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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-SEVENTH LEGISLATURE

## Bill 70

(2005, chapter 1)

**An Act giving effect to the Budget  
Speech delivered on 30 March 2004  
to introduce family support measures  
and giving effect to certain other  
budget statements**

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**Introduced 10 November 2004**

**Passage in principle 3 December 2004**

**Passage 15 March 2005**

**Assented to 17 March 2005**

## EXPLANATORY NOTES

*This bill amends various legislation to introduce the family support measures announced in the Budget Speech delivered on 30 March 2004 and to give effect to certain other measures announced in Information Bulletins 2003-7 dated 12 December 2003, 2004-5 dated 12 May 2004 and 2004-6 dated 30 June 2004, 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 to establish control measures in respect of raw tobacco.*

*The bill amends the Taxation Act, mainly to introduce, amend or abolish certain measures that concern, in particular,*

*(1) the replacement of family benefits, non-refundable tax credits for dependent children, the tax reduction in respect of families and the Parental Wage Assistance (PWA) Program with a refundable tax credit for child assistance and a refundable tax credit granting a work premium;*

*(2) the introduction of a new mechanism for the advance payment of the refundable tax credit for child care expenses;*

*(3) the abolition of the simplified taxation system;*

*(4) the indexation of the main parameters of the personal income tax system;*

*(5) the introduction of a refundable tax credit for new graduates working in a remote resource region;*

*(6) the introduction of a temporary refundable tax credit for the construction of public access roads and bridges in forest areas.*

*The bill amends the Act respecting the Ministère du Revenu to provide for an increase in the rate of certain penalties and for the liability of mandataries and agencies of the State for the payment of the interest and penalties provided for in a fiscal law or regulation.*

*The bill amends the Licenses Act and the Act respecting the Québec sales tax to implement measures for the simplification of the taxation of alcoholic beverages.*

*The bill amends the Act respecting the Québec sales tax to introduce or amend various measures that concern, in particular,*

*(1) the simplification of the insurance premium tax system;*

*(2) the zero-rating of children's diapers and items used to breast-feed infants;*

*(3) the exemption of 9-1-1 emergency call services supplied to a government or government body;*

*(4) the exemption of municipal transit services.*

*The bill also amends the Taxation Act to make amendments similar to amendments made to the Canada Income Tax Act by Bill C-22 (S.C., 2001, chapter 17), assented to on 14 June 2001, by Bill C-28 (S.C., 2003, chapter 15), assented to on 19 June 2003, and by Bill C-48 (S.C., 2003, chapter 28), assented to on 7 November 2003. To that end, the bill gives effect to harmonization measures announced in the Budget Speeches delivered on 12 June 2003 and 30 March 2004 and in Information Bulletin 2002-8 dated 11 July 2002. In particular, the amendments concern*

*(1) the amendments made to the federal tax legislation arising from the revision process relating to bijuralism;*

*(2) the expansion of the list of expenses giving entitlement to the tax credit for medical expenses;*

*(3) the eligibility criteria for the tax credit for severe and prolonged mental or physical impairment;*

*(4) the provisions that apply to the capital gains rollover for eligible small-business shares;*

*(5) the rules concerning the value of the right of use of an automobile made available to an employee;*

*(6) the tax shelter rules in order to expand their application to arrangements represented as giving entitlement to tax credits;*

*(7) the replacement, as of 2007, of the 25% lump sum natural resource allowance with a deduction for mining royalties and taxes actually paid.*

*The bill also amends the Act respecting the Ministère du Revenu to introduce an amendment similar to the amendment made to the Excise Tax Act by federal Bill C-30 (S.C., 2004, chapter 22), assented to on 13 May 2004. The amendment increases from five to ten years the prescriptive period applicable to the recovery of amounts due under a fiscal law.*

*Lastly, the bill amends other legislation to make various technical amendments, including consequential and terminology-related amendments.*

#### **LEGISLATION AMENDED BY THIS BILL:**

- Automobile Insurance Act (R.S.Q., chapter A-25);
- Act constituting Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1);
- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Act to foster the development of manpower training (R.S.Q., chapter D-7.1);
- 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);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);
- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the application of the Taxation Act (R.S.Q., chapter I-4);
- Act respecting administrative justice (R.S.Q., chapter J-3);
- Licenses Act (R.S.Q., chapter L-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 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).

