field of marine biotechnology ;

(c) the manufacturing and, as the case may be, the commercialization of wind turbines or specialized equipment for the production of wind power ;

(d) the production of wind power ;

(e) mariculture or the manufacturing of specialized equipment for mariculture and, as the case may be, the commercialization of such activities ;
or

(f) activities related to the activities described in paragraphs *a* to *e* ;” ;

(3) by replacing the definitions of “base amount”, “base period”, “eligibility period” and “eligible amount” in the first paragraph by the following definitions :

““base amount” of a corporation, in relation to a particular recognized business, means

(a) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the particular recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *f* of the definition of “recognized business” ; and

(b) in any other case, the aggregate of all amounts each of which is

i. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in the course of carrying on that particular recognized business, in respect of a period within its base period, in relation to the particular recognized business, for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in an eligible region, or

ii. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in the course of carrying on any business that is not a recognized business, in respect of a period within its base period, in relation to the particular recognized business, for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in an eligible region, unless an amount is included, in respect of the employee, in relation to that business, in computing the base amount of the corporation in relation to another recognized business ;

““base period” of a corporation, in relation to a recognized business, means the calendar year that precedes the calendar year in which the eligibility period of a corporation in relation to the recognized business begins ;

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the second and fifth paragraphs, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its qualification certificate in relation to the recognized business ;

““eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is

(a) the salary or wages paid by the corporation to an employee in respect of a period within the year for which the employee is an eligible employee, in relation to a recognized business of the corporation ; or

(b) the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec that were paid by the corporation in respect of a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in an eligible region ;” ;

(4) by replacing “the salaries or wages paid” and “the salaries or wages referred to therein” in the portion of paragraphs *a* and *b* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph *i* by “the salary or wages paid” and “the salary or wages”, respectively, and by replacing “the salaries or wages paid” and “the salaries or wages” in the portion of paragraph *c* of that definition of “eligible repayment of assistance” before subparagraph *i* by “the salary or wages paid” and “the salary or wages”, respectively ;

(5) by inserting the following paragraph after the first paragraph :

“Except where section 1029.8.36.72.50 or 1029.8.36.72.51 applies, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the eligibility period of the corporation in relation to the recognized business is deemed, for the purposes of the definition of “eligibility period” in the first paragraph, to have begun on the date on which the eligibility period of the other corporation began, in relation to the recognized business.” ;

(6) by replacing the portion of the second paragraph before subparagraph *a* by the following :

“For the purposes of this division,” ;

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

“(a.1) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec ; and” ;

(8) by replacing “in an eligible region” in subparagraph *b* of the second paragraph by “in Québec” ;

(9) by striking out the third and fourth paragraphs ;

(10) by adding the following paragraph after the fifth paragraph :

“Investissement Québec may, at the request of a corporation, cancel, in the circumstances and on the conditions it determines, a qualification certificate issued to the corporation, in relation to a recognized business,

(a) the eligibility period of which began on 1 January 2000. In such circumstances, the following rules apply :

i. for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for a taxation year in which a calendar year subsequent to the calendar year 2000 ends, the definition of “eligibility period” in the first paragraph shall be read as follows :

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the second paragraph, the four-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its second qualification certificate in relation to the recognized business ;”, and

ii. the certificate so cancelled is deemed not to have been revoked for the purposes of subparagraph i and Part III.10.1.3 ; or

(b) the eligibility period of which began on 1 January 2001. The certificate so cancelled is deemed, for the purposes of this Act, never to have been issued.”

(2) Paragraphs 1 and 5 of subsection 1 and paragraph 9 of subsection 1, where it strikes out the fourth paragraph of section 1029.8.36.72.43 of the said Act, have effect from 1 January 2001.

(3) Paragraphs 2 to 4, 6 to 8 and 10 of subsection 1 and paragraph 9 of subsection 1, where it strikes out the third paragraph of section 1029.8.36.72.43 of the said Act, have effect from 1 January 2000.

(4) However, notwithstanding subsection 3, where the definition of “eligibility period” in the first paragraph of section 1029.8.36.72.43 of the said Act applies before 1 January 2001, it shall be read as follows :

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the fourth paragraph, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its qualification certificate in relation to the recognized business ;”.

302. (1) Section 1029.8.36.72.44 of the said Act is amended

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

“1029.8.36.72.44. A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) the lesser of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *f* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.43, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the qualified corporation’s base period, in relation to the recognized business, for which the employee is an eligible employee in relation to that recognized business, and

ii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation's base amount in relation to a recognized business it carries on in the calendar year; and”;

(2) by inserting the following paragraph after the first paragraph :

“Where the first paragraph applies to the taxation year that includes the end of the calendar year 2001 or 2002 and the base period of the corporation, in relation to the recognized business, is the calendar year 1999 or 2000, or where it applies to the taxation year that includes the end of the calendar year 2002 or 2003 and the base period of the corporation, in relation to the recognized business, is the calendar year 2001, the following rules apply :

(a) the amount determined in accordance with subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”;

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

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(4) by replacing “in relation to the recognized business” in subparagraph *b* of the third paragraph by “in relation to a recognized business”.

(2) Subsection 1 has effect from 1 January 2000. However, where the third paragraph of section 1029.8.36.72.44 of the said Act, enacted by paragraph 3 of subsection 1, applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

303. (1) Section 1029.8.36.72.45 of the said Act is amended

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

“**1029.8.36.72.45.** A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fifth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(*a*) subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business carried on by the qualified corporation in the calendar year, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *f* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.43, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the qualified corporation’s base period, in relation to the recognized business, for which the employee is an eligible employee in relation to that recognized business,

ii. the amount by which the aggregate of all amounts each of which is the qualified corporation’s eligible amount for the calendar year or the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, exceeds the total of

(1) the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the qualified corporation’s base period in relation to a recognized business it carries on in the calendar year, for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, unless an amount is included, in respect of the employee, in relation to the other corporation, in computing an amount determined for the calendar year under this subparagraph 2 in relation to another recognized business, and

iii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation's base amount in relation to a recognized business it carries on in the calendar year; and”;

(2) by inserting the following paragraph after the second paragraph :

“Where the first paragraph applies to the taxation year that includes the end of the calendar year 2001 or 2002 and the base period of the corporation, in relation to the recognized business, is the calendar year 1999 or 2000, or where it applies to the taxation year that includes the end of the calendar year 2002 or 2003 and the base period of the corporation, in relation to the recognized business, is the calendar year 2001, the following rules apply :

(a) the amount determined in accordance with subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph or subparagraph 2 of subparagraph ii of that subparagraph *a*, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”;

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

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(4) by replacing “in relation to the recognized business” in subparagraph *b* of the fourth paragraph by “in relation to a recognized business”.

(2) Subsection 1 has effect from 1 January 2000. However, where the fourth paragraph of section 1029.8.36.72.45 of the said Act, enacted by paragraph 3 of subsection 1, applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

304. (1) Section 1029.8.36.72.46 of the said Act is replaced by the following section :

“**1029.8.36.72.46.** The agreement to which the second paragraph of section 1029.8.36.72.45 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business and that are associated with each other at the end of that calendar year, hereinafter called the “group of associated corporations”, attribute to one or more of their number, for the purposes of this division, one or more amounts ; the aggregate of the amounts so attributed, for the calendar year, shall not be greater than the least of

(*a*) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a period within the calendar year for which the employee is an eligible employee of the corporation, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in the base period of a qualified corporation that is a member of the group of associated corporations in relation to a recognized business it carries on in the calendar year, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *f* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.43, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in a period within the qualified corporation's base period in relation to a recognized business it carries on in the calendar year, for which the employee is an eligible employee of the corporation in relation to the recognized business ;

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to a recognized business it carries on in the calendar year ; and

(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year, for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, exceeds the total of

i. the aggregate of all amounts each of which is the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, in relation to a recognized business it carries on in the calendar year, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid by the other corporation in respect of a period within the base period of a qualified corporation that is a member of the group at the end of the calendar year in relation to a recognized business it carries on in the calendar year, for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, unless an amount is included, in respect of the employee, in computing an amount under this

subparagraph, in relation to a period within a base period in relation to another recognized business that is carried on by a qualified corporation that is a member of the group of associated corporations.

However, for the purposes of the first paragraph, where the calendar year referred to in the first paragraph is the calendar year 2001 or 2002 and the base period of the qualified corporation that is a member of the group of associated corporations, in relation to the recognized business, is the calendar year 1999 or 2000, or where that calendar year is the calendar year 2002 or 2003 and the base period of the qualified corporation that is a member of the group of associated corporations, in relation to the recognized business, is the calendar year 2001, the following rules apply :

(a) the amount determined in accordance with subparagraph ii of subparagraph *a* or *c* of the first paragraph, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined ; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”

(2) Subsection 1 has effect from 1 January 2000.

305. (1) Section 1029.8.36.72.47 of the said Act is replaced by the following section :

“**1029.8.36.72.47.** Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.72.45, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in an eligible region and that are associated with each other at the end of that calendar year exceeds the particular amount that is the lesser of the amounts determined for that calendar year in respect of those corporations under any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.72.46, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.45, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.”

(2) Subsection 1 has effect from 1 January 2000.

306. (1) Section 1029.8.36.72.48 of the said Act is amended

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

“(a) the amount of the salaries or wages referred to in the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.43, subparagraph i of subparagraph *a* of the first paragraph of

section 1029.8.36.72.44 or subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.45 and paid by the corporation, and the amount of the salaries or wages referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.45 and paid by a corporation associated with the corporation shall be reduced, where applicable;”;

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

“The aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a period within the qualified corporation’s base period in relation to a recognized business, shall not exceed, for each of those corporations, the aggregate of all amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the corporation, in relation to the recognized business, in respect of the calendar year ending in its particular taxation year.”

(2) Subsection 1 has effect from 1 January 2000.

307. (1) Section 1029.8.36.72.49 of the said Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph :

“ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.48, the excess amount referred to in subparagraph *a* or *c* of the first paragraph of section 1029.8.36.72.46 determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;”.

(2) Subsection 1 has effect from 1 January 2000.

308. (1) Sections 1029.8.36.72.50 and 1029.8.36.72.51 of the said Act are replaced by the following sections :

“1029.8.36.72.50. Where a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which referred to in this section as a “predecessor corporation”, carries on after the amalgamation a business carried on before the amalgamation by a predecessor corporation, the new corporation and the predecessor corporation are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year in which the amalgamation occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the predecessor corporation carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the new corporation carries on after the amalgamation a recognized business resulting from the consolidation of recognized businesses carried on by predecessor corporations,

immediately before the amalgamation, each recognized business so carried on before the amalgamation is deemed to be a separate recognized business carried on by the new corporation after the amalgamation.

“1029.8.36.72.51. Where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, and the parent corporation, within the meaning of section 556, carries on after the winding-up a business carried on before the winding-up by the subsidiary, the parent corporation and the subsidiary are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which the calendar year in which the winding-up occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the subsidiary carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the parent corporation carries on after the winding-up a recognized business resulting from the consolidation of a recognized business carried on by the parent corporation immediately before the winding-up and a recognized business carried on by the subsidiary immediately before the winding-up, each recognized business so carried on before the winding-up is deemed to be a separate recognized business carried on by the parent corporation after the winding-up.”

(2) Subsection 1 has effect from 1 January 2000.

309. (1) Section 1029.8.36.72.52 of the said Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs :

“1029.8.36.72.52. Subject to sections 1029.8.36.72.50 and 1029.8.36.72.51, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *f* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.43, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, in relation to a particular recognized business, for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a period within its base period in relation to the particular recognized business for which the employee is an eligible employee, is deemed to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$$A \times C \times D, \text{ and}$$

ii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which the amount otherwise determined, without reference to subparagraph i, exceeds the amount determined by the formula

$$B \times C \times D;$$

(b) if the vendor was not carrying on a recognized business before the particular time and the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year, the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.45 or in subparagraph ii of subparagraph *c* of the first paragraph of section 1029.8.36.72.46, as the case may be, is deemed to be equal to the amount by which the amount determined, without reference to this subparagraph, exceeds the amount determined by the formula

$$B \times C \times D;$$

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid in respect of the purchaser's base period, in relation to the particular recognized business, to employees referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.44, in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.45 or in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.46, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages paid by the purchaser to an employee in respect of a period within the particular calendar year for which the employee is an eligible employee, in relation to the particular recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,

ii. to have paid to employees in respect of a period within the particular calendar year for which the employees are eligible employees, in relation to the particular recognized business, the amount by which the amount determined

pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate determined in relation to the particular recognized business,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount, otherwise determined, without reference to subparagraph i, in relation to the particular recognized business, and

(2) the amount that is the proportion of the aggregate, in subparagraph 2 of subparagraph iv referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec that the purchaser paid, after the particular time, in respect of a period of the particular calendar year for which the employee would be an eligible employee of the purchaser if the establishment where the employee reported for work had been situated in an eligible region, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business, and

iv. to have an eligible amount for the particular calendar year, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's eligible amount for the particular calendar year, otherwise determined, without reference to subparagraph ii, in relation to the particular recognized business, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business; and

(d) if the purchaser does not carry on a recognized business after the particular time and the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year, the purchaser is deemed to have paid

i. in respect of the base period, in relation to the particular recognized business, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec that the purchaser paid, after the particular time, in respect of a period of the particular calendar year for which the employee would be an eligible employee of the purchaser if the establishment

where the employee reported for work had been situated in an eligible region, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time and except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph, in relation to another recognized business, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, and

ii. in respect of the particular calendar year, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business.

“In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a period within its base period, in relation to the particular recognized business for which the employee is an eligible employee ;

(*b*) *B* is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec that the vendor paid in respect of a period within the base period, in relation to the particular recognized business, for which the employee would be an eligible employee of the vendor if the establishment where the employee reported for work had been situated in an eligible region, except if an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined under this subparagraph, in relation to another recognized business ;

(*c*) *C* is the proportion that the number of the vendor’s employees referred to in subparagraph *a* or *b*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor’s employees assigned to those activities immediately before the particular time ; and

(*d*) *D*, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365 and, in any other case, 1.”;

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

“Where a particular corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to part of those activities, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this

division, the particular corporation is deemed not to have paid to its employees the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the particular corporation ceases to carry on after the subsequent time.”

(2) Subsection 1 has effect from 1 January 2000.

310. (1) Section 1029.8.36.72.53 of the said Act is replaced by the following section :

“1029.8.36.72.53. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of a particular corporation in relation to a recognized business it carries on ends, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.72.48, as the case may be, the amount of the salaries or wages paid by the particular corporation or a corporation that is associated with the particular corporation, in respect of the base period, in relation to the recognized business, so as to cause the particular corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the particular corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be equal to zero.”

(2) Subsection 1 has effect from 1 January 2000.

311. (1) Section 1029.8.36.72.55 of the said Act is replaced by the following section :

“1029.8.36.72.55. The Minister may obtain the advice of Investissement Québec to determine, for the purposes of this division, whether work is directly related to the activities of a business which are described in any of paragraphs *a* to *f* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.43.”

(2) Subsection 1 has effect from 1 January 2000.

312. (1) Section 1029.8.36.72.57 of the said Act is amended

(1) by inserting “, subject to the third paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph ;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 has effect from 1 January 2001. However, where the third paragraph of section 1029.8.36.72.57 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

313. (1) Section 1029.8.36.72.58 of the said Act is amended

(1) by inserting “, subject to the fourth paragraph,” after “is deemed” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 has effect from 1 January 2001. However, where the fourth paragraph of section 1029.8.36.72.58 of the said Act applies to taxation years that end before 12 July 2002, it shall be read as follows:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

314. (1) Section 1029.8.36.72.70 of the said Act is amended

(1) by replacing the definition of “eligible employee” in the first paragraph by the following definition :

““eligible employee” of a corporation for a period within a calendar year, in relation to a recognized business of the corporation, means an employee who, during that period, reports for work at an establishment of the corporation situated in an eligible region and who, throughout that period, spends, when at work, at least 75% of the time undertaking, supervising or supporting, in the course of the carrying on by the corporation of the recognized business or another recognized business of the corporation in the year, work that is directly related to activities described in any of paragraphs *a* to *h* of the definition of “recognized business” ;” ;

(2) by replacing the portion of the definition of “recognized business” in the first paragraph before subparagraph *i* of paragraph *a* by the following :

““recognized business” of a corporation for a taxation year means, subject to the fourth paragraph, a business carried on by the corporation in the year and in respect of which a qualification certificate is issued by Investissement Québec for the purposes of this division certifying that its activities are

(*a*) the manufacturing, processing and, as the case may be, the commercialization of any of the following products :” ;

(3) by replacing paragraphs *b* to *g* of the definition of “recognized business” in the first paragraph by the following paragraphs :

“(b) the manufacturing, processing and, as the case may be, the commercialization of food products ;

“(c) the manufacturing and, as the case may be, the commercialization of specialized equipment for logging operations, wood processing, paper or paperboard manufacturing, mining, metal processing or fresh-water aquaculture ;

“(d) the production and, as the case may be, the commercialization of ecological non-conventional energy using the biomass or hydrogen ;

“(e) the manufacturing and, as the case may be, the commercialization of products or specialized equipment for the production or use of energy ;

“(f) the reclaiming, recycling and, as the case may be, the commercialization of residues and waste from the development or processing of natural resources ;

“(g) fresh-water aquaculture and, as the case may be, the commercialization of that activity ;” ;

(4) by inserting the following paragraphs after paragraph *g* of the definition of “recognized business” in the first paragraph :

“(g.1) the bead setting of gemstones or semi-precious stones ;

“(g.2) jewellery making ;

“(g.3) printing or publishing, including activities relating to typesetting, printing, collating, folding and bundling ;

“(g.4) the seasoning of building timber in kilns or timber planing ; or” ;

(5) by replacing paragraph *h* of the definition of “recognized business” in the first paragraph by the following paragraph :

“(h) activities related to the activities described in paragraphs *a* to *g.4* ;” ;

(6) by replacing the definitions of “base amount”, “base period”, “eligibility period” and “eligible amount” in the first paragraph by the following definitions :

““base amount” of a corporation, in relation to a particular recognized business, means

(a) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the particular recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *h* of the definition of “recognized business” ; and

(b) in any other case, the aggregate of all amounts each of which is

i. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in the course of carrying on the particular recognized business, in respect of a period within its base period, in relation to the particular recognized business for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported had been situated in an eligible region, or

ii. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in the course of carrying on any business that is not a recognized business, in respect of a period within its base period, in relation to the particular recognized business for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in an eligible region, unless an amount is included, in respect of the employee, in relation to that business, in computing the base amount of the corporation in relation to another recognized business ;

““base period” of a corporation, in relation to a recognized business, means the calendar year that precedes the calendar year in which the eligibility period of a corporation in relation to the recognized business begins ;

““eligibility period” of a corporation, in relation to a recognized business, means, subject to the second paragraph, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2005, in respect of which the corporation obtains its qualification certificate in relation to the recognized business ;

““eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is

(a) the salary or wages paid by the corporation to an employee in respect of a period within the year for which the employee is an eligible employee, in relation to a recognized business of the corporation ; or

(b) the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec that were paid by the corporation in respect of a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in an eligible region ;” ;

(7) by replacing “the salaries or wages paid” and “the salaries or wages” in the portion of paragraphs *a* and *b* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph *i* by “the salary or wages paid” and “the salary or wages”, respectively ;

(8) by replacing the portion of paragraph *c* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph *i* by the following :

“(c) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.72.75 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.72.73 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.72, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.72.73 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as

repayment in the calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.73 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of”;

(9) by inserting the following paragraph after the first paragraph :

“Except where section 1029.8.36.72.77 or 1029.8.36.72.78 applies, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the eligibility period of the corporation in relation to the recognized business is deemed, for the purposes of the definition of “eligibility period” in the first paragraph, to have begun on the date on which the eligibility period of the other corporation began, in relation to the recognized business.”;

(10) by replacing the portion of the second paragraph before subparagraph *a* by the following :

“For the purposes of this division,”;

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

“(a.1) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec;”;

(12) by replacing “in an eligible region” in subparagraph *b* of the second paragraph by “in Québec”;

(13) by striking out subparagraphs *h* and *i* of the third paragraph ;

(14) by striking out the fourth and fifth paragraphs ;

(15) by adding the following paragraph after the sixth paragraph :

“Investissement Québec may, at the request of a corporation, cancel, in the circumstances and on the conditions it determines, a qualification certificate issued to the corporation, in relation to a recognized business. The certificate

so cancelled is deemed, for the purposes of this Act, never to have been issued.”

(2) Subsection 1 has effect from 1 January 2001.

315. (1) Section 1029.8.36.72.71 of the said Act is amended

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

“1029.8.36.72.71. A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) the lesser of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *h* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.70, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the qualified corporation’s base period, in relation to the recognized business, for which the employee is an eligible employee in relation to that recognized business, and

ii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year; and”;

(2) by inserting the following paragraph after the first paragraph :

“Where the first paragraph applies to the taxation year that includes the end of the first calendar year of the eligibility period of a qualified corporation, in

relation to a recognized business, or to the taxation year that includes the end of the second calendar year of the eligibility period of the corporation, in relation to the recognized business, and the base period of the corporation, in relation to the recognized business, precedes the calendar year 2002, the following rules apply :

(a) the amount determined in accordance with subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”;

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

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(4) by replacing “in relation to the recognized business” in subparagraph *b* of the third paragraph by “in relation to a recognized business”.

(2) Subsection 1 has effect from 1 January 2001. However, where the third paragraph of section 1029.8.36.72.71 of the said Act, enacted by paragraph 3 of subsection 1, applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

316. (1) Section 1029.8.36.72.72 of the said Act is amended

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

“1029.8.36.72.72. A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and encloses the documents referred to in the fifth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(*a*) subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *h* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.70, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the qualified corporation’s base period, in relation to the

recognized business, for which the employee is an eligible employee in relation to that recognized business,

ii. the amount by which the aggregate of all amounts each of which is the qualified corporation's eligible amount for the calendar year or the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, exceeds the total of

(1) the aggregate of all amounts each of which is the qualified corporation's base amount in relation to a recognized business it carries on in the calendar year, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the qualified corporation's base period in relation to a recognized business it carries on in the calendar year, for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, unless an amount is included, in respect of the employee, in relation to the other corporation, in computing the amount determined for the calendar year under this subparagraph 2 in relation to another recognized business, and

iii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation's base amount in relation to a recognized business it carries on in the calendar year; and”;

(2) by inserting the following paragraph after the second paragraph :

“Where the first paragraph applies to the taxation year that includes the end of the first calendar year of the eligibility period of a qualified corporation, in relation to a recognized business, or to the taxation year that includes the end of the second calendar year of the eligibility period of the corporation, in

relation to the recognized business, and the base period of the corporation, in relation to the recognized business, precedes the calendar year 2002, the following rules apply :

(a) the amount determined in accordance with subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph or subparagraph 2 of subparagraph ii of that subparagraph *a*, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.”;

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

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.”;

(4) by replacing “in relation to the recognized business” in subparagraph *b* of the fourth paragraph by “in relation to a recognized business”.

(2) Subsection 1 has effect from 1 January 2001. However, where the fourth paragraph of section 1029.8.36.72.72 of the said Act, enacted by paragraph 3 of subsection 1, applies to taxation years that end before 12 July 2002, it shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027,

or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year."

317. (1) Sections 1029.8.36.72.73 and 1029.8.36.72.74 of the said Act are replaced by the following sections :

"1029.8.36.72.73. The agreement to which the second paragraph of section 1029.8.36.72.72 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business and that are associated with each other at the end of the calendar year, hereinafter called the "group of associated corporations", attribute to one or more of their number, for the purposes of this division, one or more amounts; the aggregate of the amounts so attributed, for the calendar year, shall not be greater than the least of

(a) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a period within the calendar year for which the employee is an eligible employee of the corporation, in relation to a recognized business it carries on in the calendar year, exceeds the aggregate of all amounts each of which is

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in the base period of a qualified corporation that is a member of the group of associated corporations in relation to a recognized business it carries on in the calendar year, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *h* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.70, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in a period within the qualified corporation's base period in relation to a recognized business it carries on in the calendar year, for which the employee is an eligible employee of the corporation in relation to the recognized business ;

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to a recognized business it carries on in the calendar year; and

(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, exceeds the total of

i. the aggregate of all amounts each of which is the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, in relation to a recognized business it carries on in the calendar year, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid by the other corporation in respect of a period within the base period of a qualified corporation that is a member of the group at the end of the calendar year in relation to a recognized business it carries on in the calendar year for which the employee would have been an eligible employee of the qualified corporation if the employee had been an employee of the qualified corporation, if a business carried on by the other corporation had been carried on by the qualified corporation and if, in the event that the establishment of the other corporation where the employee reported for work was not situated in an eligible region, the establishment where the employee reported for work had been situated in an eligible region, unless an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a period within a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group of associated corporations.

However, for the purposes of the first paragraph, where the calendar year referred to in the first paragraph is the first or second calendar year of the eligibility period of a qualified corporation that is a member of the group of

associated corporations, in relation to a recognized business, and its base period, in relation to the recognized business, precedes the calendar year 2002, the following rules apply :

(a) the amount determined in accordance with subparagraph ii of subparagraph *a* or *c* of the first paragraph, in respect of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined ; and

(b) the base amount of the corporation, in relation to the recognized business, is deemed to be equal to 90% of that amount otherwise determined.

“1029.8.36.72.74. Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.72.72, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in an eligible region and that are associated with each other at the end of that calendar year exceeds the particular amount that is the lesser of the amounts determined for that calendar year in respect of those corporations under any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.72.73, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.72, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.”

(2) Subsection 1 has effect from 1 January 2001.

318. (1) Section 1029.8.36.72.75 of the said Act is amended

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

“(a) the amount of the salaries or wages referred to in the definition of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.70, subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.71 or subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.72 and paid by the corporation, and the amount of the salaries or wages referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.72 and paid by a corporation associated with the corporation shall be reduced, where applicable.” ;

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

“The aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a period within the qualified corporation’s base period in relation to a recognized business, shall not exceed, for each of those corporations, the aggregate of all amounts referred to

in the first paragraph that reduced the amount of the salaries or wages paid by the corporation, in relation to the recognized business, in respect of the calendar year ending in its particular taxation year.”

(2) Subsection 1 has effect from 1 January 2001.

319. (1) Section 1029.8.36.72.76 of the said Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph :

“ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.75, the excess amount referred to in subparagraph *a* or *c* of the first paragraph of section 1029.8.36.72.73 determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;”.

(2) Subsection 1 has effect from 1 January 2001.

320. (1) Sections 1029.8.36.72.77 and 1029.8.36.72.78 of the said Act are replaced by the following sections :

“1029.8.36.72.77. Where a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which referred to in this section as a “predecessor corporation”, carries on after the amalgamation a business carried on before the amalgamation by a predecessor corporation, the new corporation and the predecessor corporation are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year in which the amalgamation occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the predecessor corporation carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the new corporation carries on after the amalgamation a recognized business resulting from the consolidation of recognized businesses carried on by predecessor corporations, immediately before the amalgamation, each recognized business so carried on before the amalgamation is deemed to be a separate recognized business carried on by the new corporation after the amalgamation.

“1029.8.36.72.78. Where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, and the parent corporation, within the meaning of section 556, carries on after the winding-up a business carried on before the winding-up by the subsidiary, the parent corporation and the subsidiary are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which the calendar year in which the winding-up occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the subsidiary carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the parent corporation carried on after the winding-up a recognized business resulting from the consolidation of a recognized business carried on by the parent corporation immediately before the winding-up and a recognized business carried on by the subsidiary immediately before the winding-up, each recognized business so carried on before the winding-up is deemed to be a separate recognized business carried on by the parent corporation after the winding-up.”

(2) Subsection 1 has effect from 1 January 2001.

321. (1) Section 1029.8.36.72.79 of the said Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs :

“1029.8.36.72.79. Subject to sections 1029.8.36.72.77 and 1029.8.36.72.78, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *h* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.70, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, in relation to a particular recognized business, for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a period within its base period in relation to the particular recognized business for which the employee is an eligible employee, is deemed to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$A \times C \times D$, and

ii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which the amount otherwise determined, without reference to subparagraph i, exceeds the amount determined by the formula

$B \times C \times D$;

(b) if the vendor was not carrying on a recognized business before the particular time and the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year, the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.72 or in subparagraph ii of subparagraph *c* of the first paragraph of section 1029.8.36.72.73, as the case may be, is deemed to be equal to the amount by which the amount determined, without reference to this subparagraph, exceeds the amount determined by the formula

$$B \times C \times D;$$

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid in respect of the purchaser's base period, in relation to the particular recognized business, to employees referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.71, in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.72 or in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.73, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages paid by the purchaser to an employee in respect of a period within the particular calendar year for which the employee is an eligible employee, in relation to the particular recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,

ii. to have paid to employees in respect of a period within the particular calendar year for which the employees are eligible employees, in relation to the particular recognized business, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate determined in relation to the particular recognized business,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount, otherwise determined, without reference to subparagraph i, in relation to the particular recognized business, and

(2) the amount that is the proportion of the aggregate, in subparagraph 2 of subparagraph iv referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec that the purchaser paid, after the particular time, in respect of a period of the particular calendar year for which the employee would be an eligible employee of the purchaser if the

establishment where the employee reported for work had been situated in an eligible region, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business, and

iv. to have an eligible amount for the particular calendar year, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's eligible amount for the particular calendar year, otherwise determined, without reference to subparagraph ii, in relation to the particular recognized business, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business; and

(d) if the purchaser does not carry on a recognized business after the particular time and the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year, the purchaser is deemed to have paid

i. in respect of the base period, in relation to the particular recognized business, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec that the purchaser paid, after the particular time, in respect of a period of the particular calendar year for which the employee would be an eligible employee of the purchaser if the establishment where the employee reported for work had been situated in an eligible region, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time and except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph, in relation to another recognized business, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, and

ii. in respect of the particular calendar year, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business.

"In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(a) A is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a period within its base period, in relation to the particular recognized business for which the employee is an eligible employee;

(b) B is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec that the vendor paid in respect of a period within the base period, in relation to the particular recognized business, for which the employee would be an eligible employee of the vendor if the establishment where the employee reported for work had been situated in an eligible region, except if an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined under this subparagraph, in relation to another recognized business;

(c) C is the proportion that the number of the vendor's employees referred to in subparagraph *a* or *b*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees assigned to those activities immediately before the particular time; and

(d) D, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365 and, in any other case, 1.”;

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

“Where a particular corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to part of those activities, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed not to have paid to its employees the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the particular corporation ceases to carry on after the subsequent time.”

(2) Subsection 1 has effect from 1 January 2001.

322. (1) Section 1029.8.36.72.80 of the said Act is replaced by the following section :

“1029.8.36.72.80. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or

advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of a particular corporation in relation to a recognized business it carries on ends, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.72.75, as the case may be, the amount of the salaries or wages paid by the particular corporation or a corporation that is associated with the particular corporation, in respect of the base period, in relation to the recognized business, so as to cause the particular corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the particular corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be equal to zero.”

(2) Subsection 1 has effect from 1 January 2001.

323. (1) The said Act is amended by inserting the following after section 1029.8.36.72.82:

“DIVISION II.6.6.7

**“CREDIT FOR JOB CREATION IN THE CARREFOURS
DE L’INNOVATION**

“§1. — *Definitions and general*

“1029.8.36.72.83. In this division,

“base amount” of a corporation, in relation to a particular recognized business, means

(a) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the particular recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *e* of the definition of “recognized business”; and

(b) in any other case, the aggregate of all amounts each of which is

i. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an excluded employee of the corporation, that were paid by the corporation in the course of carrying on that particular recognized business, in respect of a period within its base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation

situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business”, or

ii. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an excluded employee of the corporation, that were paid by the corporation in the course of carrying on any business that is not a recognized business, in respect of a period within its base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business”, except if an amount is included, in respect of the employee, in relation to that business, in computing the base amount of the corporation in relation to another recognized business ;

“base period” of a corporation, in relation to a recognized business, means the calendar year preceding the calendar year in which the eligibility period of a corporation in relation to the recognized business begins ;

“eligibility period” of a corporation, in relation to a recognized business, means, subject to the second paragraph, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2007, in respect of which the corporation obtains its qualification certificate in relation to the recognized business ;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is

(*a*) the salary or wages paid by the corporation to an employee in respect of a period within the year for which the employee is an eligible employee, in relation to a recognized business of the corporation ; or

(*b*) the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an eligible employee referred to in paragraph *a*, or an excluded employee of the corporation, that were paid by the corporation in respect of a period within the year throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” ;

“eligible employee” of a corporation for a period of a calendar year, in relation to a recognized business, means an employee, other than an excluded employee at any time in that period, in respect of whom a qualification

certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the employee is an eligible employee of the corporation for the period of the year indicated on the certificate, in relation to the recognized business ;

“eligible repayment of assistance” for a taxation year of a qualified corporation means the aggregate of

(a) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.88 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.84 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.84 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance ;

(b) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.88 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.85 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.85 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ; and

(*c*) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.72.88 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.72.86 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.85, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.72.86 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.86 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.85, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;

“eligible site” means

(*a*) a site situated in the territory of Ville de Montréal and determined by the Minister of Finance to be part of the territory of the Technoparc Saint-Laurent ;

(*b*) a site situated in the territory of Ville de Montréal and determined by the Minister of Finance to be the Angus Technopole ; or

(*c*) a site situated in the territory of Ville de Québec and determined by the Minister of Finance to be the Québec Metro High Tech Park ;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is

(a) a specified shareholder of the corporation or, where the corporation is a cooperative, a specified member of the corporation; or

(b) a specified employee within the meaning of the first paragraph of section 1029.8.36.0.17;

“qualified corporation”, for a calendar year, means a corporation that, in the year, carries on a qualified business in Québec and has an establishment in Québec, but does not include

(a) a corporation that is exempt from tax under Book VIII for the taxation year in which the calendar year ends; or

(b) a corporation that would be exempt from tax for the taxation year in which the calendar year ends under section 985 but for section 192;

“recognized business” of a corporation for a taxation year means a business carried on by the corporation in the year and in respect of which a qualification certificate is issued by Investissement Québec for the purposes of this division certifying that its activities are

(a) activities relating to information and communications technologies;

(b) activities relating to production technologies;

(c) activities relating to biotechnologies;

(d) activities relating to materials technologies; or

(e) activities relating to scientific and technological services;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include directors’ fees, premiums, incentive bonuses, compensation for hours worked in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

Except where section 1029.8.36.72.90 or 1029.8.36.72.91 applies, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the eligibility period of the corporation, in relation to the

recognized business, is deemed, for the purposes of the definition of “eligibility period” in the first paragraph, to have begun on the date on which the eligibility period of the other corporation began, in relation to the recognized business.

For the purposes of this division,

(a) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in an eligible site and at an establishment of the qualified corporation situated outside the site, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the eligible site, or

ii. to report for work only at the establishment situated outside the site if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside the site ;

(b) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec ; and

(c) where, during a period within a calendar year, an employee is not required to report for work at an establishment of a qualified corporation and the employee’s salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“§2. — *Credits*

“**1029.8.36.72.84.** A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second

paragraph, to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) the lesser of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *e* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.83, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the corporation situated in an eligible site, other than an excluded employee of the corporation, that were paid by the corporation in respect of a period within its base period, in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the recognized business in an establishment of the corporation situated in the eligible site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to the activities of the corporation described in any of paragraphs *a* to *e* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.83, and

ii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation's base amount in relation to a recognized business that the corporation carries on in the calendar year; and

(b) the eligible repayment of assistance by the qualified corporation for the taxation year.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing the prescribed information; and

(b) a copy of the unrevoked certificate and qualification certificates issued to the qualified corporation in respect of a recognized business and its eligible employees.

“1029.8.36.72.85. A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a period within the calendar year for which the employee is an eligible employee, in relation to a recognized business, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the corporation situated in an eligible site, other than an excluded employee of the corporation, that were paid by the corporation in respect of a period within

its base period, in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the recognized business in an establishment of the corporation situated in the eligible site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to the activities of the corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83,

ii. the amount by which the aggregate of all amounts each of which is the qualified corporation’s eligible amount for the calendar year or the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, exceeds the total of

(1) the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business that the qualified corporation carries on in the calendar year, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of that calendar year to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period within the base period of the qualified corporation in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, except if an amount is included, in respect of the employee, in relation to the other corporation, in computing an amount determined for the calendar year under this subparagraph 2 in relation to another recognized business, and

iii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business that the qualified corporation carries on in the calendar year; and

(b) the eligible repayment of assistance by the qualified corporation for the taxation year.

Where the qualified corporation referred to in the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the taxation year in which the calendar year ends, the amount determined under subparagraph *a* of that first paragraph, in respect of the calendar year, shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.72.86.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation's eligibility period ends in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following :

(a) the prescribed form containing the prescribed information ;

(b) a copy of the unrevoked certificate and qualification certificates issued to the qualified corporation in respect of a recognized business and its eligible employees ; and

(c) where the second paragraph applies, the agreement referred to in section 1029.8.36.72.86 filed in prescribed form.

“1029.8.36.72.86. The agreement to which the second paragraph of section 1029.8.36.72.85 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year,

a recognized business and that are associated with each other at the end of that calendar year, hereinafter called the “group of associated corporations”, attribute to one or more of their number, for the purposes of this division, one or more amounts; the aggregate of the amounts so attributed, for the calendar year, shall not be greater than the least of

(a) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a period within the calendar year for which the employee is an eligible employee of the corporation, in relation to a recognized business, exceeds the aggregate of all amounts each of which is

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in the base period of a qualified corporation that is a member of the group of associated corporations in relation to a recognized business that the corporation carries on in the calendar year, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee who reports for work at an establishment of the qualified corporation situated in an eligible site, other than an excluded employee of the corporation, in respect of a period within its base period, in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the recognized business in an establishment of the corporation situated in the eligible site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to the activities of the corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83;

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to a recognized business that the corporation carries on in the calendar year; and

(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a period

within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the other corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, exceeds the total of

i. the aggregate of all amounts each of which is the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, in relation to a recognized business that the corporation carries on in the calendar year, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid by the other corporation in respect of a period within the base period of a qualified corporation that is a member of the group at the end of the calendar year in relation to a recognized business that the corporation carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the other corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, except if an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a period within a base period in relation to another recognized business that is carried on by a qualified corporation that is a member of the group of associated corporations.

“1029.8.36.72.87. Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.72.85, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in an eligible site and that are associated with each other at the end of that calendar year exceeds the particular amount that is the lesser of the amounts determined for that calendar year in respect of those corporations under any of paragraphs *a* to *c* of section 1029.8.36.72.86, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.85, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.

“§3. — *Government assistance, non-government assistance and other particulars*

“**1029.8.36.72.88.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a particular taxation year, under section 1029.8.36.72.84 or 1029.8.36.72.85, the following rules apply, subject to the second paragraph:

(a) the amount of the salaries or wages referred to in the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.83 and those referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.84 or in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 and paid by the qualified corporation, and the amount of the salaries or wages referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 and paid by a corporation associated with the qualified corporation shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of the salaries or wages referred to in subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation’s filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be; and

(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.72.86 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of the salaries or wages referred to in subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the particular qualified corporation.

The aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it in respect of a period within the qualified corporation's base period in relation to a recognized business, shall not exceed, for each of those corporations, the aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the corporation, in relation to the recognized business, in respect of the calendar year ending in its particular taxation year.

“1029.8.36.72.89. For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation where that amount

(a) reduced the amount of salaries or wages for the purpose of computing,

i. in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.88, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.72.84 or 1029.8.36.72.85, or

ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.88, the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.72.86 determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;

(b) was not received by the qualified corporation ; and

(c) ceased in the calendar year to be an amount that the qualified corporation may reasonably expect to receive.

“1029.8.36.72.90. Where a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which is referred to in this section as a “predecessor corporation”, carries on after the amalgamation a business carried on before the amalgamation by a predecessor corporation, the new corporation and the predecessor corporation are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year in which the amalgamation occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the predecessor corporation carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the new corporation carries on after the amalgamation a recognized business resulting from the consolidation of recognized businesses carried on by predecessor corporations, immediately before the amalgamation, each recognized business so carried on before the amalgamation is deemed to be a separate recognized business carried on by the new corporation after the amalgamation.

“1029.8.36.72.91. Where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, and the parent corporation, within the meaning of section 556, carries on after the winding-up a business carried on before the winding-up by the subsidiary, the parent corporation and the subsidiary are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which the calendar year in which the winding-up occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the subsidiary carried on, or is deemed to have carried on under this division, the business.

In addition, for the purposes of this division, where the parent corporation carried on after the winding-up a recognized business resulting from the consolidation of a recognized business carried on by the parent corporation immediately before the winding-up and a recognized business carried on by the subsidiary immediately before the winding-up, each recognized business so carried on before the winding-up is deemed to be a separate recognized business carried on by the parent corporation after the winding-up.

“1029.8.36.72.92. Subject to sections 1029.8.36.72.90 and 1029.8.36.72.91, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *e* of the definition of “recognized

business” in the first paragraph of section 1029.8.36.72.83, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, in relation to a particular recognized business, for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in an eligible site, other than an excluded employee of the vendor, paid by the vendor in respect of a period within the vendor’s base period, in relation to the particular recognized business, during which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business in an establishment of the vendor situated in the eligible site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$A \times C \times D$, and

ii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which the amount otherwise determined, without reference to subparagraph i, exceeds the amount determined by the formula

$B \times C \times D$;

(b) if the vendor was not carrying on a recognized business before the particular time and the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year, the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.86, as the case may be, is deemed to be equal to the amount by which the amount determined, without reference to this subparagraph, exceeds the amount determined by the formula

$B \times C \times D$;

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid in respect of the purchaser's base period, in relation to the particular recognized business, to employees referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.84, in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 or in subparagraph ii of paragraph *a* of section 1029.8.36.72.86, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages paid by the purchaser to an employee in respect of a period within the particular calendar year for which the employee is an eligible employee, in relation to the particular recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,

ii. to have paid to employees in respect of a period within the particular calendar year for which the employees are eligible employees, in relation to the particular recognized business, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate determined in relation to the particular recognized business,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount, otherwise determined, without reference to subparagraph i, in relation to the particular recognized business, and

(2) the amount that is the proportion of the aggregate, in subparagraph 2 of subparagraph iv referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, other than an excluded employee of the purchaser, that the purchaser paid, after the particular time, in respect of a period of the particular calendar year during which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business in an establishment of the purchaser situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment in Québec, work that is directly related to activities of the purchaser that are described in any of paragraphs *a* to *e* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.83, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business, and

iv. to have an eligible amount for the particular calendar year, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's eligible amount for the particular calendar year, otherwise determined, without reference to subparagraph ii, in relation to the particular recognized business, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business; and

(d) if the purchaser is not carrying on a recognized business after the particular time and the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year, the purchaser is deemed to have paid

i. in respect of the base period, in relation to the particular recognized business, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the "particular aggregate", of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, other than an excluded employee of the purchaser, that the purchaser paid, after the particular time, in respect of a period of the particular calendar year where the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business, or in an establishment of the purchaser situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the purchaser that are described in any of paragraphs *a* to *e* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.83, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time and except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph, in relation to another recognized business, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, and

ii. in respect of the particular calendar year, the amount by which the amount determined in accordance with subparagraph i, in relation to the particular recognized business, exceeds the particular aggregate, in relation to the particular recognized business.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(a) *A* is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in an eligible site, other than an excluded employee of the vendor, that the vendor paid in respect of a period within the vendor's base period, in relation to the particular recognized business, throughout which the employee spends,

when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of carrying on the business in an establishment of the vendor situated in the eligible site or elsewhere, but in connection with the mandates attributable to such an establishment situated in that site, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83;

(*b*) B is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, that the vendor paid in respect of a period within the base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment situated in Québec, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, except if an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined under this subparagraph, in relation to another recognized business;

(*c*) C is the proportion that the number of the vendor’s employees referred to in subparagraph *a* or *b*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor’s employees assigned to those activities immediately before the particular time; and

(*d*) D, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365, and, in any other case, 1.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying on of the activities that ceased after the subsequent time.