**LEGISLATION REPEALED BY THIS BILL:**

- Act respecting family benefits (R.S.Q., chapter P-19.1).



## Bill 70

### AN ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 30 MARCH 2004 TO INTRODUCE FAMILY SUPPORT MEASURES AND GIVING EFFECT TO CERTAIN OTHER BUDGET STATEMENTS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### AUTOMOBILE INSURANCE ACT

**1.** (1) Section 52 of the Automobile Insurance Act (R.S.Q., chapter A-25) is amended by replacing the second paragraph by the following paragraph:

“The Acts mentioned in the first paragraph apply as they read on 1 January of the year for which the Société makes the computation of net income.”

(2) Subsection 1 applies from 1 January 2005.

#### ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

**2.** Section 18 of the Act constituting Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1) is amended by replacing “intangible” in the third paragraph by “incorporeal”.

#### ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**3.** Section 50 of the Act respecting international financial centres (R.S.Q., chapter C-8.3) is repealed.

**4.** (1) The Act is amended by inserting the following section after section 61:

“**61.1.** This subdivision does not apply, for a taxation year, to a corporation that is exempt from tax for the year under Book VIII of Part I of the Taxation Act (chapter I-3), other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income for the year by reason of section 999.0.1 of that Act.”

(2) Subsection 1 is declaratory.

**5.** (1) The Act is amended by inserting the following section after section 64:

“**64.1.** Section 64 does not apply in respect of wages paid by a corporation that is exempt from tax under Book VIII of Part I of the Taxation Act (chapter I-3), other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income for its taxation year that includes the time of payment by reason of section 999.0.1 of that Act, or in respect of wages paid by a partnership a member of which is such a tax-exempt corporation.”

(2) Subsection 1 is declaratory.

#### ACT TO FOSTER THE DEVELOPMENT OF MANPOWER TRAINING

**6.** Section 17 of the Act to foster the development of manpower training (R.S.Q., chapter D-7.1) is repealed.

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

**7.** Section 18.1 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 “intangible” in the second paragraph by “incorporeal”.

#### ACT TO ESTABLISH THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

**8.** Section 14.1 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) is amended by replacing “intangible” in the second paragraph by “incorporeal”.

#### TOBACCO TAX ACT

**9.** Section 2 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended

(1) by adding “or raw tobacco” at the end of the definition of “storer”;

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

““establishment” means any place in Québec where tobacco or raw tobacco is manufactured, stored, distributed, sold or traded and any place in Québec where tobacco is packaged but does not include vending machines;”;

(3) by inserting “or raw tobacco” after “tobacco” in the definition of “importer”;



(4) by replacing the definition of “tobacco” by the following definition:

““tobacco” means tobacco in any form in which tobacco is consumed, and includes snuff, but does not include raw tobacco;”;

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

““raw tobacco” means tobacco leaves which have not been processed beyond the drying stage and fragments of such tobacco leaves;”;

(6) by adding “or raw tobacco” at the end of the definition of “carrier”;

(7) by inserting “or raw tobacco” after “leaf tobacco” in the definition of “retail sale”.

**10.** Section 6.1 of the Act is amended by replacing paragraph *f* by the following paragraph:

“(f) provide, where applicable, the address of the establishment where the person intends to use the permit as well as the address of any other establishment the person intends to cause to be operated by a third person and, if the application is for a storer, importer or carrier permit, indicate whether such an establishment will be operated for raw tobacco;”.

**11.** Section 6.2 of the Act is amended by inserting “or raw tobacco” after “tobacco” in the second paragraph.

**12.** The Act is amended by inserting the following section after section 7:

“**7.0.1.** No person may sell or deliver raw tobacco in Québec to a person who does not hold one of the permits provided for in section 6.”