Where a particular corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to part of those activities, for the purpose of determining the

amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed not to have paid to its employees the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the particular corporation ceases to carry on after the subsequent time.

“1029.8.36.72.93. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of a particular corporation ends in relation to a recognized business carried on by the particular corporation and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.72.88, as the case may be, the amount of the salaries or wages paid by the particular corporation or a corporation that is associated with the particular corporation, in respect of the base period, in relation to the recognized business, so as to cause the particular corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the particular corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be equal to zero.

“1029.8.36.72.94. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.”

(2) Subsection 1 has effect from 1 January 2002. However, where the second paragraph of section 1029.8.36.72.84 and the third paragraph of section 1029.8.36.72.85 of the said Act apply to taxation years that end before 12 July 2002, they shall be read as follows :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends

in relation to a recognized business, and of its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

324. (1) Division II.6.7 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year in which the calendar year 2002 ends.

(3) In addition, where Division II.6.7 of Chapter III.1 of Title III of Book IX of Part I of the said Act applies to the taxation year in which the calendar year 2001 ends :

(1) section 1029.8.36.73 of the said Act shall be read, in paragraph *a* of the definition of “repayment of eligible assistance” in the first paragraph,

(*a*) with the reference to “paragraph *a* of section 1029.8.36.76” wherever it appears in the portion of subparagraph *i* before subparagraph 2 replaced by a reference to “subparagraph *a* of the first paragraph of section 1029.8.36.76”, and

(*b*) with the reference to “to section 1029.8.36.78” in the portion of subparagraph *ii* before subparagraph 1 replaced by a reference to “to the first paragraph of section 1029.8.36.78”;

(2) section 1029.8.36.76 of the said Act shall be read

(*a*) with “, subject to the second paragraph,” inserted after “is deemed” in the portion before paragraph *a*, and

(*b*) with the following paragraph added :

“For the purpose of computing the payments that an eligible taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the eligible taxpayer is deemed to have paid to the Minister, on account of the aggregate of the eligible taxpayer’s tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year following the eligible taxpayer’s initial calendar year ends, and the eligible taxpayer’s tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under

the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the eligible taxpayer in that particular taxation year.”;

(3) section 1029.8.36.77 of the said Act shall be read

(a) with “, subject to the second paragraph,” inserted after “is deemed” in the portion before subparagraph *a* of the first paragraph, and

(b) with the following paragraph inserted after the first paragraph :

“For the purpose of computing the payments that an eligible taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for a particular taxation year in which the particular fiscal period of the qualified partnership ends and that is subsequent to the first taxation year in which the first calendar year following the qualified partnership’s initial calendar year ends, the eligible taxpayer is deemed to have paid to the Minister, on account of the aggregate of the eligible taxpayer’s tax payable under this Part, for the particular taxation year, and the eligible taxpayer’s tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the eligible taxpayer in that particular taxation year.”;

(4) section 1029.8.36.78 of the said Act shall be read

(a) with “subject to the second paragraph and” inserted after “is deemed,” in the portion before paragraph *a*, and

(b) with the following paragraph added :

“For the purpose of computing the payments that an eligible taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the eligible taxpayer is deemed to have paid to the Minister, on account of the aggregate of the eligible taxpayer’s tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year following the eligible taxpayer’s initial calendar year ends, and the eligible taxpayer’s tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation

year by the proportion that 1 is of the number of payments required to be made by the eligible taxpayer in that particular taxation year.”;

(5) section 1029.8.36.79 of the said Act shall be read

(a) with “subject to the second paragraph and” inserted after “is deemed,” in the portion before subparagraph *a* of the first paragraph, and

(b) with the following paragraph inserted after the first paragraph :

“For the purpose of computing the payments that an eligible taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for a particular taxation year in which the particular fiscal period of the qualified partnership ends and that is subsequent to the first taxation year in which the first calendar year following the qualified partnership’s initial calendar year ends, the eligible taxpayer is deemed to have paid to the Minister, on account of the aggregate of the eligible taxpayer’s tax payable under this Part, for the particular taxation year, and the eligible taxpayer’s tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the eligible taxpayer in that particular taxation year.”;

(6) section 1029.8.36.80 of the said Act shall be read with the reference to “sections 1029.8.36.78 and 1029.8.36.79 refer” replaced by a reference to “the first paragraph of sections 1029.8.36.78 and 1029.8.36.79 refers”;

(7) section 1029.8.36.82 of the said Act shall be read with the reference to “agreement referred to in” replaced by a reference to “agreement referred to in the first paragraph of”;

(8) section 1029.8.36.83 of the said Act shall be read with the reference to “paragraph *a* of section 1029.8.36.76” and the reference to “paragraph *a* of section 1029.8.36.78” in the portion of subparagraph *a* of the first paragraph before subparagraph *i* replaced by a reference to “subparagraph *a* of the first paragraph of section 1029.8.36.76” and a reference to “subparagraph *a* of the first paragraph of section 1029.8.36.78”, respectively ;

(9) section 1029.8.36.84 of the said Act shall be read with the reference to “paragraph *a* of section 1029.8.36.76” in subparagraph *i* of paragraph *a* replaced by a reference to “subparagraph *a* of the first paragraph of section 1029.8.36.76”.

325. (1) Section 1029.8.36.90 of the said Act is amended

(1) by replacing “subject to the second paragraph” in the portion before subparagraph *a* of the first paragraph by “subject to the second and third paragraphs”;

(2) by inserting the following paragraph after the second paragraph :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

326. (1) Section 1029.8.36.96 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

327. (1) Section 1029.8.36.104 of the said Act is amended

(1) by inserting “, subject to the second paragraph,” after “is deemed” in the portion before paragraph *a*;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

328. (1) Section 1029.8.36.105 of the said Act is amended

(1) by inserting “, subject to the second paragraph,” after “is deemed” in the portion before paragraph *a*;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

329. (1) Section 1029.8.36.106 of the said Act is amended by replacing “paragraph *c* of section 1029.8.36.104 or in paragraph *c*” by “subparagraph *c* of the first paragraph of section 1029.8.36.104 or in subparagraph *c* of the first paragraph”.

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

330. (1) Section 1029.8.36.108 of the said Act is amended by replacing “paragraph *a* of section” by “subparagraph *a* of the first paragraph of section” in the following provisions:

— paragraph *a*;

— the portion of paragraph *b* before subparagraph *i*.

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

331. (1) Section 1029.8.36.110 of the said Act is amended by replacing “subparagraph *i* of paragraph *a* of section” in paragraphs *a* and *b* by “subparagraph *i* of subparagraph *a* of the first paragraph of section”.

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

332. (1) Section 1029.8.36.116 of the said Act is amended

(1) by inserting “, subject to the second paragraph,” after “is deemed”;

(2) by adding the following paragraph:

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

333. (1) Section 1029.8.36.117 of the said Act is amended

(1) by inserting “, subject to the second paragraph,” after “is deemed” in the first paragraph;

(2) by inserting the following paragraph after the first paragraph :

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

334. (1) Section 1029.8.36.129 of the said Act is amended

(1) by inserting “the third paragraph and” after “subject to” in the portion before subparagraph *a* of the first paragraph;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

335. (1) Section 1029.8.36.132 of the said Act is amended

(1) by inserting “the third paragraph and” after “subject to” in the portion before subparagraph *a* of the first paragraph ;

(2) by adding the following paragraph :

“For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

336. (1) The heading of Division II.6.13 of Chapter III.1 of Title III of Book IX of Part I of the said Act is replaced by the following heading:

“CREDIT RELATING TO FINANCIAL ANALYSTS SPECIALIZED IN SECURITIES OF QUÉBEC CORPORATIONS OR IN FINANCIAL DERIVATIVES”.

(2) Subsection 1 has effect from 10 April 2001.

337. (1) Section 1029.8.36.147 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing the definition of “eligible financial analyst” in the first paragraph by the following definition:

““eligible financial analyst” of a corporation for a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by the Minister of Finance certifying, for the entire eligibility period applicable to the individual for the year in relation to the corporation, that the individual’s contract of employment provides for at least 26 hours of work per week for a minimum of 40 weeks and that

(a) where the individual is an individual in respect of whom a qualification certificate has been issued in accordance with paragraph *a* of the definition of “qualification certificate”,

i. the individual devotes 75% of the time at work in relation to the individual’s employment with the corporation to security analysis activities in an establishment of the corporation situated in Québec, and

ii. more than 50% of the security analysis activities of the individual relate to securities of corporations each of which is a Québec corporation in respect of the year; and

(b) where the individual is an individual in respect of whom a qualification certificate has been issued in accordance with paragraph *b* of the definition of “qualification certificate”,

i. the individual devotes 75% of the time at work in relation to the individual’s employment with the corporation to financial derivatives analysis activities or activities of an adviser or dealer, within the meaning assigned to those expressions by the Securities Act (chapter V-1.1), which the individual carries on in respect of financial derivatives, and

ii. the individual carries on duties in an establishment of the corporation situated in Québec, or outside such an establishment, but in the course of the employee’s duties as an employee of that establishment;”;

(2) by replacing the definition of “qualification certificate” in the first paragraph by the following definition:

““qualification certificate” in respect of an individual means

(a) a certificate issued to a corporation, after 29 June 2000 and before 1 July 2003, by the Minister of Finance certifying that the individual qualifies as a financial analyst specialized in securities of Québec corporations for the purposes of this division; or

(b) a certificate issued to a corporation, after 9 April 2001 and before 1 July 2003, by the Minister of Finance certifying that the individual qualifies as a financial analyst specialized in financial derivatives for the purposes of this division;”;

(3) by inserting the following definition in alphabetical order in the first paragraph:

““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;”;

(4) by inserting the following definition in alphabetical order in the first paragraph:

““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 certain underlying interests;”;

(5) by striking out the definition of “qualified corporation” in the first paragraph;

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

““excluded corporation” means

(a) a corporation that is exempt from tax under Book VIII, other than an insurer referred to in paragraph *k* of section 998 that is not so exempt from tax on all of its taxable income by reason of section 999.0.1; or

(b) a corporation that would be exempt from tax under section 985, but for section 192;”;

(7) by replacing the portion of the second paragraph before subparagraph *a* by the following:

“For the purpose of determining the qualified wages paid to an individual, a week ending in the eligibility period applicable to the individual for the year in relation to the corporation is deemed not to be such a week where”;

(8) by inserting the following paragraph after the second paragraph :

“For the purposes of subparagraph *a* of the second paragraph, a qualified corporation is

(*a*) for the purpose of determining the qualified wages paid to an individual in respect of whom a qualification certificate has been issued in accordance with paragraph *a* of the definition of “qualification certificate” in the first paragraph, a corporation that carries on a business in Québec, has an establishment in Québec and is registered with the Commission des valeurs mobilières du Québec as an unrestricted practice dealer or an unrestricted practice adviser in accordance with the Securities Act, but does not include

i. an excluded corporation, or

ii. a corporation that is exempt from registration as a dealer or an adviser with the Commission des valeurs mobilières du Québec under Title V of the Securities Act ; or

(*b*) for the purpose of determining the qualified wages paid to an individual in respect of whom a qualification certificate has been issued in accordance with paragraph *b* of the definition of “qualification certificate” in the first paragraph, a corporation, other than an excluded corporation, that carries on a business in Québec and has an establishment in Québec.”

(2) Subsection 1 applies in respect of wages paid after 9 April 2001.

338. (1) Section 1029.8.36.152 of the said Act is amended by replacing the second paragraph by the following paragraph :

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

339. (1) Section 1029.8.36.163 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

340. (1) The said Act is amended by inserting the following after section 1029.8.36.166:

“DIVISION II.6.14.1

“CREDITS TO FOSTER THE PARTICIPATION OF SECURITIES DEALERS ON THE NASDAQ STOCK EXCHANGE

“§1. — *Interpretation and general*

“1029.8.36.166.1. In this division,

“associated group” has the meaning assigned by section 1029.8.36.166.7;

“eligible activity” of a corporation means an activity of the corporation on the Nasdaq Stock Exchange as an order-entry firm or market maker;

“eligible transaction management system” of a corporation means a transaction management system in respect of which the corporation holds, for the purposes of this division, a certificate issued by the Minister of Finance and that

(a) consists of electronic communications equipment, software, software user licences or dedicated electronic connections, used to carry out activities of executing, managing and monitoring transactions in accordance with the applicable standards and regulations of the Nasdaq Canada stock market and to enable those activities to be integrated into the administrative operations of the corporation; and

(b) is used in connection with an eligible activity of the corporation;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 not so exempt from tax on all of its taxable income by reason of section 999.0.1; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“expenditure in respect of administrative costs” of a corporation for a taxation year means the amount determined in its respect for the year pursuant to section 1029.8.36.166.2;

“expenditure in respect of labour recruitment and training” of a corporation for a taxation year means the amount determined in its respect for the year pursuant to section 1029.8.36.166.4;

“expenditure in respect of technological equipment” of a corporation for a taxation year means the amount determined in its respect for the year pursuant to section 1029.8.36.166.3;

“expenditure in respect of the eligible transaction management system” of a corporation for a taxation year means the amount determined in its respect for the year pursuant to section 1029.8.36.166.5;

“Nasdaq Stock Exchange” means a stock exchange the activities of which in Québec are carried on by a corporation recognized as a self-regulatory organization under the Act respecting Nasdaq stock exchange activities in Québec (chapter E-20.01);

“National Association of Securities Dealers” means a corporation incorporated in the United States under the laws of the State of Delaware under the name of National Association of Securities Dealers, Inc.;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, carries on a business in Québec and has an establishment in Québec where it engages in an eligible activity and that holds for the year a valid qualification certificate issued by the Minister of Finance for the purposes of this division.

“1029.8.36.166.2. The amount to which the definition of “expenditure in respect of administrative costs” in section 1029.8.36.166.1 refers in respect of a corporation for a taxation year is equal to the aggregate of all amounts each of which is an expenditure that is reasonable in the circumstances and incurred by the corporation in the year but in the period between 26 April 2000 and 1 January 2004, in relation to an eligible activity of the corporation engaged in by the corporation in that period, and each of which is expenses or professional fees incurred by the corporation to obtain membership in the National Association of Securities Dealers.

For the purposes of the first paragraph, the following rules apply :

(a) the expenses and professional fees referred to in that paragraph include the costs for opening a file with the National Association of Securities Dealers, but do not include an amount attributable to expenses or remuneration incurred by the corporation in respect of its employees to obtain membership in the National Association of Securities Dealers ; and

(b) the expenses and professional fees referred to in that paragraph incurred by the corporation in a taxation year preceding the year in which the corporation qualifies as a qualified corporation for the first time, in this subparagraph referred to as the “qualification year”, are deemed to be incurred in the qualification year where it is reasonable to consider that the expenses or fees were incurred by the corporation for the sole purpose of enabling it to engage in an eligible activity in an establishment situated in Québec.

“1029.8.36.166.3. The amount to which the definition of “expenditure in respect of technological equipment” in section 1029.8.36.166.1 refers in respect of a corporation for a taxation year is equal to the aggregate of all amounts each of which is an expenditure that is reasonable in the circumstances and that relates to the acquisition or leasing by the corporation of property that satisfies the conditions set out in the second paragraph, and each of which is

(a) expenses incurred by the corporation in the year but in the period between 26 April 2000 and 1 January 2004, for the acquisition of such property in connection with the carrying out of an eligible activity of the corporation engaged in by the corporation in that period, and that are included in the capital cost of the property ; or

(b) expenses paid by the corporation in the year for the leasing of such property, if

i. the lease contract in relation to the property is entered into after 26 April 2000 and before 1 January 2004,

ii. the expenses are paid in respect of the two-year period following the beginning of the lease period for the property in relation to an eligible activity of the corporation engaged in by the corporation in the two-year period, and

iii. the expenses are deductible in computing the income of the corporation under this Part.

The conditions to which the first paragraph refers in respect of a property acquired or leased by the corporation, as the case may be, are the following :

(a) the property is computer equipment, including software or electronic communications equipment necessary for the carrying out of an eligible activity of the corporation ;

(b) before being acquired or leased by the corporation, the property has not been used for any purpose whatever or acquired for use or lease for any purpose whatever, except if the property is electronic communications equipment that the corporation acquired or leased from the Nasdaq Stock Exchange ;

(c) within reasonable time after being acquired or leased, the property begins to be used in connection with the carrying out of an eligible activity of the corporation ;

(d) the property is used exclusively or almost exclusively in connection with the carrying out of an eligible activity of the corporation ;

(e) the property is installed at an establishment of the corporation situated in Québec where the corporation engages in an eligible activity ; and

(f) in the case of property acquired by the corporation, the property is maintained at an establishment of the corporation situated in Québec where the corporation engages in an eligible activity, for a minimum period of two years after being installed.

“1029.8.36.166.4. The amount to which the definition of “expenditure in respect of labour recruitment and training” in section 1029.8.36.166.1 refers in respect of a corporation for a taxation year is equal to the aggregate of all amounts each of which is an expenditure that is reasonable in the circumstances and incurred by the corporation in the year but in the period between 26 April 2000 and 1 January 2004, in relation to an eligible activity of the corporation engaged in by the corporation in that period, each of which is expenses relating to the recruitment or training of an employee of the establishment of the corporation situated in Québec where the corporation engages in an eligible activity, in this section referred to as the “eligible employee”, whose duties consist in rendering services in respect of an eligible activity of the corporation as a market operator or market maker, or as a supervisor, and that are described in any of the following subparagraphs :

(a) advertising expenses for recruitment purposes ;

(b) expenses and fees paid to a personnel recruitment agency ;

(c) travel expenses incurred to conduct an interview with a candidate ;

(d) registration fees for a course or exam, including expenses relating to the educational material required by the eligible employee registered in the course or exam and, where applicable, classroom rental expenses, to the extent that the course or exam is related to the performance of the duties of the eligible employee in connection with the carrying out of an eligible activity of the corporation;

(e) the wages paid to an eligible employee in respect of the eligible employee's apprenticeship period; or

(f) the expenses and fees paid to a consultant for the provision of training services intended primarily to complete the training of an eligible employee of the corporation in the strategies and procedures applicable to an eligible activity of the corporation.

For the purposes of the first paragraph, the following rules apply:

(a) the aggregate of all amounts each of which is the wages paid by the corporation to an eligible employee in respect of the eligible employee's apprenticeship period and that the corporation includes in computing the expenditure in respect of labour recruitment and training for one or more taxation years, may not exceed an amount equal to the wages ordinarily paid to that employee for 30 days of work; and

(b) the amounts referred to in any of the subparagraphs of the first paragraph incurred by the corporation in a taxation year preceding the year in which the corporation qualified as a qualified corporation for the first time, in this subparagraph referred to as the "qualification year", are deemed to be incurred in the qualification year, where it is reasonable to consider that they were incurred for the sole purpose of enabling the corporation to engage in an eligible activity in an establishment situated in Québec.

For the purposes of subparagraph *e* of the first paragraph and subparagraph *a* of the second paragraph, the following rules apply:

(a) "wages" means the income computed under Chapters I and II of Title II of Book III; and

(b) the apprenticeship period of an employee includes the days spent in class and those spent in workplace training.

"1029.8.36.166.5. The amount to which the definition of "expenditure in respect of the eligible transaction management system" in section 1029.8.36.166.1 refers in respect of a corporation for a taxation year is equal to the aggregate of all amounts each of which is an expenditure that is reasonable in the circumstances and that relates to the acquisition or leasing of property that is a component of an eligible transaction management system and satisfies the conditions set out in the second paragraph, and each of which is

(a) expenses incurred by the corporation in the year but in the period between 1 November 2001 and 1 January 2004, for the acquisition of such property in connection with the carrying out of an eligible activity of the corporation engaged in by the corporation in that period, and that are included in the capital cost of the property ;

(b) expenses paid by the corporation in the year for the leasing of such property that is electronic communications equipment or software, if

i. the lease contract for the property is entered into after 1 November 2001 and before 1 January 2004,

ii. the expenses are paid in respect of the two-year period following the beginning of the lease period for the property in relation to an eligible activity of the corporation engaged in by the corporation in the two-year period, and

iii. the expenses are deductible in computing the income of the corporation under this Part ; or

(c) expenses or a royalty paid by the corporation in the year for the leasing of such property that is a software user licence or a dedicated electronic connection, if

i. the expenses or the royalty are paid in respect of the lease period of the property that is between 1 November 2001 and 1 January 2004 in relation to an eligible activity of the corporation engaged in by the corporation in that period, and

ii. the expenses or the royalty are deductible in computing the income of the corporation under this Part.

The conditions to which the first paragraph refers in respect of a property are the following :

(a) before being acquired or leased by the corporation, the property that is electronic communications equipment or software has not been used for any purpose whatever or acquired for use or lease for any purpose whatever, except if the property is electronic communications equipment that the corporation acquired or leased from the National Association of Securities Dealers or any of its controlled subsidiaries ;

(b) within reasonable time after being acquired or leased, the property begins to be used in connection with the carrying out of an eligible activity of the corporation ;

(c) the property is used exclusively or almost exclusively in connection with the carrying out of an eligible activity of the corporation ;

(d) in the case of property that is electronic communications equipment or software that the corporation acquired or leased, the property is installed at an establishment of the corporation situated in Québec where the corporation engages in an eligible activity; and

(e) in the case of property acquired by the corporation, the property is maintained in an establishment of the corporation situated in Québec where the corporation engages in an eligible activity, for a minimum period of two years after being installed.

“1029.8.36.166.6. An amount that a corporation may include in computing its expenditure in respect of an eligible transaction management system for a taxation year may not be included in computing its expenditure in respect of technological equipment for any taxation year.

“1029.8.36.166.7. An associated group in a taxation year means the group formed by all the corporations that are associated with each other in the year.

An associated group at the end of a taxation year means the group formed by all the corporations that would be associated with each other at that time if the portion of section 21.20 before paragraph *a* were read as if the reference to “in a taxation year” were a reference to “at the end of a taxation year” and the reference to “at any time in the year” were a reference to “at that time”.

“1029.8.36.166.8. For the purposes of this division, two or more corporations are deemed to be members of an associated group in a taxation year or at the end of a taxation year, as the case may be, if it may reasonably be considered that one of the main reasons for the separate existence of the corporations in that year or at the end of that year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division or to increase such an amount.

“§2. — *Credits*

“1029.8.36.166.9. A qualified corporation for a taxation year is deemed, subject to the second paragraph, to have paid to the Minister, on the qualified corporation’s balance-due day for that year, an amount equal to 50% of its expenditure in respect of administrative costs for the year, to the extent that the expenses or professional fees included in computing the expenditure in respect of administrative costs are paid, if the qualified corporation encloses with the fiscal return the qualified corporation is required to file under section 1000 for the year

(a) the prescribed form containing the prescribed information;

(b) a copy of the qualification certificate issued to the corporation and referred to in the definition of “qualified corporation” in section 1029.8.36.166.1; and

(c) if the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.166.11.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.166.10. For the purposes of the first paragraph of section 1029.8.36.166.9 and section 1029.8.36.166.26, the amount that a corporation is deemed to have paid to the Minister for a taxation year under the first paragraph of section 1029.8.36.166.9 and section 1029.8.36.166.26 may not exceed, where the corporation is a member of an associated group at the end of the year, the amount that is attributed to the corporation for the year pursuant to the agreement referred to in section 1029.8.36.166.11 or, in any other case, the amount by which \$25,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under the first paragraph of section 1029.8.36.166.9 and section 1029.8.36.166.26

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any other taxation year preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.11. The agreement to which section 1029.8.36.166.10 refers, in respect of a corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which every corporation that is a member of the group attributes to the corporation an amount for the year that is not greater than the amount by which \$25,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under sections 1029.8.36.166.9 and 1029.8.36.166.26

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.12. A qualified corporation for a taxation year is deemed, subject to the second paragraph, to have paid to the Minister, on the qualified corporation’s balance-due day for that year, an amount equal to 50% of its expenditure in respect of technological equipment for the year, to the extent that the expenses included in computing the expenditure in respect of technological equipment are paid, if the qualified corporation encloses with the fiscal return the qualified corporation is required to file under section 1000 for the year

(a) the prescribed form containing the prescribed information;

(b) a copy of the qualification certificate issued to the corporation and referred to in the definition of “qualified corporation” in section 1029.8.36.166.1; and

(c) if the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.166.14.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.166.13. For the purposes of the first paragraph of section 1029.8.36.166.12 and section 1029.8.36.166.27, the amount that a corporation is deemed to have paid to the Minister for a taxation year under the first paragraph of section 1029.8.36.166.12 and section 1029.8.36.166.27 may not exceed, where the corporation is a member of an associated group at the end of the year, the amount that is attributed to the corporation for the year pursuant to the agreement referred to in section 1029.8.36.166.14 or, in any other case, the amount by which \$100,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under the first paragraph of section 1029.8.36.166.12 and section 1029.8.36.166.27

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any other taxation year preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.14. The agreement to which section 1029.8.36.166.13 refers, in respect of a corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which every corporation that is a member of the group attributes to the corporation an amount for the year that is not greater than the amount by which \$100,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under sections 1029.8.36.166.12 and 1029.8.36.166.27

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation

year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.15. A qualified corporation for a taxation year is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that year, an amount equal to 50% of its expenditure in respect of labour recruitment and training for the year, to the extent that the expenses included in computing the expenditure in respect of labour recruitment and training are paid, if the qualified corporation encloses with the fiscal return the qualified corporation is required to file under section 1000 for the year

(a) the prescribed form containing the prescribed information;

(b) a copy of the qualification certificate issued to the corporation and referred to in the definition of “qualified corporation” in section 1029.8.36.166.1; and

(c) if the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.166.17.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.166.16. For the purposes of the first paragraph of section 1029.8.36.166.15 and section 1029.8.36.166.28, the amount that a corporation is deemed to have paid to the Minister for a taxation year under the first paragraph of section 1029.8.36.166.15 and section 1029.8.36.166.28 may not exceed, where the corporation is a member of an associated group at the end of the year, the amount that is attributed to the corporation for the year pursuant to the agreement referred to in section 1029.8.36.166.17 or, in any other case, the amount by which \$50,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under the first paragraph of section 1029.8.36.166.15 and section 1029.8.36.166.28

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any other taxation year preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.17. The agreement to which section 1029.8.36.166.16 refers, in respect of a corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which every corporation that is a member of the group attributes to the corporation an amount for the year that is not greater than the amount by which \$50,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under sections 1029.8.36.166.15 and 1029.8.36.166.28

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.18. A qualified corporation for a taxation year is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that year, an amount equal to 50% of its expenditure in respect of the eligible transaction management system for the year, to the extent that the expenses or royalties included in computing the expenditure in respect of the eligible transaction management system are paid, if the qualified corporation encloses with the fiscal return the qualified corporation is required to file under section 1000 for the year

(a) the prescribed form containing the prescribed information ;

(b) a copy of the qualification certificate issued to the corporation and referred to in the definition of “qualified corporation” in section 1029.8.36.166.1 ;

(c) a copy of the valid certificate issued to the corporation and referred to in the definition of “eligible transaction management system” in section 1029.8.36.166.1 ; and

(d) if the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.166.20.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.166.19. For the purposes of the first paragraph of section 1029.8.36.166.18 and section 1029.8.36.166.29, the amount that a corporation is deemed to have paid to the Minister for a taxation year under the first paragraph of section 1029.8.36.166.18 and section 1029.8.36.166.29 may not exceed, where the corporation is a member of an associated group at the end of the year, the amount that is attributed to the corporation for the year pursuant to the agreement referred to in section 1029.8.36.166.20 or, in any other case,

the amount by which \$150,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under the first paragraph of section 1029.8.36.166.18 and section 1029.8.36.166.29

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any other taxation year preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.20. The agreement to which section 1029.8.36.166.19 refers, in respect of a corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which every corporation that is a member of the group attributes to the corporation an amount for the year that is not greater than the amount by which \$150,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under sections 1029.8.36.166.18 and 1029.8.36.166.29

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

“1029.8.36.166.21. Subject to sections 1010 to 1011 and for the purposes of this division, where the Minister of Finance revokes a qualification certificate or a certificate issued by the Minister of Finance to a corporation, the qualification certificate or certificate is null from the time the revocation becomes effective.

The revoked qualification certificate or certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

“§3. — Government assistance, non-government assistance and other particulars

“1029.8.36.166.22. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.166.9, the amount of the expenses or professional fees included in the expenditure in respect of administrative costs of the corporation for the year shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to those expenses or fees, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

“1029.8.36.166.23. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.166.12, the amount of the expenses included in the expenditure in respect of technological equipment of the corporation for the year shall be reduced, where applicable, by the amount of any government assistance or non-government assistance, attributable to those expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

“1029.8.36.166.24. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.166.15, the amount of the expenses included in the expenditure in respect of labour recruitment and training of the corporation for the year shall be reduced, where applicable, by the amount of any government assistance or non-government assistance, attributable to those expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

“1029.8.36.166.25. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.166.18, the amount of the expenses or of a royalty included in the expenditure in respect of the eligible transaction management system of the corporation for the year shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to those expenses or that royalty, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

“1029.8.36.166.26. Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, before 1 January 2005, pursuant to a legal obligation, an amount that may reasonably be considered to

be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing an expenditure in respect of administrative costs of the corporation for a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister for the particular taxation year under section 1029.8.36.166.9, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.9 if any amount of such assistance so repaid at the latest at the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.166.22, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.9 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

“1029.8.36.166.27. Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, before 1 January 2007, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing an expenditure in respect of technological equipment of the corporation for a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister for the particular taxation year under section 1029.8.36.166.12, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.12 if any amount of such assistance so repaid at the latest at the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.166.23, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.12 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

“1029.8.36.166.28. Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, before 1 January 2005, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing an expenditure in respect of labour recruitment and training of the corporation for a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister for the particular taxation year under section 1029.8.36.166.15, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.15 if any amount of such assistance so repaid at the latest at the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.166.24, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.15 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

“1029.8.36.166.29. Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, before 1 January 2007, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing an expenditure in respect of the eligible transaction management system of the corporation for a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister for the particular taxation year under section 1029.8.36.166.18, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.18 if any amount of such assistance so repaid at the latest at the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.166.25, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.18 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

“1029.8.36.166.30. For the purposes of section 1029.8.36.166.26, an amount is deemed to be an amount of assistance repaid by a corporation, in a particular taxation year, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.166.22, the amount of the expenses or professional fees included in the expenditure in respect of administrative costs of the corporation for a taxation year for the purpose of computing the amount it is deemed to have paid to the Minister for that taxation year under section 1029.8.36.166.9;

(b) was not received by the corporation; and

(c) ceased in the particular taxation year to be an amount that the corporation may reasonably expect to receive.

“1029.8.36.166.31. For the purposes of section 1029.8.36.166.27, an amount is deemed to be an amount of assistance repaid by a corporation, in a particular taxation year, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.166.23, the amount of the acquisition costs or rental expenses included in the expenditure in respect of technological equipment of the corporation for a taxation year for the purpose of computing the amount it is deemed to have paid to the Minister for that taxation year under section 1029.8.36.166.12;

(b) was not received by the corporation; and

(c) ceased in the particular taxation year to be an amount that the corporation may reasonably expect to receive.

“1029.8.36.166.32. For the purposes of section 1029.8.36.166.28, an amount is deemed to be an amount of assistance repaid by a corporation, in a particular taxation year, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.166.24, the amount of the expenses included in the expenditure in respect of labour recruitment and training of the corporation for a taxation year for the purpose of computing the amount it is deemed to have paid to the Minister for that taxation year under section 1029.8.36.166.15;

(b) was not received by the corporation; and

(c) ceased in the particular taxation year to be an amount that the corporation may reasonably expect to receive.

“1029.8.36.166.33. For the purposes of section 1029.8.36.166.29, an amount is deemed to be an amount of assistance repaid by a corporation, in a particular taxation year, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.166.25, the amount of the expenses or a royalty included in the expenditure in respect of the eligible transaction management system of the corporation for a taxation year for the purpose of computing the amount it is deemed to have paid to the Minister for that taxation year under section 1029.8.36.166.18 ;

(b) was not received by the corporation ; and

(c) ceased in the particular taxation year to be an amount that the corporation may reasonably expect to receive.

“1029.8.36.166.34. Where, in respect of the registration of a corporation as a member of the National Association of Securities Dealers, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the registration, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, or a person or a partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage upon a determination by the Minister to that effect, the amount of the expenditure in respect of administrative costs of a qualified corporation for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, or is deemed to have obtained or to be entitled to obtain, on or before the qualified corporation’s filing-due date for that taxation year.

“1029.8.36.166.35. Where, in respect of the recruitment or training of an employee referred to in section 1029.8.36.166.4, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the recruitment and training of the employee, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, or a person or a partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage upon a determination by the Minister to that effect, the amount of the expenditure in respect of labour recruitment and training of a qualified corporation for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, or is deemed to have obtained or to be entitled to obtain, on or before the qualified corporation’s filing-due date for that taxation year.

“1029.8.36.166.36. For the purposes of this division, the amount of the acquisition costs or rental expenses, in respect of a particular property, that

are included in the expenditure in respect of technological equipment of a corporation shall be reduced by the amount of the consideration for the supply of services to the corporation or to a person with whom the corporation does not deal at arm's length, or by the amount of the consideration for the disposition or lease of other property to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the acquisition, lease or installation of the particular property, or to the acquisition of property resulting from work related to the installation of the particular property, or of property consumed in connection with such work.

“1029.8.36.166.37. For the purposes of this division, the amount of the acquisition costs, rental expenses or a royalty, in respect of a particular property, that are included in the expenditure in respect of the eligible transaction management system of a corporation shall be reduced by the amount of the consideration for the supply of services to the corporation or to a person with whom the corporation does not deal at arm's length, or by the amount of the consideration for the disposition or lease of other property to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the acquisition, lease, installation or use of the particular property, or to the acquisition of property resulting from work related to the installation of the particular property, or of property consumed in connection with such work.

“1029.8.36.166.38. Where, in respect of the acquisition or lease of property referred to in the second paragraph of section 1029.8.36.166.3, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or installation of the property, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of the acquisition costs or rental expenses in respect of the property that are included in the expenditure in respect of technological equipment of a qualified corporation for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for that taxation year.

“1029.8.36.166.39. Where, in respect of the acquisition, lease or use of property referred to in the second paragraph of section 1029.8.36.166.5, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply, installation or use of the property, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of the acquisition costs, rental expenses or a royalty in respect of the property that are included in the expenditure in respect of the eligible transaction management system of a qualified corporation for a taxation year shall be reduced by the amount of

the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for that taxation year."

(2) Subsection 1, except where it enacts the definitions of "expenditure in respect of the eligible transaction management system" and "eligible transaction management system" in section 1029.8.36.166.1 and sections 1029.8.36.166.5, 1029.8.36.166.6, 1029.8.36.166.18 to 1029.8.36.166.20, 1029.8.36.166.25, 1029.8.36.166.29, 1029.8.36.166.33, 1029.8.36.166.37 and 1029.8.36.166.39 of the said Act, has effect from 26 April 2000. However,

(1) where section 1029.8.36.166.1 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order:

““government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;”;

(2) where section 1029.8.36.166.9 of the said Act applies to taxation years that end before 12 July 2002, it shall be read with the reference to “, subject to the second paragraph,” in the first paragraph struck out and without reference to the second paragraph;

(3) where section 1029.8.36.166.12 of the said Act applies to taxation years that end before 12 July 2002, it shall be read with the reference to “, subject to the second paragraph,” in the first paragraph struck out and without reference to the second paragraph; and

(4) where section 1029.8.36.166.15 of the said Act applies to taxation years that end before 12 July 2002, it shall be read with the reference to “, subject to the second paragraph,” in the first paragraph struck out and without reference to the second paragraph.

(3) Subsection 1, where it enacts the definitions of “expenditure in respect of the eligible transaction management system” and “eligible transaction management system” in section 1029.8.36.166.1 and sections 1029.8.36.166.5, 1029.8.36.166.6, 1029.8.36.166.18 to 1029.8.36.166.20, 1029.8.36.166.25, 1029.8.36.166.29, 1029.8.36.166.33, 1029.8.36.166.37 and 1029.8.36.166.39 of the said Act, has effect from 1 November 2001. However, where section 1029.8.36.166.18 of the said Act applies to taxation years that end before 12 July 2002, it shall be read with the reference to “, subject to the second

paragraph,” in the first paragraph struck out and without reference to the second paragraph.

(4) For the purposes of Division II.6.14.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act, where section 1029.6.0.1.2 of the said Act applies to taxation years that end before 10 December 2003, the reference to “12 months after the taxpayer’s filing-due date for the particular year” shall be read as a reference to “the taxpayer’s filing-due date for the taxpayer’s taxation year that includes 10 December 2003”. In addition, where section 1029.6.0.1.2 applies

(1) to taxation years that end before 30 June 2000, the reference therein to “II.6.5.1 and II.6.6.1 to II.6.13” shall be read as a reference to “II.6.5.1, II.6.6.1 to II.6.13 and II.6.14.1”;

(2) to taxation years that end after 29 June 2000 and before 30 March 2001, the reference therein to “II.6.14” shall be read as a reference to “II.6.14.1”.

341. (1) Section 1029.8.36.168 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

342. (1) Section 1029.8.36.169 of the said Act is amended by replacing the second paragraph by the following paragraph:

“For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that

subparagraph *a*, for the qualified corporation's taxation year in which the particular fiscal period of the qualified partnership ends, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

343. (1) Section 1029.8.36.170 of the said Act is amended by replacing the third paragraph by the following paragraph :

“For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date ; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

344. (1) Section 1029.8.36.171 of the said Act is amended by replacing the third paragraph by the following paragraph :

“For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the qualified corporation’s taxation year in which the particular fiscal period of the qualified partnership ends, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.”

(2) Subsection 1 applies to taxation years that end after 11 July 2002.

345. (1) Section 1029.8.50 of the said Act is amended by striking out “or where the individual is an individual to whom the rules provided for in Book V.2.1 apply for the particular year and an amount is deducted by the individual for the particular year under section 776.70 in respect of all or part of the amount to be repaid by the individual” in the portion before subparagraph *a* of the first paragraph.

(2) Subsection 1 applies from the taxation year 2003.

346. Division II.10 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

347. (1) Section 1029.8.56 of the said Act is replaced by the following section:

“1029.8.56. The first and second paragraphs of section 752.0.17 apply for the purpose of determining if a person, in whose respect the period applicable for a year in relation to an individual is the period described in paragraph *b* of section 1029.8.55, has a severe and prolonged mental or physical impairment the effects of which are such that the person’s ability to perform a basic activity of daily living is markedly restricted.

The Minister may obtain the advice of a body or of another minister to determine whether a person in respect of whom the period applicable for a year in relation to an individual is the period described in paragraph *b* of section 1029.8.55, has a severe and prolonged mental or physical impairment

the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted, and any person referred to in section 1029.8.57 or in paragraph *b* of section 1029.8.59 shall, on request in writing by the body or the other minister for information with respect to the person's impairment and its effect on the person or with respect to the therapy that is, where applicable, required to be administered to the person, provide the information so requested in writing."

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.56 of the said Act, applies from the taxation year 2000 and, where it replaces the second paragraph of section 1029.8.56, applies from the taxation year 1999.

348. (1) Section 1029.8.67 of the said Act, amended by section 278 of chapter 2 of the statutes of 2003, is again amended

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

““eligible spouse” of an individual for a taxation year means the person who is the individual's eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;”;

(2) by replacing the definition of “family income” by the following definition:

““family income” of an individual for a taxation year means the aggregate of the income of the individual for the year and the income, for the year, of the person who is the individual's eligible spouse for the year;”.

(2) Subsection 1 applies from the taxation year 2003.

349. (1) Section 1029.8.69 of the said Act is amended by replacing subparagraph *i* of paragraph *b* by the following subparagraph:

“*i.* is not taken into account in computing the amount that another individual, except the individual's eligible spouse for the year, is deemed to have paid to the Minister under section 1029.8.79, and”.

(2) Subsection 1 applies from the taxation year 2003.

350. (1) Section 1029.8.71 of the said Act, amended by section 281 of chapter 2 of the statutes of 2003, is again amended

(1) by replacing “spouse at the end of 31 December of that year” by “eligible spouse for the year” in the following provisions:

— subparagraph *ii* of subparagraph *a* of the first paragraph;

— subparagraph *a* of the second paragraph;

— subparagraph *d* of the second paragraph ;

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

“(b) the greater of the individual’s income for the year and the income, for the year, of the supporting person of an eligible child of the individual for the year ;”.

(2) Subsection 1 applies from the taxation year 2003.

351. (1) Section 1029.8.77 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

352. (1) Section 1029.8.77.1 of the said Act is amended by striking out “if the income were computed with reference to the rules in Title II of Book V.2.1 and”.

(2) Subsection 1 applies from the taxation year 2003.

353. (1) Section 1029.8.79 of the said Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs :

“(a) where the individual is resident in Québec on the last day of the taxation year and did not carry on a business in Canada outside Québec at any time in the year, to the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the aggregate of the individual’s qualified child care expenses for the year and, where the individual has an eligible spouse for the year, the eligible spouse’s qualified child care expenses for the year ;

“(b) where the individual is resident in Québec on the last day of the taxation year and carried on a business in Canada outside Québec at any time in the year, to the product obtained by multiplying the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the aggregate of the individual’s qualified child care expenses for the year and, where the individual has an eligible spouse for the year, the eligible spouse’s qualified child care expenses for the year by the proportion referred to in the second paragraph of section 22 ; and

“(c) where the individual is resident in Canada outside Québec on the last day of the taxation year and carried on a business in Québec at any time in the year, to the product obtained by multiplying the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the aggregate of the individual’s qualified child care expenses for the year and, where the individual has an eligible spouse for the year, the eligible spouse’s qualified child care expenses for the year by the proportion referred to in the second paragraph of section 25.”

(2) Subsection 1 applies from the taxation year 2003.

354. (1) Sections 1029.8.80.0.1 and 1029.8.80.1 of the said Act are replaced by the following sections :

“**1029.8.80.0.1.** Where, for a taxation year, a particular individual referred to in section 1029.8.79 has an eligible spouse for the year who is also an individual referred to in that section, the following rules apply :

(a) the amount the particular individual is deemed to have paid to the Minister for the year under section 1029.8.79, determined without reference to this section, shall be reduced by such portion of the amount as is designated in respect of the particular individual by the particular individual and the eligible spouse in prescribed form filed by the particular individual with the particular individual’s fiscal return under this Part for the year ;

(b) the amount the eligible spouse is deemed to have paid to the Minister for the year under section 1029.8.79, determined without reference to this section, shall be reduced by the amount determined for the year under paragraph *a* in respect of the particular individual ;

(c) where the particular individual and the eligible spouse cannot agree on the portion of the amount that may be designated for the year in accordance with paragraph *a* in respect of the particular individual, the Minister may designate such portion and, for the purposes of paragraph *a*, the designation is deemed to have been made in prescribed form by the particular individual and the eligible spouse ; and

(d) the amount determined for the year under paragraph *a* in respect of the particular individual and the amount determined for the year under paragraph *b* in respect of the eligible spouse are deemed to be the amount the particular individual is deemed to have paid to the Minister for the year under section 1029.8.79 and the amount the eligible spouse is deemed to have so paid to the Minister for the year, respectively.

“**1029.8.80.1.** An individual who has an eligible spouse for a taxation year shall not be deemed to have paid to the Minister an amount under section 1029.8.79 for the year unless the individual files with the Minister, together with the fiscal return the individual is required to file for the year under section 1000, or would be required to so file if tax were payable by the individual for the year under this Part, a certificate from the eligible spouse in prescribed form.”

(2) Subsection 1 applies from the taxation year 2003.

355. (1) Section 1029.8.101 of the said Act is amended

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

““eligible spouse” of an eligible individual for a taxation year means the person who is the eligible individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4 and who, at the end of 31 December of the year or, where the person died in the year, at the time of death, is not confined to a prison or similar institution for one or more periods totalling more than six months in the year;”;

(2) by replacing the definition of “family income” by the following definition:

““family income” of an eligible individual for a taxation year means the amount by which the aggregate of the income of the eligible individual for the year and the income, for the year, of the eligible individual’s eligible spouse for the year exceeds \$26,000;”.

(2) Subsection 1 applies from the taxation year 2003.

356. (1) Section 1029.8.102 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

357. (1) Section 1029.8.103 of the said Act is amended by striking out “if the income were computed with reference to the rules in Title II of Book V.2.1 and”.

(2) Subsection 1 applies from the taxation year 2003.

358. (1) Section 1029.8.105 of the said Act is amended by replacing paragraph *c* by the following paragraph:

“(c) \$103 if the eligible individual does not have an eligible spouse for the year and ordinarily lives, throughout the year, in a self-contained domestic establishment in which no other eligible individual for the year lives.”

(2) Subsection 1 applies from the taxation year 2003.

359. (1) Section 1029.8.110 of the said Act is amended

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

““eligible spouse” of an eligible individual for a taxation year means a person who is the eligible individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;”;

(2) by replacing the definition of “family income” by the following definition:

““family income” of an eligible individual for a taxation year means the amount by which the aggregate of the income of the eligible individual for the year and the income, for the year, of the eligible individual’s eligible spouse for the year exceeds \$26,000;”.

(2) Subsection 1 applies from the taxation year 2003.

360. (1) Section 1029.8.111 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

361. (1) Section 1029.8.112 of the said Act is amended by striking out “if the income were computed with reference to the rules in Title II of Book V.2.1 and”.

(2) Subsection 1 applies from the taxation year 2003.

362. (1) Section 1029.8.117 of the said Act is amended

(1) by replacing the definition of “family income” in the first paragraph by the following definition :

““family income” of an individual for a taxation year means the aggregate of all amounts each of which is the income of the individual for the year and of the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4.”;

(2) by striking out the second paragraph.

(2) Subsection 1 applies from the taxation year 2003.

363. (1) Section 1029.8.118 of the said Act is amended by replacing the fifth paragraph by the following paragraph :

“For the purposes of the definition of “family income” in section 1029.8.117, where an individual was not resident in Canada throughout a taxation year, the individual’s income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under this Part if the individual had been resident in Québec and in Canada throughout the year.”

(2) Subsection 1 applies from the taxation year 2003.

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

“CREDITS FOR HOLDERS OF A TAXI DRIVER’S OR OWNER’S PERMIT

“§1. — *Interpretation*”.

(2) Subsection 1 applies to taxation years that end after 13 June 2001.

365. (1) Section 1029.9 of the said Act is replaced by the following section :

“**1029.9.** In this division,

“holder” means

(a) in respect of a taxi driver’s permit, the person in whose name the taxi driver’s permit is issued; and

(b) in respect of a taxi owner’s permit, the person in whose name the taxi owner’s permit is issued or, where such a permit is issued in the name of two or more persons, the person among them whom they designate;

“taxi driver’s permit” means such a permit referred to in the Act respecting transportation services by taxi (chapter S-6.01);

“taxi owner’s permit” means such a permit referred to in the Act respecting transportation services by taxi, including a limousine permit or other specialized taxi permit referred to in that Act.”

(2) Subsection 1 applies to taxation years that end after 13 June 2001. However, where section 1029.9 of the said Act applies to taxation years that end before 30 June 2002,

(1) the reference to “Act respecting transportation services by taxi (chapter S-6.01)” in the definition of “taxi driver’s permit” shall be read as a reference to “Act respecting transportation by taxi (chapter T-11.1)”;

(2) the definition of “taxi owner’s permit” shall be replaced by the following definition :

““taxi permit” means such a permit referred to in the Act respecting transportation by taxi, including a limousine permit or other specialized taxi permit referred to in that Act.”; and

(3) the reference to “taxi owner’s” shall be read as a reference to “taxi”, wherever it appears in paragraph *b* of the definition of “holder”.

366. (1) The said Act is amended by inserting the following after section 1029.9:

“§2. — *Credits*

“**1029.9.1.** A taxpayer who is resident in Québec at the end of 31 December of a taxation year, who is a taxpayer referred to in the second paragraph and who files the prescribed form containing the prescribed information along with the fiscal return the taxpayer is required to file for the year under section 1000, or would be so required to file if the taxpayer had tax payable for the year under this Part, is deemed to have paid to the Minister, on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to the lesser of the amount established in respect of the taxpayer for that year under section 1029.9.3 and \$500.

The taxpayer to whom the first paragraph refers is

(a) a taxpayer who, at any time in a taxation year, is the holder of a taxi driver’s permit and is not the holder of a taxi owner’s permit on 31 December of that year; or

(b) a taxpayer who, at any time in a taxation year, is the holder of a taxi driver’s permit and the holder of one or more taxi owner’s permits on 31 December of that taxation year, and has not assumed all or almost all of the fuel cost of bringing into service any motor vehicle attached to at least one of the taxi owner’s permits of which the taxpayer is the holder.

For the purposes of this section, a taxpayer who was resident in Québec immediately before the taxpayer’s death is deemed to be resident in Québec at the end of 31 December of the year in which the taxpayer died.

“**1029.9.2.** A taxpayer who, on 31 December of a calendar year in a taxation year, is the holder of one or more taxi owner’s permits in force, assumed in that taxation year all or almost all of the fuel cost of bringing into service any motor vehicle attached to each of those permits, and files the prescribed form containing the prescribed information along with the fiscal return the taxpayer is required to file under section 1000 for that taxation year, or would be so required to file if the taxpayer had tax payable for that taxation year under this Part, is deemed to have paid to the Minister, on the taxpayer’s balance-due day for that taxation year, on account of the taxpayer’s tax payable for that taxation year under this Part, an amount equal to the lesser of the amount established in respect of the taxpayer for that taxation year under section 1029.9.3 and an amount equal to the product obtained by multiplying \$500 by the number of such permits of which the taxpayer is the holder on 31 December of the calendar year.

For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year

under this Part and of the taxpayer's tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.9.3. The amount to which the first paragraph of sections 1029.9.1 and 1029.9.2 refers in respect of a taxpayer for a taxation year is equal to 2% of the aggregate of

(a) the taxpayer's income for the year from employment as a taxi driver, computed before any deduction under Chapter III of Title II of Book III;

(b) the taxpayer's gross income for the year from the taxpayer's business of providing transportation by taxi; and

(c) the taxpayer's gross income for the year from the leasing of any motor vehicle attached to a taxi owner's permit of which the taxpayer is the holder.

“1029.9.4. For the purposes of this Part and the regulations, the amount that a taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.9.1 or 1029.9.2 is deemed not to be assistance or an inducement received by the taxpayer from a government.”

(2) Subsection 1 applies to taxation years that end after 13 June 2001. However,

(1) where subparagraphs *a* and *b* of the second paragraph of section 1029.9.1 of the said Act apply to taxation years that end before 30 June 2002, the reference to “taxi owner's” shall be read as a reference to “taxi”, wherever it appears;

(2) where section 1029.9.2 of the said Act applies to taxation years that end

(a) before 30 June 2002, the reference to “taxi owner's” shall be read as a reference to “taxi”, wherever it appears in that section,

(b) before 12 July 2002, it shall be read with the second paragraph struck out; and

(3) where section 1029.9.3 of the said Act applies to taxation years that end before 12 July 2002, the reference therein to “of sections 1029.9.1 and 1029.9.2” shall be read as a reference to “of section 1029.9.1 and section 1029.9.2”.

367. Sections 1029.10 to 1029.19 of the said Act are repealed.

368. (1) Section 1035 of the said Act is amended by replacing “de ce dernier article” in the French text by “de cet article 1034.1”.

(2) Subsection 1 applies from the taxation year 2000.

369. (1) Section 1038 of the said Act is amended by replacing “Divisions II to II.4.1, II.5.1, II.5.2 and II.6.5.1 of that chapter” by “Divisions II to II.3, II.5.1, II.5.2, II.6.4.1, II.6.5.1 and II.6.5.2 of that chapter and section 1029.9.2”, in the following provisions:

— subparagraphs *a* and *b* of the second paragraph;

— the portion of subparagraph *a* of the third paragraph before subparagraph *i*.

(2) Subsection 1 applies in respect of instalments required to be made from the taxation year 2002. In addition, where subparagraph *a* of the second and third paragraphs of section 1038 of the said Act apply in respect of instalments required to be made for the taxation year 2001, the reference therein to “and II.6.0.1.4 of that chapter” shall be read as a reference to “, II.6.5.1 and II.6.5.2 of that chapter and section 1029.9.2”.

370. (1) Section 1040 of the said Act is amended by replacing the second paragraph by the following paragraph:

“The first paragraph does not apply where the amount paid by a taxpayer is

(*a*) where the taxpayer is a corporation, equal to or greater than 90% of the payment the taxpayer was required to make; and

(*b*) where the taxpayer is an individual, equal to or greater than 75% of the payment the taxpayer was required to make.”

(2) Subsection 1 applies in respect of instalments required to be made from the taxation year 2002.

371. (1) Section 1049 of the said Act is amended by replacing “II.6.12” in subparagraph *ii* of subparagraphs *a* and *b* of the first paragraph by “II.6.15”.

(2) Subsection 1 has effect from 26 April 2000. However, where subparagraph *ii* of subparagraph *a* of the first paragraph of section 1049 of the said Act and subparagraph *ii* of subparagraph *b* of that paragraph apply before 30 March 2001, the reference therein to “II.6.15” shall be read as a reference to “II.6.14.1”.

372. Section 1049.1.0.5 of the said Act is replaced by the following section :

“1049.1.0.5. Where a corporation issues a share and does not take the appropriate measures to inform the first purchaser or the dealer with whom the first purchaser has made a stock savings plan arrangement, the corporation is liable to a penalty equal to 25% of the adjusted cost determined under section 965.6 of such share distributed in Québec to an individual other than a trust, to an investment group or to an investment fund.”

373. Sections 1049.2.1 and 1049.2.2 of the said Act are repealed.

374. Section 1049.2.2.3 of the said Act is amended by striking out “965.9.1 or” in the first paragraph.

375. Section 1049.2.2.6 of the said Act is amended by striking out “1049.2.1, 1049.2.2,” in the first paragraph.

376. Section 1049.2.2.7 of the said Act is replaced by the following section :

“1049.2.2.7. The conditions to be complied with by a corporation referred to in section 1049.2.2.6 are that the corporation must issue shares of its capital stock that meet the requirement under paragraph *c* of section 965.7 and are not qualifying shares, or that shares of its capital stock must be the subject of a transaction or operation or a series of transactions or operations which, in the opinion of the Minister, can reasonably be believed to be equivalent to the issue of shares of the capital stock of the corporation that meet the requirement under paragraph *c* of section 965.7, for an amount equal to or greater than the amount of the purchase or redemption referred to in the first paragraph of section 1049.2.2.1 or an amount determined under section 965.11.15 or the second paragraph of section 965.11.17 in respect of a transaction referred to in section 1049.2.2.2 or 1049.2.2.5, as the case may be, on or before the expiry of a period of two years that begins on the day after the beginning of the transaction to which section 1049.2.2.6 refers.”

377. Section 1049.2.2.8 of the said Act is amended by striking out “1049.2.1, 1049.2.2,”.

378. Section 1049.2.2.9 of the said Act is amended by replacing “1049.2.1” by “1049.2.2.1” in the following provisions :

- the first paragraph ;
- subparagraph *b* of the second paragraph.

379. Section 1049.2.2.10 of the said Act is amended by replacing “1049.2.1” by “1049.2.2.1”.

380. Section 1049.2.2.11 of the said Act is amended by replacing “1049.2.1” by “1049.2.2.1”.

381. Section 1049.2.9 of the said Act, amended by section 521 of chapter 45 of the statutes of 2002, is replaced by the following section :

“1049.2.9. A corporation that is, in a year, authorized to issue shares of its capital stock under an exemption from filing a prospectus granted under any of subparagraphs 2, 3 and 5 of the first paragraph of section 52 of the Securities Act (chapter V-1.1) with the stipulation that they may be included in a stock savings plan, that is, in that year, a corporation described in the first paragraph of section 965.24.2, that fails to file with the Commission des valeurs mobilières du Québec and the Minister the written notice referred to in the first paragraph of section 965.24.2 within the time prescribed, that should have certified in the notice, had it been filed, that on 30 June in that year, as a result of a transaction, it would not have been a qualified corporation by reason of the first paragraph of any of sections 965.11.11, 965.11.13 and 965.11.17, had that first paragraph applied on that date, and that issues a share under such exemption from filing a prospectus in the year following that year, is liable to a penalty equal to 25% of the adjusted cost, determined under section 965.6, of each share distributed in Québec, in the year following that year under the exemption from filing a prospectus, to an individual other than a trust, to an investment group or to an investment fund.”

382. Section 1049.2.10 of the said Act is amended by replacing “section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17” by “any of sections 965.11.11, 965.11.13 and 965.11.17”.

383. (1) The said Act is amended by inserting the following after section 1086.18 :

“BOOK III

“MISCELLANEOUS PROVISIONS

“1086.18.1. An individual shall pay to the Minister, for a taxation year, on or before the individual’s balance-due day, within the meaning of section 1, for the year, the individual’s tax under this Part for the year.

“1086.18.2. Except where inconsistent with this Part, sections 1000 to 1014 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 17 September 1998.

384. (1) The said Act is amended by inserting the following after section 1086.24 :

“BOOK III**“MISCELLANEOUS PROVISIONS**

“1086.25. An individual shall pay to the Minister, for a taxation year, on or before the individual’s balance-due day, within the meaning of section 1, for the year, the individual’s tax under this Part for the year.

“1086.26. Except where inconsistent with this Part, sections 1000 to 1014 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 1 January 1999.

385. (1) Section 1089 of the said Act is amended

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

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Québec exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign specialist within the meaning of section 737.18.29, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3 and 737.22.0.7 if the individual’s taxable income were determined under Part I;”;

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

“(g) the amount by which the income determined under paragraphs *b* and *c* of section 1092 in respect of the individual exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign specialist within the meaning of section 737.18.29, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3 and 737.22.0.7 if the individual’s taxable income were determined under Part I;”;

(3) by adding the following subparagraphs after subparagraph *b* of the second paragraph :

“(c) an eligible individual, within the meaning of section 737.18.27, the individual’s income earned in Québec for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.18.28; or

“(d) an eligible individual, within the meaning of section 737.22.0.9, the individual’s income earned in Québec for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.22.0.10.”

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2000.

(3) Paragraph 3 of subsection 1 applies from the taxation year 2001.

386. (1) Section 1090 of the said Act is amended

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

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Canada exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign specialist within the meaning of section 737.18.29, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3 and 737.22.0.7 if the individual’s taxable income were determined under Part I;”;

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

“(g) the amount by which the income that would be determined under paragraphs *b* and *c* of section 1092 in respect of the individual if the word “Québec”, in sections 1092 and 1093, were replaced, wherever it appears, by the word “Canada”, exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign specialist within the meaning of section 737.18.29, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7,

737.22.0.3 and 737.22.0.7 if the individual's taxable income were determined under Part I;" ;

(3) by adding the following subparagraphs after subparagraph *b* of the second paragraph :

“(c) an eligible individual, within the meaning of section 737.18.27, the individual's income earned in Canada for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.18.28; or

“(d) an eligible individual, within the meaning of section 737.22.0.9, the individual's income earned in Canada for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.22.0.10.”

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2000.

(3) Paragraph 3 of subsection 1 applies from the taxation year 2001.

387. (1) Section 1091 of the said Act is amended by replacing paragraph *c* by the following paragraph :

“(c) where all or substantially all of the individual's income for the year, as determined under section 28, is included in the computation of the individual's taxable income earned in Canada for the year, such of the other deductions from income, except the deductions described in sections 737.14, 737.16, 737.16.1, 737.18.10, 737.18.28, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7 and 737.22.0.10, permitted for the purpose of computing the individual's taxable income as may reasonably be considered wholly applicable.”

(2) Subsection 1 applies from the taxation year 2000. However, where paragraph *c* of section 1091 of the said Act applies to the taxation year 2000, it shall be read without reference to “737.18.28,” and the reference therein to “, 737.22.0.7 and 737.22.0.10” shall be read as a reference to “and 737.22.0.7”.

388. (1) The heading of Part III.1.0.4 of the said Act is replaced by the following heading :

“SPECIAL TAX RELATING TO THE CREDIT FOR THE PRODUCTION OF PERFORMANCES”.

(2) Subsection 1 has effect from 6 July 2001.

389. (1) Parts III.1.1.4 and III.1.1.5 of the said Act are repealed.

(2) Subsection 1 applies to taxation years that begin after 20 December 2001.

390. (1) The said Act is amended by inserting the following after section 1129.4.3.25:

“PART III.1.1.7

**“SPECIAL TAX RELATING TO THE CREDIT FOR E-BUSINESS
ACTIVITIES**

“1129.4.3.26. In this Part,

“base period” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.60;

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.60;

“Minister” means the Minister of Revenue;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.60;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.60;

“taxation year” has the meaning assigned by Part I.

For the purposes of this Part, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“1129.4.3.27. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, on account of the corporation’s tax payable under Part I for any taxation year, shall pay, for a particular taxation year, a tax equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have so paid to the Minister under section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, in relation to the salaries or wages for the taxation year, where Investissement Québec revokes, in the particular year, a qualification certificate issued to the corporation in relation to the recognized business for the purposes of Division II.6.0.1.7 of Chapter III.1 of Title III of Book IX of Part I, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in relation to the salaries or wages, for a taxation year preceding the particular year.

“1129.4.3.28. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, on account of the corporation’s tax payable under Part I for any taxation year, shall pay, for a particular taxation year, a tax equal to 35% of the aggregate of the following amounts, except where section 1129.4.3.27 applies in relation to the salaries or wages for the taxation year or a preceding taxation year :

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. 100/35 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(b) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, determined in respect of the corporation, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business for its taxation year in which the preceding calendar year ended, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salary or wages had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. 100/35 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(c) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.0.3.63 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, the aggregate of all amounts each of which is the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, taking into account the second paragraph of that section, in respect of the corporation for a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.0.3.63 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.0.3.63 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. 100/35 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(d) where, in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by the corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of

section 1029.8.36.0.3.61 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than a salary or wages paid in respect of the base period of the corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received by the corporation in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this subparagraph has applied ;

(*e*) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this subparagraph has applied ; and

(*f*) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the excess amount referred to in paragraph *a* of section 1029.8.36.0.3.63 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that

were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.0.3.63 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and if the amount determined pursuant to section 1029.8.36.0.3.63 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this subparagraph has applied.

For the purposes of subparagraphs *d* to *f* of the first paragraph, where Investissement Québec revokes in the particular taxation year the qualification certificate issued, for the purposes of Division II.6.0.1.7 of Chapter III.1 of Title III of Book IX of Part I, to the corporation in relation to an eligible employee for a period in a calendar year, the amount of the salary or wages paid by a corporation to that employee is deemed to be refunded to the corporation in the particular taxation year.

“1129.4.3.29. For the purposes of Part I, except for Division II.6.0.1.7 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the salaries or wages pursuant to a legal obligation.

“1129.4.3.30. Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.0.3.66 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 1 January 2001. However,

(1) where section 1129.4.3.26 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order in the first paragraph of that section :

““government assistance” means assistance from a government, municipality or other public authority whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under Division II.6.0.1.7 of Chapter III.1 of Title III of Book IX of Part I;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under Division II.6.0.1.7 of Chapter III.1 of Title III of Book IX of Part I;” ; and

(2) where section 1129.4.3.27 and the second paragraph of section 1129.4.3.28 of the said Act apply before 1 April 2003, the reference therein to “Investissement Québec” shall be read as a reference to “the Minister of Finance”.

391. (1) Part III.1.2 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 20 December 2001.

392. (1) Section 1129.4.7 of the said Act is amended

(1) by inserting the following definitions in alphabetical order :

““information technology development centre” has the meaning assigned by section 771.1 ;

““qualified centre” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;” ;

(2) by striking out the definition of “new economy centre” ;

(3) by inserting the following definitions in alphabetical order :

““Centre national des nouvelles technologies de Québec” has the meaning assigned by the first paragraph of section 1029.8.36.0.17 ;

““Cité du multimédia” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;” ;

(4) by inserting the following definitions in alphabetical order :

““eligible facility” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

““eligible rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;”.

(2) Paragraph 1 of subsection 1 has effect from 30 March 2001, except where it enacts the definition of “information technology development centre” in section 1129.4.7 of the said Act, in which case it applies to taxation years that begin after 20 December 2001.

(3) Paragraphs 2 and 4 of subsection 1 have effect from 30 March 2001.

(4) Paragraph 3 of subsection 1 applies to taxation years that begin after 20 December 2001.

393. (1) Section 1129.4.8 of the said Act is amended

(1) by replacing “in the taxation year” in subparagraph *a* of the second paragraph by “in the taxation year, in this section referred to as the “payment year””;

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

“In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in relation to qualified wages under section 1029.8.36.0.5 or 1029.8.36.0.5.1, as it read for the particular year, the first and second paragraphs apply, in respect of an amount relating to wages included in computing the qualified wages that is, directly or indirectly, refunded, paid or allocated, having regard to the following rules :

(*a*) the references to sections 1029.8.36.0.19, 1029.8.36.0.20 and 1029.8.36.0.30, wherever they appear in the portion of this section before subparagraph *b* of the second paragraph, shall be read respectively as references to sections 1029.8.36.0.5, 1029.8.36.0.5.1 and 1029.8.36.0.10, as they formerly read for the particular year ; and

(*b*) subparagraph *b* of the second paragraph shall be read as follows :

“(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister in relation to the qualified wages for a taxation year preceding the repayment year, under this section or under section 1129.4.4.1, as it read for that preceding taxation year.”

Notwithstanding section 1129.4.7, the expressions “eligible employee” and “qualified wages” have, in this section, the meaning assigned by section 1129.4.4, as it read for the payment year, if

(a) the third paragraph applies; or

(b) the payment year begins before 21 December 2001 and the corporation carried on or could carry on its business in an information technology development centre in the particular taxation year referred to in the first paragraph.”

(2) Subsection 1 applies in respect of amounts that are refunded, paid or allocated in taxation years that begin after 20 December 2001.

394. (1) Section 1129.4.9 of the said Act is amended by adding the following paragraphs after the second paragraph :

“In addition, if a corporation carried on or could carry on its business in the Cité du multimédia or the Centre national des nouvelles technologies de Québec in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in relation to qualified wages under section 1029.8.36.0.3.30 or 1029.8.36.0.3.40, as it read for the particular year, the first and second paragraphs apply, in respect of an amount relating to wages included in computing the qualified wages that is, directly or indirectly, refunded, paid or allocated, having regard to the following rules :

(a) the references to sections 1029.8.36.0.22 and 1029.8.36.0.31, wherever they appear in the portion of this section before subparagraph *b* of the second paragraph, shall be read respectively as references to

i. sections 1029.8.36.0.3.30 and 1029.8.36.0.3.35, as they formerly read for the particular year, where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, or

ii. sections 1029.8.36.0.3.40 and 1029.8.36.0.3.43, as they formerly read for the particular year, where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year;

(b) the expressions “specified wages” and “specified employee”, wherever they appear in the portion of this section before subparagraph *b* of the second paragraph, shall be read respectively as “qualified wages” and “eligible employee”, having the meaning assigned by

i. section 1129.4.3.13, as it read for the particular year, where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, or

ii. section 1129.4.3.18, as it read for the particular year, where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year; and

(c) subparagraph *b* of the second paragraph shall be read as follows :

“(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister in relation to the qualified wages for a taxation year preceding the repayment year, under this section or under section 1129.4.3.14 or 1129.4.3.19, as it read for that preceding taxation year.”

Notwithstanding section 1129.4.7, the expression “qualified wages” in the portion of the third paragraph before subparagraph *a* has the meaning assigned by section 1129.4.3.13 or 1129.4.3.18, as it read for the particular year, according to whether the corporation carried on or could carry on its business in the particular year in the Cité du multimédia or in the Centre national des nouvelles technologies de Québec.”

(2) Subsection 1 applies in respect of amounts that are refunded, paid or allocated in taxation years that begin after 20 December 2001.

395. (1) Section 1129.4.10 of the said Act is amended

(1) by inserting the following paragraphs after the second paragraph :

“In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of acquisition costs or rental expenses under section 1029.8.36.0.6, as it read for the particular year, the first and second paragraphs, subject to the fourth paragraph, shall be read as follows :

“**1129.4.10.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6 or 1029.8.36.0.25, on account of its tax payable under Part I, in relation to acquisition costs incurred in respect of qualified property or rental expenses paid in respect of such property, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to the acquisition costs or rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister in relation to the acquisition costs or rental expenses, under section 1029.8.36.0.6 or 1029.8.36.0.11 or under section 1029.8.36.0.25 or 1029.8.36.0.32, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister in relation to the acquisition costs or rental expenses, under section 1029.8.36.0.6 or 1029.8.36.0.11 or under section 1029.8.36.0.25 or 1029.8.36.0.32, if every

amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the costs or expenses, were refunded, paid or allocated in the taxation year during which the corporation incurred the acquisition costs or paid the rental expenses to which the amount refunded, paid or allocated relates; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister in relation to the acquisition costs or rental expenses for a taxation year preceding the repayment year, under this section or under section 1129.4.4.2, as it read for that preceding taxation year.”

In the text of the first and second paragraphs of this section enacted by the third paragraph, a reference to section 1029.8.36.0.6 or 1029.8.36.0.11 shall be a reference to that section as it read for a taxation year in which an amount is deemed to have been paid under that section.”;

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

“However, no tax is payable under this section if, for the repayment year, section 1129.4.10.1 applies in respect of the property or if, for a preceding taxation year, that section or section 1129.4.4.3, as it read for that preceding taxation year, applied in respect of the property.”

(2) Subsection 1 applies in respect of amounts that are refunded, paid or allocated in taxation years that begin after 20 December 2001.

396. (1) Section 1129.4.10.1 of the said Act is amended

(1) by replacing “in a building housing all or any part of a new economy centre” in the first paragraph by “in a qualified centre”;

(2) by inserting the following paragraphs after the third paragraph :

“In addition, if a corporation carried on or could carry on its business in an information technology development centre in a taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of acquisition costs or rental expenses under section 1029.8.36.0.6, as it read for that taxation year, the first and second paragraphs, subject to the fifth paragraph, shall be read as follows :

“1129.4.10.1. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6 or 1029.8.36.0.25, on account of its tax payable under Part I, in relation to acquisition costs incurred in respect of qualified property, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “particular year”, if, at any time in the period described in the third paragraph the property ceases, otherwise than by reason of the loss or involuntary destruction of the property by fire, theft or water or of a major breakdown of the property, to be used by the corporation principally in an information technology development centre.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister in relation to the acquisition costs, under section 1029.8.36.0.6 or 1029.8.36.0.11 or under section 1029.8.36.0.25 or 1029.8.36.0.32, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister in relation to the acquisition costs, for a taxation year preceding the particular year, under section 1129.4.10 or under section 1129.4.4.2, as it read for that preceding taxation year.”

In the text of the first and second paragraphs of this section enacted by the fourth paragraph, a reference to section 1029.8.36.0.6 or 1029.8.36.0.11 shall be a reference to that section as it read for a taxation year in which an amount is deemed to have been paid under that section.”

(2) Paragraph 1 of subsection 1 has effect from 30 March 2001.

(3) Paragraph 2 of subsection 1 applies in respect of property that ceases to be used in a taxation year that begins after 20 December 2001.

397. (1) The said Act is amended by inserting the following sections after section 1129.4.10.1 :

“1129.4.10.2. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.25.1, on account of its tax payable under Part I, in relation to the eligible rental expenses incurred in respect of an eligible facility, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to the eligible rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.25.1 or 1029.8.36.0.32.1, in relation to the eligible rental expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.25.1 or 1029.8.36.0.32.1, in relation to the eligible rental expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the eligible rental expenses, were refunded, paid or allocated in the taxation year in which the corporation incurred the eligible rental expenses to which the amount refunded, paid or allocated relates; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the eligible rental expenses.

“1129.4.10.3. For the purposes of section 1129.4.10.2, the amount determined in accordance with the second paragraph, in relation to the eligible rental expenses incurred by the corporation in a particular taxation year in respect of an eligible facility, is deemed to be refunded to the corporation in a subsequent taxation year, in this section referred to as the “repayment year”, in which Investissement Québec revokes the certificate it had issued in respect of the facility.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of the eligible rental expenses incurred by the corporation in the particular taxation year and on or after the effective date specified in the notice of revocation, exceeds the aggregate of all amounts each of which is an amount relating to the expenses that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded, otherwise paid or allocated to a payment to be made by the corporation.

No tax is payable for a taxation year under section 1129.4.10.2 in respect of any amount that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in that taxation year or in a preceding taxation year.”

(2) Subsection 1 has effect from 30 March 2001.

398. (1) Section 1129.4.11 of the said Act is amended by replacing “1129.4.8, 1129.4.9, 1129.4.10 and 1129.4.10.1” by “1129.4.8 to 1129.4.10.2”.

(2) Subsection 1 has effect from 30 March 2001.

399. (1) Part III.1.3.1 of the said Act is repealed.

(2) Subsection 1 has effect from 30 March 2001.

400. (1) Section 1129.21 of the said Act is amended by replacing “other than a prescribed property” by “other than a property described in subparagraph *a* of the third paragraph of section 232”.

(2) Subsection 1 applies in respect of gifts made after 11 July 2002.

401. (1) Section 1129.27.1 of the said Act is amended

(1) by replacing the definition of “cumulative limit amount” by the following definition:

““cumulative limit amount” applicable in respect of a capitalization period means

(a) \$150,000,000, in respect of the capitalization period that begins on 1 July 2001 and ends on 31 December 2001;

(b) \$300,000,000, in respect of the capitalization period that begins on 1 January 2002 and ends on 28 February 2003;

(c) \$450,000,000, in respect of the capitalization period that begins on 1 March 2003 and ends on 29 February 2004;

(d) \$600,000,000, in respect of the capitalization period that begins on 1 March 2004 and ends on 28 February 2005;

(e) \$750,000,000, in respect of the capitalization period that begins on 1 March 2005 and ends on 28 February 2006;

(f) \$900,000,000, in respect of the capitalization period that begins on 1 March 2006 and ends on 28 February 2007;

(g) \$1,050,000,000, in respect of the capitalization period that begins on 1 March 2007 and ends on 29 February 2008;

(h) \$1,200,000,000, in respect of the capitalization period that begins on 1 March 2008 and ends on 28 February 2009;

(i) \$1,350,000,000, in respect of the capitalization period that begins on 1 March 2009 and ends on 28 February 2010;

(j) \$1,500,000,000, in respect of the capitalization period that begins on 1 March 2010 and ends on 28 February 2011;”;

(2) by replacing “31 December 2010” in the definition of “liability period” by “28 February 2011”;

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

““capitalization period” means a period within the liability period that is

(a) the period that begins on 1 July 2001 and ends on 31 December 2001;

(b) the period that begins on 1 January 2002 and ends on 28 February 2003; or

(c) for any period beginning after 28 February 2003, the period that begins on 1 March of a calendar year and ends on the last day of February of the following calendar year;”.

(2) Subsection 1 has effect from 1 January 2001.

402. (1) Section 1129.27.2 of the said Act is amended

(1) by replacing the portion before the formula in the first paragraph by the following:

“**1129.27.2.** The Corporation is required to pay for a particular capitalization period, a tax under this Part equal to the amount determined by the formula”;

(2) by replacing subparagraphs *a* to *c* of the second paragraph by the following subparagraphs :

“(a) A is the paid-up capital of the shares of the capital stock of the Corporation at the end of the particular capitalization period ;

“(b) B is the cumulative limit amount applicable in respect of the particular capitalization period ; and

“(c) C is any amount of tax that the Corporation is required to pay to the Minister under this section for a preceding capitalization period.”

(2) Subsection 1 has effect from 1 January 2001.

403. (1) Section 1129.27.3 of the said Act is amended

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

“**1129.27.3.** Where the Corporation is required to pay tax under this Part for a particular capitalization period, the Corporation shall, on or before 31 May following the end of that particular capitalization period,” ;

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

“(b) estimate, in the return, the amount of its tax payable under this Part for that particular capitalization period ; and

“(c) pay to the Minister the amount of its tax payable under this Part for that particular capitalization period.”

(2) Subsection 1 has effect from 1 January 2001. However, where the portion of section 1129.27.3 of the said Act before paragraph *a* applies to the capitalization period that ends on 31 December 2001, the reference therein to “31 May” shall be read as a reference to “31 March”.

404. (1) The said Act is amended by inserting the following after section 1129.27.10 :

“PART III.6.3

“SPECIAL TAX RELATING TO THE FULFILMENT OF INVESTMENT REQUIREMENTS BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

“**1129.27.11.** In this Part,

“Corporation” means the corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36);

“eligible cooperative” has the meaning assigned by the second paragraph of section 18 of the Act constituting Capital régional et coopératif Desjardins;

“eligible entity” has the meaning assigned by the first paragraph of section 18 of the Act constituting Capital régional et coopératif Desjardins;

“investment” has the meaning assigned by section 17 of the Act constituting Capital régional et coopératif Desjardins;

“Minister” means the Minister of Revenue;

“resource regions of Québec” means the regions referred to in Schedule 2 to the Act constituting Capital régional et coopératif Desjardins;

“taxation year” has the meaning assigned by Part I.

“1129.27.12. Where, for a taxation year that begins after 31 December 2005, the Corporation fails to fulfil the investment requirement set out in the second paragraph of section 19 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36), the Corporation is required to pay for the year a tax under this Part equal to the amount determined by the formula

$$\{10\% \times [(60\% \times A) - B]\} + \{20\% \times [(21\% \times A) - C]\}.$$

In the formula provided for in the first paragraph,

(a) A is the amount of the average net assets of the Corporation for the preceding taxation year;

(b) B is the amount, for the year, of the average investments, entailing no security or hypothec, of the Corporation in eligible entities, including such investments permitted under the fourth paragraph of section 19 of the Act constituting Capital régional et coopératif Desjardins; and

(c) C is the amount, for the year, of the average investments, entailing no security or hypothec, of the Corporation in eligible cooperatives and eligible entities situated in resource regions of Québec, including such investments permitted under the fourth paragraph of section 19 of the Act constituting Capital régional et coopératif Desjardins if they are made in those cooperatives or entities.

For the purposes of this section, for the purpose of computing the net assets of the Corporation, the movable or immovable property used by the Corporation to carry on its operations shall not be taken into account.

For the purposes of this section, the average net assets for the preceding taxation year and the average investments for the taxation year shall be determined by adding the net assets or, as the case may be, the investments at the beginning of the years concerned, to the net assets or, as the case may be, to the investments at the end of the years concerned and by dividing each of the sums thus obtained by 2.

“1129.27.13. Where the Corporation is required to pay tax under this Part for a taxation year, the Corporation shall, on or before 31 March following the end of that year,

(a) file with the Minister, without notice or demand therefor, a return under this Part in prescribed form containing the prescribed information ;

(b) estimate, in the return, the amount of its tax payable under this Part for that year ; and

(c) pay to the Minister the amount of its tax payable under this Part for that year.

“1129.27.14. Except where inconsistent with this Part, sections 1001, 1002 and 1037 and Titles II, V and VI of Book IX of Part I apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies to taxation years that begin after 31 December 2005.

405. Section 1129.33.1 of the said Act is amended by adding the following paragraph :

“In every provision of this Part, a reference to Division II.4.1 of Chapter III.1 of Title III of Book IX of Part I, or to any section of that division, is a reference to that division or to that section, as the case may be, as it read for the taxation year concerned.”

406. (1) Section 1129.45.3.11 of the said Act is replaced by the following section :

“1129.45.3.11. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.16 or 1029.8.36.72.17, on account of the corporation’s tax payable under Part I for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of the following amounts, except where section 1129.45.3.10.1 applies in relation to the salaries or wages for the taxation year or a preceding taxation year :

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced

the amount of the salary or wages paid to an employee by the corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.16, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(*b*) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.17, determined in respect of the corporation, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business for its taxation year in which the preceding calendar year ended, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salary or wages had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(c) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.18 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, the aggregate of all amounts each of which is the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation for a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.18 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(d) where, in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by the corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.16 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than a salary or wages paid in respect of the base period of the corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.16 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received by the

corporation in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied;

(e) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.17 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in the Saguenay–Lac-Saint-Jean area, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.17 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied; and

(f) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.18 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, other than a salary or wages paid in respect of the base period of the other corporation in relation to that recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of subparagraph *a* of the first

paragraph of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and if the amount determined pursuant to section 1029.8.36.72.18 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied.”

(2) Subsection 1 has effect from 1 January 2000.

407. (1) Section 1129.45.3.19 of the said Act is replaced by the following section :

“1129.45.3.19. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.44 or 1029.8.36.72.45, on account of the corporation’s tax payable under Part I for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of the following amounts, except where section 1129.45.3.18.1 applies in relation to the salaries or wages for the taxation year or a preceding taxation year :

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.44, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(b) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.45, determined in respect of the corporation, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business for its taxation year in which the preceding calendar year ended, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salary or wages had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(c) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.46 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, the aggregate of all amounts each of which is the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.45, taking into account the second paragraph of that section, in respect of the corporation for a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.45, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.46 in relation to that preceding calendar

year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.46 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(d) where, in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by the corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.44 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than a salary or wages paid in respect of the base period of the corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.44 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received by the corporation in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied ;

(e) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.45 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in an eligible region, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.45 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied; and

(f) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.46 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, other than a salary or wages paid in respect of the base period of the other corporation in relation to that recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.45, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.45, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.46 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and if the amount determined pursuant to section 1029.8.36.72.46 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied.”

(2) Subsection 1 has effect from 1 January 2000.

408. (1) Section 1129.45.3.28 of the said Act is replaced by the following section:

“1129.45.3.28. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.71 or 1029.8.36.72.72, on account of the corporation’s tax payable under Part I for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of the following amounts, except where section 1129.45.3.27 applies in relation to the salaries or wages for the taxation year or a preceding taxation year :

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.71, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(b) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.72, determined in respect of the corporation, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business for its taxation year in which the preceding calendar year ended, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salary or wages had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(c) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.73 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, the aggregate of all amounts each of which is the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation for a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.73 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.73 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(d) where, in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by the corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of

section 1029.8.36.72.71 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than a salary or wages paid in respect of the base period of the corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.71 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received by the corporation in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied;

(*e*) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.72 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in an eligible region, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.72 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied; and

(*f*) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.73 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding

calendar year and with which the corporation was associated at that time, other than a salary or wages paid in respect of the base period of the other corporation in relation to that recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.73 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and if the amount determined pursuant to section 1029.8.36.72.73 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this paragraph has applied.”

(2) Subsection 1 has effect from 1 January 2001.

409. (1) The said Act is amended by inserting the following after section 1129.45.3.30:

“PART III.10.1.8

**“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION
IN THE CARREFOURS DE L’INNOVATION**

“1129.45.3.31. In this Part,

“base period” has the meaning assigned by the first paragraph of section 1029.8.36.72.83 ;

“eligible site” has the meaning assigned by the first paragraph of section 1029.8.36.72.83 ;

“Minister” means the Minister of Revenue ;

“recognized business” has the meaning assigned by section 1029.8.36.72.83 ;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.83 ;

“taxation year” has the meaning assigned by Part I.

For the purposes of this Part, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“1129.45.3.32. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.84 or 1029.8.36.72.85, on account of its tax payable under Part I for any taxation year, shall pay for a particular taxation year a tax equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have so paid to the Minister, under section 1029.8.36.72.84 or 1029.8.36.72.85, in relation to the salaries or wages, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in relation to the salaries or wages for a taxation year preceding the particular year, if in the particular year, Investissement Québec revokes a qualification certificate issued to the corporation in relation to the recognized business for the purposes of Division II.6.6.7 of Chapter III.1 of Title III of Book IX of Part I.

“1129.45.3.33. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.84 or 1029.8.36.72.85, on account of the corporation’s tax payable under Part I for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of the following amounts, except where section 1129.45.3.32 applies in relation to the salaries or wages for the taxation year or a preceding taxation year :

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.84, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(b) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.85, determined in respect of the corporation, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business for its taxation year in which the preceding calendar year ended, the aggregate of all amounts each of which is the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salary or wages had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(c) where any other corporation pays, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salary or wages paid to an employee by the other corporation in respect of its base period, in relation to the recognized business, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.86 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, the aggregate of all amounts each of which is the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.85, taking into account the second paragraph of that section, in respect of the corporation for a calendar year preceding the particular calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.85, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.86 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.86 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. 100/40 of the aggregate of all amounts each of which is a tax paid by the corporation under this Part for a taxation year preceding the particular taxation year, in relation to a repayment of government assistance or non-government assistance that reduced the amount of such a salary or wages ;

(*d*) where, in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by the corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.84 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than a salary or wages paid in respect of the base period of the corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.84 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received by the corporation in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this subparagraph has applied ;

(*e*) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.85 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly,

refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.85 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this subparagraph has applied; and

(*f*) where, in the particular calendar year ending in the particular taxation year, an amount, in relation to a salary or wages paid to an employee by any other corporation, that is included in computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.86 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and with which the corporation was associated at that time, other than a salary or wages paid in respect of the base period of the other corporation in relation to the recognized business, is, directly or indirectly, refunded or otherwise paid to the other corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.85, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.85, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.86 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and if the amount determined pursuant to section 1029.8.36.72.86 had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salary or wages, to which this subparagraph has applied.

For the purposes of subparagraphs *d* to *f* of the first paragraph, where Investissement Québec revokes in the particular taxation year the qualification certificate issued, for the purposes of Division II.6.6.7 of Chapter III.1 of Title III of Book IX of Part I, to the corporation in relation to an eligible

employee for a period in a calendar year, the amount of the salary or wages paid by a corporation to that employee is deemed to be refunded to the corporation in the particular taxation year.

“1129.45.3.34. For the purposes of Part I, except Division II.6.6.7 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the salaries or wages pursuant to a legal obligation.

“1129.45.3.35. Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.72.89 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 1 January 2002.

410. Section 1129.45.4 of the said Act is amended by adding the following paragraph after the second paragraph:

“In every provision of this Part, a reference to Division II.6.7 of Chapter III.1 of Title III of Book IX of Part I, or to any section of that division, is a reference to that division or to that section, as the case may be, as it read for the taxation year concerned.”

411. (1) Section 1129.45.5 of the said Act is amended

(1) by replacing “paragraph *a* of section 1029.8.36.76” in the first paragraph by “subparagraph *a* of the first paragraph of section 1029.8.36.76”, wherever it appears in the following provisions:

- the portion of subparagraph *a* before subparagraph *i*;
- the portion of subparagraph *c* before subparagraph *ii*;

(2) by replacing “paragraph *a* of section 1029.8.36.76” and “paragraph *a* of that section 1029.8.36.76” in the portion of subparagraph *a* of the first paragraph before subparagraph *ii* by “subparagraph *a* of the first paragraph of section 1029.8.36.76”;

(3) by replacing “section 1029.8.36.78” in the second paragraph by “the first paragraph of section 1029.8.36.78”.

(2) Subsection 1 has effect from 1 January 2001.

412. (1) The heading of Part III.10.8 of the said Act is replaced by the following heading:

“SPECIAL TAX RELATING TO FINANCIAL ANALYSTS SPECIALIZED IN SECURITIES OF QUÉBEC CORPORATIONS OR IN FINANCIAL DERIVATIVES”.

(2) Subsection 1 has effect from 10 April 2001.

413. (1) The said Act is amended by inserting the following after section 1129.45.41 :

“PART III.10.9.1

“SPECIAL TAX RELATING TO THE CREDITS TO FOSTER THE PARTICIPATION OF SECURITIES DEALERS ON THE NASDAQ STOCK EXCHANGE

“1129.45.41.1. In this Part,

“expenditure in respect of administrative costs” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.166.1 ;

“expenditure in respect of labour recruitment and training” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.166.1 ;

“expenditure in respect of technological equipment” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.166.1 ;

“expenditure in respect of the eligible transaction management system” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.166.1 ;

“Minister” means the Minister of Revenue ;

“taxation year” has the meaning assigned by Part I.

“1129.45.41.2. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.9, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to expenses or professional fees that were included in computing the expenditure in respect of administrative costs of the corporation for a taxation year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.9 or 1029.8.36.166.26, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of those sections, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the expenses or professional fees that were included in computing the expenditure in respect of administrative costs of the corporation for a taxation year, were refunded, paid or allocated in the taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.

However, no tax is payable under this section if section 1129.45.41.6 applies, for the repayment year or a preceding taxation year, in respect of the expenditure in respect of administrative costs of the corporation for a taxation year.

“1129.45.41.3. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.12, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to expenses that were included in computing the expenditure in respect of technological equipment of the corporation for a taxation year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.12 or 1029.8.36.166.27, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of those sections, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the expenses that were included in computing the expenditure in respect of technological equipment of the corporation for a taxation year, were refunded, paid or allocated in the taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.

However, no tax is payable under this section if section 1129.45.41.7 applies, for the repayment year or a preceding taxation year, in respect of the expenditure in respect of technological equipment of the corporation for a taxation year.

“1129.45.41.4. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.15, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to expenses that were included in computing the expenditure in respect of labour recruitment and training of the corporation for a taxation year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.15 or 1029.8.36.166.28, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of those sections, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the expenses that were included in computing the expenditure in respect of labour recruitment and training of the corporation for a taxation year, were refunded, paid or allocated in the taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.

However, no tax is payable under this section if section 1129.45.41.8 applies, for the repayment year or a preceding taxation year, in respect of the expenditure in respect of labour recruitment and training of the corporation for a taxation year.

“1129.45.41.5. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.18, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to expenses or a royalty that were included in computing the expenditure in respect of the eligible transaction management system of the corporation for a taxation year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.18 or 1029.8.36.166.29, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of those sections, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the expenses or a royalty that were

included in computing the expenditure in respect of the eligible transaction management system of the corporation for a taxation year, were refunded, paid or allocated in the taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.

However, no tax is payable under this section if section 1129.45.41.9 applies, for the repayment year or a preceding taxation year, in respect of the expenditure in respect of the eligible transaction management system of the corporation for a taxation year.

“1129.45.41.6. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.9, on account of its tax payable for a particular taxation year under Part I, in relation to its expenditure in respect of administrative costs for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “revocation year”, in which the Minister of Finance revokes the qualification certificate referred to in the definition of “qualified corporation” in section 1029.8.36.166.1 that was issued to the corporation for the particular year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister, under section 1029.8.36.166.9 or 1029.8.36.166.26, in relation to the expenditure in respect of administrative costs, exceeds the aggregate of all amounts each of which is a tax the corporation is required to pay to the Minister under section 1129.45.41.2, for a taxation year preceding the revocation year, in relation to the expenditure in respect of administrative costs.

“1129.45.41.7. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.12, on account of its tax payable for a particular taxation year under Part I, in relation to its expenditure in respect of technological equipment for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “revocation year”, in which the Minister of Finance revokes the qualification certificate referred to in the definition of “qualified corporation” in section 1029.8.36.166.1 that was issued to the corporation for the particular year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister, under section 1029.8.36.166.12 or 1029.8.36.166.27, in relation to the expenditure in respect of technological equipment, exceeds the aggregate of all amounts each of which is a tax the corporation is required to pay to the Minister under section 1129.45.41.3, for a taxation year preceding the revocation year, in relation to the expenditure in respect of technological equipment.

“1129.45.41.8. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.15, on account of its tax payable for a particular taxation year under Part I, in relation to its expenditure in respect of labour recruitment and training for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “revocation year”, in which the Minister of Finance revokes the qualification certificate referred to in the definition of “qualified corporation” in section 1029.8.36.166.1 that was issued to the corporation for the particular year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister, under section 1029.8.36.166.15 or 1029.8.36.166.28, in relation to the expenditure in respect of labour recruitment and training, exceeds the aggregate of all amounts each of which is a tax the corporation is required to pay to the Minister under section 1129.45.41.4, for a taxation year preceding the revocation year, in relation to the expenditure in respect of labour recruitment and training.

“1129.45.41.9. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.18, on account of its tax payable for a particular taxation year under Part I, in relation to its expenditure in respect of the eligible transaction management system for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “revocation year”, in which the Minister of Finance revokes the qualification certificate referred to in the definition of “qualified corporation” in section 1029.8.36.166.1 or the certificate referred to in the definition of “eligible transaction management system” in that section that was issued to the corporation for the particular year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister, under section 1029.8.36.166.18 or 1029.8.36.166.29, in relation to the expenditure in respect of the eligible transaction management system, exceeds the aggregate of all amounts each of which is a tax the corporation is required to pay to the Minister under section 1129.45.41.5, for a taxation year preceding the revocation year, in relation to the expenditure in respect of the eligible transaction management system.

“1129.45.41.10. For the purposes of Part I, except Division II.6.14.1 of Chapter III.1 of Title III of Book IX, the tax paid, at any time, by a corporation to the Minister under this Part in relation to its expenditure in respect of administrative costs, its expenditure in respect of technological equipment, its expenditure in respect of labour recruitment and training or its expenditure in respect of the eligible transaction management system, is deemed to be an amount of assistance repaid by the corporation at that time pursuant to a legal obligation.

“1129.45.41.11. Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, except where it enacts the definition of “expenditure in respect of the eligible transaction management system” in section 1129.45.41.1, section 1129.45.41.5 and section 1129.45.41.9 of the said Act, has effect from 26 April 2000. However, where section 1129.45.41.10 of the said Act applies before 1 November 2001, the reference therein to “, its expenditure in respect of labour recruitment and training or its expenditure in respect of the eligible transaction management system” shall be read as a reference to “or its expenditure in respect of labour recruitment and training”.

(3) Subsection 1, where it enacts the definition of “expenditure in respect of the eligible transaction management system” in section 1129.45.41.1, section 1129.45.41.5 and section 1129.45.41.9 of the said Act, has effect from 1 November 2001.

414. (1) Section 1129.52 of the said Act is amended, in the second paragraph,

(1) by replacing “669.1” and “689” by “668.5” and “688.2”, respectively ;

(2) by adding “and without reference to the portion of the income that may reasonably be considered to be the share of a person exempt from tax under Part I” at the end.

(2) Paragraph 1 of subsection 1, where it replaces “669.1” in the second paragraph of section 1129.52 of the said Act by “668.5”, applies to taxation years that end after 27 February 2000, and where it replaces “689” in that paragraph by “688.2”, applies in respect of distributions made after 31 December 1999.

(3) Paragraph 2 of subsection 1 is declaratory.

415. The heading of Book I of Part IV of the said Act is replaced by the following heading :

“INTERPRETATION”.

416. (1) Section 1130 of the said Act is amended

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

““eligible activities” means eligible activities within the meaning assigned by section 737.18.6 or the first paragraph of section 737.18.14 or 737.18.29, as the case may be;”;

(2) by replacing the definition of “recognized business” by the following definition :

““recognized business” means a recognized business within the meaning assigned by the first paragraph of any of sections 737.18.14, 737.18.29 and 1029.8.36.0.38 or section 1029.8.36.0.38.1, as the case may be;”;

(3) by replacing “validation certificate” in the definition of “eligible vessel” by “qualification certificate”;

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

““exemption period” means an exemption period within the meaning assigned by the first paragraph of section 737.18.29;”.

(2) Paragraphs 1, 2 and 4 of subsection 1 apply to taxation years that end after 30 September 2000.

417. (1) The said Act is amended by inserting the following section after section 1130 :

“**1130.1.** For the purposes of this Part, a corporation is associated with another corporation where it is associated, within the meaning of sections 21.20 to 21.25 and 781.1, with the other corporation.”

(2) Subsection 1 applies from the taxation year 2003.

418. (1) Section 1132 of the said Act is amended

(1) by replacing “1.28%” in paragraph *a* by “1.2%”;

(2) by striking out paragraph *b*;

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

“(c) in the case of any other corporation, except a corporation that is an insurer within the meaning assigned by the Act respecting insurance (chapter A-32), a cooperative, or a mining corporation that has not reached the production stage, to 0.6% of its paid-up capital.”

(2) Subsection 1 applies from the taxation year 2003. However,

(1) where paragraph *a* of section 1132 of the said Act applies to taxation years that end after 31 December 2002 and include that date, the percentage of 1.2% therein shall be read as the total of

(a) the proportion of 1.28% that the number of days in the taxation year before 1 January 2003 is of the number of days in the taxation year, and

(b) the proportion of 1.2% that the number of days in the taxation year after 31 December 2002 is of the number of days in the taxation year; and

(2) where paragraph *c* of section 1132 of the said Act applies to taxation years that end after 31 December 2002 and include that date, the percentage of 0.6% therein shall be read as the total of

(a) the proportion of 0.64% that the number of days in the taxation year before 1 January 2003 is of the number of days in the taxation year, and

(b) the proportion of 0.6% that the number of days in the taxation year after 31 December 2002 is of the number of days in the taxation year.

419. (1) Section 1135 of the said Act is amended

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

“*iii.* the exemption period applicable to the corporation in respect of those eligible activities;”;

(2) by adding the following paragraph:

“However, the first paragraph applies to a corporation only if the corporation is referred to in paragraph *a* of section 1132 or prescribed for the purposes of subparagraph *a* of the first paragraph of section 1143.”

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 30 September 2000.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2003.

420. (1) Section 1136 of the said Act is amended by inserting “and no reference were made to paragraph *b.1.2* of section 1137” after “if that partnership or joint venture were a corporation” in the first paragraph of subsection 3.

(2) Subsection 1 applies from the taxation year 2003.

421. (1) Section 1137 of the said Act is amended

(1) by inserting the following paragraph after paragraph *b.1.1*:

“(*b.1.2*) the amount determined for the taxation year under section 1137.0.0.2, unless the corporation is for that year a prescribed corporation for the purposes of subparagraph *a* of the first paragraph of section 1143;”;

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

“(*b.2*) where it holds, at the end of the taxation year, in respect of an eligible vessel, a valid certificate issued by the Minister of Economic and Regional Development, where the taxation year is included in its deduction period, where the certificate attests that the eligible vessel is a vessel with a gross tonnage of at least 50 tons and where it encloses with the fiscal return it is required to file for the year under section 1000, by reason of section 1145, a copy of that certificate, the aggregate of”;

(3) by replacing “100 tons” and “Minister of Industry and Trade” in the portion of paragraph *b.2.1* before subparagraph *i* by “50 tons” and “Minister of Economic and Regional Development”, respectively.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2003.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of expenses incurred after 20 December 2001. However, where the portion of paragraph *b.2* of section 1137 of the said Act before subparagraph *i* and the portion of paragraph *b.2.1* of that section before subparagraph *i* apply before 29 April 2003, the reference therein to “Minister of Economic and Regional Development” shall be read as a reference to “Minister of Industry and Trade”.

422. (1) The said Act is amended by inserting the following section after section 1137.0.0.1:

“**1137.0.0.2.** The amount referred to in paragraph *b.1.2* of section 1137 for a taxation year in respect of a corporation is equal to the amount determined by the formula

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

In the formula provided for in the first paragraph,

(*a*) A is

i. where, in the taxation year, the corporation is not associated with any corporation other than a corporation referred to in the second paragraph of section 1135, 1,

ii. where, in the taxation year, the corporation is associated with one or more corporations other than a corporation referred to in the second paragraph of section 1135, all the corporations that are associated with each other during the year have filed with the Minister an agreement in prescribed form whereby they attribute a deduction percentage to one or more of them for the year for the purposes of this section, and the deduction percentage or the total of deduction percentages so attributed, as the case may be, does not exceed

100%, the deduction percentage so attributed to the corporation for the year or, in the absence of such an attribution in its respect, zero, and

iii. in any other case, zero ;

(b) B is

i. where the taxation year is a 2003 taxation year that includes 31 December 2002, the proportion of \$250,000 that the number of days in the taxation year after that date is of the number of days in the taxation year,

ii. where the taxation year is a 2003 taxation year that does not include 31 December 2002, \$250,000,

iii. where the taxation year is a 2004 taxation year that includes 31 December 2003, the total of

(1) the proportion of \$250,000 that the number of days in the taxation year before 1 January 2004 is of the number of days in the taxation year, and

(2) the proportion of \$600,000 that the number of days in the taxation year after 31 December 2003 is of the number of days in the taxation year, and

iv. in any other case, \$600,000 ; and

(c) C is the proportion, expressed as a percentage not exceeding 100%, that the amount by which the paid-up capital attributed to the corporation for the taxation year exceeds the amount determined under subparagraph *b* in respect of the corporation for the taxation year is of three times that amount determined under subparagraph *b*.

For the purposes of subparagraph *c* of the second paragraph, the paid-up capital attributed to the corporation for a taxation year is equal to the aggregate of all amounts each of which is

(a) the paid-up capital of the corporation for the preceding taxation year, or, if the taxation year is the first fiscal period of the corporation, its paid-up capital determined without reference to paragraph *b.1.2* of section 1137 on the basis of its financial statements at the beginning of that fiscal period ; or

(b) where, in the taxation year, the corporation is associated with another corporation, the paid-up capital of that other corporation for its last taxation year that ended before the beginning of the taxation year of the corporation, or, if that other corporation has no such taxation year, its paid-up capital determined without reference to paragraph *b.1.2* of section 1137 on the basis of its financial statements at the beginning of its first fiscal period.

For the purposes of subparagraph *b* of the third paragraph, where the other corporation referred to in that subparagraph is an insurer, within the meaning of the Act respecting insurance (chapter A-32), other than a corporation

referred to in paragraph *a* of section 1132, its paid-up capital shall be established in accordance with Title II as if it were a bank and paragraph *a* of section 1140 were replaced by paragraph *a* of subsection 1 of section 1136.”

(2) Subsection 1 applies from the taxation year 2003.

423. Section 1137.2 of the said Act is amended

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

“**1137.2.** A corporation may deduct, under paragraph *b.3* of section 1137, an amount in computing its paid-up capital for a taxation year, in respect of property referred to in that paragraph *b.3* that is described in subparagraph *c* of the first paragraph of section 1137.5 and that is acquired by the corporation for the carrying on of an activity described in subparagraph *d* of the second paragraph of that section, only if the corporation holds at the end of the year, in respect of that activity, a qualification certificate issued by Tourisme Québec certifying that the recreational facilities it operates are conducive to promoting tourism in Québec and if it encloses a copy of the qualification certificate with the fiscal return it is required to file for the year under section 1000, because of section 1145.”;

(2) by replacing subparagraph *a* of the second paragraph and the portion of subparagraph *b* of that paragraph before subparagraph *i* by the following :

“(a) a corporation may deduct, under that paragraph *b.4*, an amount in computing its paid-up capital for a taxation year, in respect of property referred to in that paragraph *b.4* that is described in subparagraph *c* of the first paragraph of section 1137.5 and that was acquired by the transferor referred to in that paragraph *b.4* for the carrying on of an activity described in subparagraph *d* of the second paragraph of section 1137.5, only if the corporation encloses a copy of the qualification certificate issued by Tourisme Québec to the transferor in respect of that activity with the fiscal return it is required to file for the year under section 1000, because of section 1145 ; and

“(b) a corporation may deduct an amount, under that paragraph *b.4*, in respect of property referred to in that paragraph, in computing its paid-up capital for a particular taxation year only if the particular year is”.

424. Section 1137.4 of the said Act is amended by replacing “validation certificate” in subparagraph *a* of the first paragraph by “qualification certificate”.

425. Section 1137.5 of the said Act is amended by replacing “validation certificate” in the portion of subparagraph *d* of the second paragraph before subparagraph *i* by “qualification certificate”.

426. (1) Section 1138 of the said Act is amended by striking out paragraph *b* of subsection 2.1.0.2.

(2) Subsection 1 applies from the taxation year 2003.

427. (1) Section 1138.1 of the said Act is amended

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

“However, where the corporation is associated in a taxation year with one or several other corporations referred to in the first paragraph, the amount it may deduct for the year under this section is nil unless all the corporations associated with each other during the year have filed with the Minister an agreement in prescribed form whereby they attribute an amount to one or more of them for the year for the purposes of this section, and the amount or the total of the amounts attributed, as the case may be, does not exceed \$400,000, in which case the amount that any of the corporations may deduct for the year under this section is the amount so attributed to it.”;

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

“Where two corporations are deemed, under section 21.21, to be associated with each other at any time by reason that they are associated, or deemed to be associated under that section, at that time with the same corporation, in this paragraph referred to as the “third corporation”, the following rules apply if the third corporation so elects in prescribed form for its taxation year that includes that time :

(a) for the purpose of determining whether, for the purposes of this section, the two corporations are deemed to be associated with each other under section 21.21, the third corporation is deemed not to be associated with either of those two corporations in that taxation year ; and

(b) the amount that the third corporation may deduct for that taxation year under this section is nil.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2003.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2001. However, for the taxation year 2001, an election may be made under the third paragraph of section 1138.1 of the said Act only if the taxation year 2001 of at least one of the corporations contemplated by the election ends after 1 November 2001.

428. (1) Section 1138.2 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2003.

429. (1) The said Act is amended by inserting the following section after section 1138.2.3 :

“1138.2.4. A corporation that is a qualified corporation for a taxation year, for the purposes of Title VII.2.6 of Book IV of Part I, may deduct from its paid-up capital otherwise determined for the year under this Title, the aggregate of all amounts each of which is, in relation to a recognized business of the corporation, the proportion of the amount that would be the corporation’s paid-up capital otherwise determined for the year under this Title if such capital were established on the sole basis of the financial statements referred to in subparagraph *b* of the second paragraph in relation to the recognized business, that the number of days in the year that are in the exemption period applicable to the corporation is of the number of days in the year.

However, a deduction is allowed under the first paragraph for a taxation year in respect of a recognized business of the corporation only if the corporation encloses, with the fiscal return it is required to file under section 1000 for the year, the following documents :

- (a) the prescribed form containing the prescribed information ; and
- (b) the financial statements of the corporation prepared in accordance with generally accepted accounting principles but pertaining only to the eligible activities of the corporation’s recognized business.

The amounts reported in the financial statements of the corporation, referred to in subparagraph *b* of the second paragraph, must be the same as the amounts that, in respect of eligible activities referred to in that subparagraph, were taken into account in determining the amounts reported in the financial statements of the corporation, otherwise prepared under this Part.”

(2) Subsection 1 applies to taxation years that end after 30 September 2000.

430. (1) Section 1141.2.1 of the said Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph :

“(a) A is the total of all amounts each of which is the value, at the end of the taxation year, of the asset of the corporation that is

- i. a share of the capital stock or the long-term debt of another corporation referred to in this Title to which the corporation is related, or
- ii. a subordinated loan or another debt, whose repayment is subject to the prior approval of an agency empowered to regulate trading in securities, of another corporation that is a corporation trading in securities to which the corporation is related;”.

(2) Subsection 1 applies to taxation years that end after 5 July 2001.

431. (1) Section 1141.6 of the said Act is amended by striking out “, within the meaning of Chapter IX of Title II of Book I of Part I,”.

(2) Subsection 1 applies from the taxation year 2003.

432. (1) Section 1141.7 of the said Act is amended by striking out “, within the meaning of Chapter IX of Title II of Book I of Part I,”.

(2) Subsection 1 applies from the taxation year 2003.

433. Section 1175.21 of the said Act is amended by replacing “validation certificate” in subparagraph ii of subparagraph *a* of the first paragraph by “qualification certificate”.

434. Section 1186.8 of the said Act is amended by inserting “sections 1027.1 to 1027.3,” after “the first paragraph of section 1027,”.

ACT RESPECTING THE MINISTÈRE DU REVENU

435. (1) Section 1.2.1 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) in the case of a corporation referred to in paragraph *a* or *c* of section 1132 of the Taxation Act (chapter I-3) or a mining corporation that has not reached the production stage, a corporation whose paid-up capital established in accordance with Book III of Part IV of the Taxation Act for the particular taxation year is at least \$10,000,000;”.

(2) Subsection 1 applies from the taxation year 2003.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

436. (1) Section 33 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5), amended by section 304 of chapter 2 of the statutes of 2003, is again amended, in the first paragraph,

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

““taxation year” means a taxation year within the meaning of Part I of the Taxation Act;”;

(2) by striking out “(chapitre I-3)” in the French text of the definition of “employé”;

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

““base period” has the meaning assigned by section 737.18.6 of the Taxation Act;”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 30 March 2001.

(3) Paragraph 3 of subsection 1 has effect from 1 November 2001.

437. (1) Section 33.0.1 of the said Act is repealed.

(2) Subsection 1 has effect from 30 March 2001.

438. (1) Section 34 of the said Act is amended

(1) by replacing subparagraphs *b* and *c* of the seventh paragraph by the following subparagraphs :

“(b) the employer carries on a recognized business, within the meaning of section 1029.8.36.0.38 of the Taxation Act, at the time of payment or deemed payment, comprised in the base period in relation to the recognized business, of the wages or amount to one of the employees and, for the pay period comprised in the base period in respect of which the wages or amount relate, the employee spends 75% or more of working time performing duties within the international trade zone, within the meaning of that section, in the course of the recognized business ;

“(c) the employer carries on a business that is referred to in section 1029.8.36.0.38.1 of the Taxation Act, at the time of payment or deemed payment, comprised in the base period in relation to the business, of the wages or amount to one of the employees and, for the pay period comprised in the base period in respect of which the wages or amount relate, the employee spends 75% or more of working time performing duties relating to the business activities that, because of section 1029.8.36.0.38.2 of that Act, are deemed to be carried on within the international trade zone ;” ;

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

“(e) the wages or amount are paid or deemed to be paid to an employee of the employer that is a qualified corporation, within the meaning of section 737.18.29 of the Taxation Act, in relation to the recognized business that the employer carries on, for a pay period comprised in the exemption period, within the meaning of section 737.18.29, applicable to that qualified corporation, and the employer encloses the prescribed form containing the prescribed information with the information return referred to in section 3 of the Regulation respecting contributions to the Québec Health Insurance Plan that the employer is required to file for the year.” ;

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

“For the purposes of subparagraphs *b* and *c* of the seventh paragraph, where a pay period is not wholly comprised in the base period in relation to the employer’s recognized business or, where applicable, in relation to the employer’s business referred to in section 1029.8.36.0.38.1 of the Taxation Act, only the period in respect of which the wages or amount relate that is comprised in the base period shall be taken into account.” ;

(4) by replacing “sixth” in the ninth paragraph by “seventh”;

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

“For the purposes of subparagraph *e* of the seventh paragraph, where the pay period is not wholly comprised in the exemption period referred to in that subparagraph, only the period in respect of which the wages or amount relate that is comprised in that exemption period shall be taken into account.”

(2) Paragraph 1 of subsection 1 has effect from 1 November 2001.

(3) Paragraphs 2 and 5 of subsection 1 have effect from 2 October 2000.

(4) Paragraphs 3 and 4 of subsection 1 have effect from 30 March 2001. However, where the eighth paragraph of section 34 of the said Act applies after 29 March 2001 and before 1 November 2001, it shall be read as follows:

“For the purposes of subparagraphs *b* and *c* of the seventh paragraph, where a pay period is not wholly comprised in the period covered by the certificate in relation to the employer’s recognized business or, where applicable, in relation to the employer’s business referred to in section 1029.8.36.0.38.1 of the Taxation Act, only the period in respect of which the wages or amount relate that is comprised in the period covered by the certificate shall be taken into account.”

439. (1) Section 34.0.0.0.4 of the said Act is repealed.

(2) Subsection 1 applies from the year 2002.

440. (1) The said Act is amended by inserting the following after section 34.1.8:

“§3.1. — *Corporation established in E-Commerce Place*

“34.1.9. An employer who, for a taxation year, is a corporation referred to in the first paragraph of section 1029.8.36.0.3.48 or 1029.8.36.0.3.57 of the Taxation Act (chapter I-3), and who, for that taxation year, elects under the fourth paragraph of section 1029.8.36.0.3.48 or under the second paragraph of section 1029.8.36.0.3.57, is deemed, on the date on which the employer files the election with the Minister of Revenue in prescribed form containing the prescribed information referred to in subparagraph *a* of the third paragraph of section 1029.8.36.0.3.48 or in the first paragraph of section 1029.8.36.0.3.57, to have made an overpayment to the Minister of Revenue, for the purposes of this division.

The amount of the overpayment referred to in the first paragraph is equal to the aggregate of all amounts each of which is an amount that the employer would be deemed to have paid to the Minister of Revenue for the taxation year under section 1029.8.36.0.3.48, if it were read without reference to the fourth

and fifth paragraphs thereof, or under section 1029.8.36.0.3.57, if it were read without reference to the second and third paragraphs thereof.

The Minister of Revenue shall refund to the employer who files the election referred to in the first paragraph with the Minister of Revenue the amount determined under the second paragraph as an overpayment.

“34.1.10. The Minister of Revenue shall, with dispatch, examine the prescribed form containing the prescribed information that is filed with the Minister of Revenue by an employer in accordance with the first paragraph of section 34.1.9, determine the amount of the deemed overpayment that the Minister of Revenue must refund to the employer and send a notice of determination to the employer.

Paragraph *f* of section 312 of the Taxation Act (chapter I-3), paragraph *e* of section 336 of that Act, the provisions of Book IX of Part I of that Act and Chapters III.1 and III.2 of the Act respecting the Ministère du Revenu (chapter M-31), as they relate to an assessment or a reassessment and to a determination or redetermination of tax, apply, with the necessary modifications, to a determination or redetermination of the amount of the overpayment referred to in the first paragraph.

“34.1.11. The sums necessary for the refund of an overpayment referred to in section 34.1.9 shall be taken out of the tax revenues collected under the Taxation Act (chapter I-3).”

(2) Subsection 1 has effect from 20 March 2002.

441. (1) Section 34.2 of the said Act is replaced by the following section :

“34.2. Where an amount, other than an amount relating to the contribution referred to in subdivision 3 or an amount relating to an overpayment referred to in subdivision 3.1, is refunded or applied to another liability, interest shall be paid on such amount at the rate provided for in the second paragraph of section 28 of the Act respecting the Ministère du Revenu (chapter M-31) and for the period determined in accordance with section 30 of that Act.”

(2) Subsection 1 has effect from 20 March 2002.

442. (1) Section 37.1 of the said Act is amended

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

““eligible spouse” of an individual for a year means the person who is the individual’s eligible spouse for the year for the purposes of Title IX of Book V of Part I of the Taxation Act;”;

(2) by striking out “(chapitre I-3)” in the French text of the definition of “enfant à charge”;

(3) by replacing the definition of “family income” by the following definition:

““family income” of an individual for a year means the amount by which the aggregate of the income of the individual for the year, determined under Part I of the Taxation Act, and the income, for the year, of the individual’s eligible spouse for the year, determined under that Part I, exceeds the aggregate determined in accordance with section 37.4 in respect of the individual for the year;”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the year 2003.

(3) Paragraph 3 of subsection 1 applies from the year 2002. However, where the definition of “family income” in section 37.1 of the said Act applies to the year 2002, it shall be read as follows:

““family income” of an individual for a year means the amount by which the aggregate of the following amounts exceeds the aggregate determined in accordance with section 37.4 in respect of the individual for the year:

(a) the income of the individual for the year, computed with reference to the rules in Title II of Book V.2.1 of Part I of the Taxation Act; and

(b) the income, for the year, of the individual’s eligible spouse for the year, computed with reference to the rules in Title II of Book V.2.1 of Part I of that Act;”.

443. (1) Sections 37.2 and 37.2.1 of the said Act are repealed.

(2) Subsection 1 applies from the year 2003.

444. (1) Section 37.2.2 of the said Act is replaced by the following section:

“37.2.2. For the purposes of the definition of “family income” in section 37.1, where an individual was not, for the purposes of the Taxation Act (chapter I-3), resident in Canada throughout a year, the individual’s income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under Part I of that Act if the individual had, for the purposes of that Act, been resident in Québec and in Canada throughout the year or, where the individual died in the year, throughout the period of the year preceding the time of death.”

(2) Subsection 1 applies from the year 2003.

445. (1) Section 37.4 of the said Act is replaced by the following section:

“37.4. The aggregate referred to in the definition of “family income” in section 37.1 in respect of an individual referred to in section 37.6 for a year is the aggregate of

- (a) an amount equal to
 - i. \$11,680 where, for the year, the individual has no eligible spouse and no dependent child,
 - ii. \$18,940 where, for the year, the individual has no eligible spouse but has one dependent child,
 - iii. \$21,610 where, for the year, the individual has no eligible spouse but has more than one dependent child,
 - iv. \$18,940 where, for the year, the individual has an eligible spouse but has no dependent child, and
 - v. where, for the year, the individual has an eligible spouse and at least one dependent child,
 - (1) \$21,610 where the individual has one dependent child for the year, or
 - (2) \$24,075 where the individual has more than one dependent child for the year; and

(b) where the individual so elects for the year, the portion relating to one or more preceding years of the amount described in the second paragraph that the individual includes in computing the family income for the year.

The amount to which subparagraph *b* of the first paragraph refers is an amount received in the year by the individual or the individual’s eligible spouse as, or in lieu of, full or partial payment of a pension, supplement or allowance received under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9).”

(2) Subsection 1 applies from the year 2002. In addition, where they apply to the year 2001,

(1) paragraphs *a* to *c.1* of section 37.4 of the said Act shall be read as follows:

“(a) \$11,460 where, for the year, the individual has no eligible spouse and no dependent child;

“(b) \$18,570 where, for the year, the individual has no eligible spouse but has one dependent child;

“(c) \$21,170 where, for the year, the individual has no eligible spouse but has more than one dependent child;

“(c.1) \$18,570 where, for the year, the individual has an eligible spouse but has no dependent child; and” ; and

(2) subparagraphs i and ii of paragraph *d* of section 37.4 of the said Act shall be read as follows :

“i. \$21,170 where the individual has one dependent child for the year, or

“ii. \$23,570 where the individual has more than one dependent child for the year.”

446. (1) The said Act is amended by inserting the following section after section 37.8 :

“37.8.1. Where, because of subparagraph *b* of the first paragraph of section 37.4, an individual deducts a particular amount in computing the individual’s family income for a year, the individual shall add to the amount otherwise payable by the individual under section 37.6 for the year the aggregate of all amounts each of which is the amount by which the amount that the individual would have had to pay under section 37.6 for a preceding year to which the particular amount relates, if the portion of the particular amount that relates to that preceding year had been included in computing the individual’s family income for that preceding year, exceeds the amount described in the second paragraph.

The amount to which the first paragraph refers is the amount payable by the individual under section 37.6 for the preceding year referred to in that first paragraph.”

(2) Subsection 1 applies from the year 2002.

(3) Notwithstanding sections 1010 to 1011 of the Taxation Act (R.S.Q., chapter I-3), the Minister of Revenue shall, for a year preceding the year 2002, make such assessments or reassessments of the amount payable by an individual under Division I.1 of the Act respecting the Régie de l’assurance maladie du Québec (R.S.Q., chapter R-5) and of the interest and penalties payable by the individual under that division as are necessary to give effect to the election made by the individual under subparagraph *b* of the first paragraph of section 37.4 of that Act, enacted by subsection 1 of section 445. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with the necessary modifications, to such assessments.

ACT RESPECTING THE QUÉBEC PENSION PLAN

447. (1) Section 74 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is replaced by the following section :

“74. Where no return of the self-employed earnings of a worker for a year has been filed before the end of four years from the date on or before

which the worker is required to file such a return for the year, the amount of the contribution to be made by that worker for that year in respect of such earnings shall be deemed to be equal to zero, unless before the end of those four years the Minister determines the amount of the contribution payable by the worker.”

(2) Subsection 1 applies from the year 1995.

ACT RESPECTING PROPERTY TAX REFUND

448. (1) Section 1 of the Act respecting property tax refund (R.S.Q., chapter R-20.1) is amended

(1) by replacing paragraph *a.1* by the following paragraph :

“(a.1) “eligible spouse” of a person for a year means the person who is the person’s eligible spouse for the year for the purposes of Title IX of Book V of Part I of the Taxation Act (chapter I-3);”;

(2) by striking out “(chapter I-3)” in subparagraph iii of paragraph *c*;

(3) by replacing paragraph *f* by the following paragraph :

“(f) “family income” of a person for a year means the amount by which the aggregate of the income of the person for the year, determined under Part I of the Taxation Act, and the income, for the year, of the person’s eligible spouse for the year, determined under that Part I, exceeds \$26,000.”

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2003 and subsequent years.

449. (1) Sections 1.0.1 and 1.1 of the said Act are repealed.

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2003 and subsequent years.

450. (1) Section 1.1.1 of the said Act is replaced by the following section :

“**1.1.1.** For the purposes of paragraph *f* of section 1, where a person was not, for the purposes of the Taxation Act (chapter I-3), resident in Canada throughout a year, the person’s income for the year, determined under Part I of that Act, is deemed to be equal to the income that would be determined in respect of the person for the year under that Part if the person had, for the purposes of that Act, been resident in Québec and in Canada throughout the year.”

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2003 and subsequent years.

ACT RESPECTING INCOME SUPPORT, EMPLOYMENT ASSISTANCE
AND SOCIAL SOLIDARITY

451. (1) Section 79.3 of the Act respecting income support, employment assistance and social solidarity (R.S.Q., chapter S-32.001) is amended

(1) by striking out “with reference to the rules in Title II of Book V.2.1 of Part I of that Act” in the portion before paragraph 1;

(2) by replacing “the family’s total income, within the meaning of section 79.3 of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001)” in the first paragraph of the text of section 336.0.4 of the Taxation Act (R.S.Q., chapter I-3) enacted by subparagraph *b* of paragraph 5 by “the total net income of the taxpayer’s family”;

(3) by replacing “subparagraph 1 of the first paragraph of section 79.4 of the Act respecting income support, employment assistance and social solidarity” in subparagraph *b* of the second paragraph of the text of section 336.0.4 of the Taxation Act enacted by subparagraph *b* of paragraph 5 by “paragraph 1 of section 79.4 of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001)”;

(4) by adding the following paragraph after the second paragraph of the text of section 336.0.4 of the Taxation Act enacted by subparagraph *b* of paragraph 5:

“For the purposes of the first paragraph, the total net income of a taxpayer’s family for a taxation year means,

(a) where the taxation year is prior to the taxation year 2002, the total income of the family within the meaning of the third paragraph of section 79 of the Act respecting income support, employment assistance and social solidarity, as it read before being struck out; and

(b) in any other case, the total net income of the family within the meaning of section 79.3 of the Act respecting income support, employment assistance and social solidarity, as it reads for that taxation year.”;

(2) Paragraph 1 of subsection 1 applies from the year 2003.

(3) Paragraphs 2 to 4 of subsection 1 have effect from 1 January 2002.

452. (1) Section 79.4 of the said Act is amended

(1) by striking out “, with reference to the rules in Title II of Book V.2.1 of Part I of that Act,” in the portion before paragraph 1;

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

“(3) sections 336.0.3 and 336.0.4 of that Act did not apply.”

(2) Paragraph 1 of subsection 1 applies from the year 2003.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2002. However, where paragraph 3 of section 79.4 of the said Act applies to the year 2002, it shall be read as follows :

“(3) the rules in that Title II did not allow an amount to be deducted under section 336.0.4 of that Act.”

453. (1) The said Act is amended by inserting the following section after section 79.4 :

“**79.4.1.** For the purposes of section 79.3, where a person who is an adult was not, for the purposes of the Taxation Act (chapter I-3), resident in Canada throughout a year, the person’s income for the year is deemed to be equal to the income that would be determined in respect of the person for the year under Part I of that Act, with reference to the rules in section 79.4, if the person had, for the purposes of that Act, been resident in Québec and in Canada throughout the year or, where the person died in the year, throughout the period of the year preceding the time of death.”

(2) Subsection 1 applies from the year 2003.

454. (1) Section 79.5 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 applies from the year 2003.

455. (1) Section 158 of the said Act is amended, in the first paragraph,

(1) by striking out “the first paragraph of” in subparagraph 9 ;

(2) by striking out subparagraph 9.1.

(2) Subsection 1 applies from the year 2003.

ACT RESPECTING THE QUÉBEC SALES TAX

456. (1) Section 54.2 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by replacing paragraph 3 by the following paragraph :

“(3) to any supply of a trade-in that is a zero-rated supply, other than a zero-rated supply under section 197.2 made by a small supplier who is not a registrant or by a large business that is not entitled to claim an input tax refund in respect of the trade-in as a consequence of being a large business, a supply made outside Québec or a supply in respect of which no tax is payable because of paragraph 1 of section 75.1 or section 334.”

(2) Subsection 1 applies in respect of supplies all or part of the consideration of which becomes due after 30 April 1999 and is not paid before 1 May 1999. However,

(1) it does not apply in respect of any part of the consideration that becomes due or is paid before 1 May 1999; and

(2) where paragraph 3 of section 54.2 of the said Act applies in respect of supplies of trade-ins made before 21 December 2001, it shall be read without reference to “or by a large business that is not entitled to claim an input tax refund in respect of the trade-in as a consequence of being a large business”.

457. (1) Section 541.23 of the said Act is amended

(1) by replacing the definition of “sleeping-accommodation establishment” by the following definition:

““sleeping-accommodation establishment” means

(1) a tourist accommodation establishment within the meaning of the Regulation respecting tourist accommodation establishments, made by Order in Council 1111-2001 dated 19 September 2001, as that regulation read at the time of its application; or

(2) an outfitting operation within the meaning of the Act respecting the conservation and development of wildlife (chapter C-61.1) or the Act respecting hunting and fishing rights in the James Bay and New Québec territories (chapter D-13.1);”;

(2) by striking out the definition of “regulation”;

(3) by replacing “regulation” in the definition of “sleeping-accommodation unit” by “Regulation respecting tourist accommodation establishments, as that regulation read at the time of its application”.

(2) Subsection 1 has effect from 1 December 2001.

458. (1) Section 677 of the said Act, amended by section 350 of chapter 2 of the statutes of 2003, is again amended by striking out subparagraph 46.1 of the first paragraph.

(2) Subsection 1 has effect from 1 May 1999.

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

459. (1) Section 381 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995,

chapter 63), amended by section 746 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 6 by the following subsection :

“(6) Furthermore, where section 288.2 of the said Act, repealed by subsection 1, has effect from 1 July 1992, it shall be read as follows :

“288.2. Where a prescribed registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (R.S.Q., chapter I-1), has manufactured or has acquired such a vehicle by way of a non-taxable supply, and, at any time, the registrant uses it for any purpose not referred to in the definition of “non-taxable supply” which, by reason of section 206.1, would not entitle the registrant to claim an input tax refund in respect of the vehicle if the registrant acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply :

(1) the registrant is deemed to have made, on the last day of each month ending after that time, a supply of the vehicle for consideration paid on that last day equal to the amount that is 2.5% of the value of the vehicle ; and

(2) the registrant is deemed to have collected, on the last day of each month ending after that time, tax in respect of the supply calculated on that consideration.

For the purposes of the first paragraph, the value of a vehicle means,

(1) in the case of a vehicle manufactured in Canada, the cost price of the vehicle, including the tax paid or payable by the registrant under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of the elements of the cost price ;

(2) in the case of a vehicle manufactured outside Canada, the fair market value of the vehicle ; and

(3) in any other case, the prescribed value of the vehicle.

For the purposes of this section, where the registrant makes the supply for no consideration or nominal consideration of a vehicle, the registrant is deemed to be using the vehicle.””

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

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

460. (1) Section 4 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 14) is amended by replacing subsection 2 by the following subsection :

“(2) Subsection 1 applies to fiscal periods that end after 22 November 1996.”

(2) Subsection 1 has effect from 22 May 1997.

461. (1) Section 5 of the said Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies to fiscal periods that end after 22 November 1996.”

(2) Subsection 1 has effect from 22 May 1997.

**BUDGET ACT NO. 2 GIVING EFFECT TO THE BUDGET SPEECH
DELIVERED ON 29 MARCH 2001 AND TO CERTAIN BUDGET
STATEMENTS**

462. (1) Section 196 of the Budget Act No. 2 giving effect to the Budget Speech delivered on 29 March 2001 and to certain budget statements (2002, chapter 40) is amended by replacing “of subparagraph” in the English text of the portion of paragraph 1 of subsection 1 before section 1029.8.36.72.66 of the Taxation Act (R.S.Q., chapter I-3) enacted by that paragraph 1 by “before subparagraph”.

(2) Subsection 1 has effect from 17 October 2002.

**ACT RESPECTING THE AGENCE NATIONALE D’ENCADREMENT
DU SECTEUR FINANCIER**

463. (1) Section 518 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45) is amended by replacing “paragraph *b*” in the English text by “paragraph *d*”.

(2) Subsection 1 has effect from 11 December 2002.

464. For the application of paragraph 2 of section 221 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) to the fiscal period including 22 November 1996 of a person deemed to operate a system of production, transmission or distribution of electric power under section 68 of that Act, the taxable gross revenue of that person is deemed to be equal to the proportion of the taxable gross revenue, otherwise determined for that fiscal period under paragraph 2 of section 228 of that Act, that the number of days in the fiscal period following 22 November 1996 is of the number of days in that fiscal period.

465. For the purposes of the fifth paragraph of section 1029.8.34 of the Taxation Act (R.S.Q., chapter I-3) and for the purpose of computing production costs incurred by a taxpayer before the end of a taxation year in respect of property that is a Québec film production within the meaning of the first

paragraph of section 1029.8.34 for which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed by a taxpayer in respect of the property with the Société de développement des entreprises culturelles before 1 September 2001 and in respect of which the taxpayer has not made an election under subsection 2 of section 198, the following rules apply :

(1) production fees and general administration costs incurred as part of the production of the property and directly attributable to the production of the property shall be included in computing all the production costs, excluding the costs relating to copyright, to the script, to development, to the producer, to the production and to the stars, and the post-production costs for the property ; and

(2) production costs incurred as part of the production of the property after the post-production stage of the property, within a period considered reasonable by the Minister of Revenue but that may not exceed the day on which the application for a certificate was filed with the Société de développement des entreprises culturelles, and directly attributable to the production of the property may be included in computing the production costs of the property.

The first paragraph does not apply, however, to a taxation year of a taxpayer in respect of which the periods provided for in subsection 2 of section 1010 of the Taxation Act expired before 5 July 2001, except if, in relation to a taxation year, before 5 July 2001,

(1) a notice of objection has been notified to the Minister of Revenue or an appeal has been filed against a notice of assessment, where one of the subjects of the contestation pertains to the determination of the production costs for the purpose of computing the amount deemed to have been paid by the taxpayer under Division II.6 of Chapter III.1 of Title III of Book IX of Part I of the said Act; or

(2) the taxpayer has filed with the Minister of Revenue a waiver in the prescribed form in accordance with subparagraph ii of paragraph *b* of subsection 2 of section 1010 of the said Act.

Subject to the second paragraph and Part I of the Taxation Act, notwithstanding sections 1007, 1010 to 1011 of the said Act, the Minister of Revenue shall make, under Part I of the said Act, such determinations or redeterminations of the amount deemed to have been paid under Division II.6 of Chapter III.1 of Title III of Book IX of that Part by a taxpayer and such assessments or reassessments of interest or penalties payable by the taxpayer as are necessary to give effect to the first or second paragraph. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with the necessary modifications, to such determinations or assessments.

466. Notwithstanding subsection 2 of section 168 of the Act to amend the Taxation Act and other legislative provisions (1999, chapter 83), the amount

that a taxpayer is deemed to have paid to the Minister of Revenue under section 1029.7 of the Taxation Act (R.S.Q., chapter I-3) must be determined, in respect of scientific research and experimental development undertaken in the period between 30 June 1992 and 1 April 1998 under a contract entered into after 30 June 1992 and before 1 April 1998, as if the rules provided for in subparagraphs *f* and *g* of the first paragraph of section 1029.7, as they read when enacted by paragraph 2 of subsection 1 of section 168, had applied to that period.

467. Notwithstanding subsection 2 of section 169 of the Act to amend the Taxation Act and other legislative provisions (1999, chapter 83), the amount that a taxpayer is deemed to have paid to the Minister of Revenue under section 1029.8 of the Taxation Act (R.S.Q., chapter I-3) must be determined, in respect of scientific research and experimental development undertaken in the period between 30 June 1992 and 1 April 1998 under a contract entered into after 30 June 1992 and before 1 April 1998, as if the rules provided for in subparagraphs *f* and *g* of the first paragraph of section 1029.8, as they read when enacted by subsection 1 of section 169, had applied to that period.

468. This Act comes into force on 10 December 2003.