**13.** Section 7.9 of the Act is amended by replacing the first paragraph by the following paragraph:

“**7.9.** Every person who, in Québec, transports raw tobacco or packages of tobacco intended for sale shall, in respect of each load, draw up or cause to be drawn up a manifest or way-bill in accordance with the requirements prescribed by regulation, for the raw tobacco or the packages of tobacco transported. The person shall keep the manifest or way-bill or cause it to be kept in the vehicle used for such transportation.”

**14.** Section 7.10 of the Act is replaced by the following section:

“**7.10.** The storer or carrier must keep a register, in the manner prescribed by regulation, setting out the handling of the stored raw tobacco or packages of tobacco and the deliveries made of raw tobacco or packages of tobacco, as the case may be.

The storer or carrier may be required, at the request of the Minister and on the form prescribed by the Minister, to report the quantities of raw tobacco or of packages of tobacco stored, transported or delivered for the period determined by the Minister.”

**15.** Section 13 of the Act is amended by striking out “leaf” in the second paragraph.

**16.** Section 13.3 of the Act is amended by replacing the first paragraph by the following paragraph:

“**13.3.** Any member of the Sûreté du Québec, any member of a municipal police force or any person authorized by the Minister for such purposes may, at any place and at any reasonable time, stop a vehicle for inspection where there is reasonable grounds to believe that it contains raw tobacco or packages of tobacco, require the owner, driver or person in charge of the vehicle to produce, where applicable, the manifest or way-bill provided for in section 7.9 and the copy of the permit provided for in section 6.2, and examine the identification of the packages of tobacco being transported.”

**17.** Section 13.5 of the Act is replaced by the following section:

“**13.5.** Notwithstanding sections 13.4 and 13.4.2, where raw tobacco, packages of tobacco, a vehicle or a vending machine is seized, a judge of the Court of Québec may, upon the application of the Minister, authorize the Minister in writing to sell the raw tobacco, packages of tobacco, vehicle or vending machine or have them sold on the conditions determined in the authorization. An authorization concerning raw tobacco or packages of tobacco must also provide for the keeping of samples in sufficient quantity to serve as evidence. Prior notice of not less than one clear day of the application must be served, where their identity is known, on the person from whom the thing was seized and on the persons who claim to have a right in the raw tobacco, packages of tobacco, vehicle or vending machine. The proceeds of the sale, after deduction of the costs, shall be kept by a person authorized by the Minister in the manner prescribed by regulation until disposed of according to law.”

**18.** Section 14.2 of the Act is amended

(1) by inserting “, where applicable,” after “\$2,000 and” in the portion after paragraph *e*;

(2) by inserting “, 7.0.1” after “7” in paragraph *a*.

**19.** Section 15.1 of the Act is amended

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

“Upon an application of the Minister made within 30 days after a judgment has been rendered in proceedings to impose a penal sanction for an offence under this Act or, in cases where the defendant is deemed to have been convicted of the offence, within 90 days after service of the statement of offence, a judge may also order the confiscation of the raw tobacco or packages of tobacco seized under section 13.4 or 13.4.2 where the unlawful possession of the raw tobacco or packages of tobacco prevents their return to the person from whom they were seized or to a person who claims to have a right therein, and, in cases where a defendant has been convicted of, or is deemed to have been convicted of, an offence under this Act, in addition to any penalty otherwise prescribed for the offence, the confiscation of any thing seized under section 13.4 or 13.4.2, of the deposit referred to in section 13.4.3 or of the proceeds referred to in section 13.5.”;

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

“Where the confiscation of raw tobacco, packages of tobacco or the proceeds of their sale as provided for in section 13.5 is ordered, the judge may, at the request of the Minister, authorize the Minister to destroy the raw tobacco or the packages of tobacco or to dispose of the raw tobacco, the packages of tobacco or the proceeds of their sale as provided for in section 13.5 for the benefit of community bodies working in the health and social services sector.”

#### TAXATION ACT

**20.** (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 4 of chapter 8 of the statutes of 2004, by section 37 of chapter 21 of the statutes of 2004 and by section 90 of chapter 37 of the statutes of 2004, is again amended

(1) by replacing paragraph *d* of the definition of “automobile” by the following paragraph:

“(d) a motor vehicle

i. of a type commonly called a van or pick-up truck or a similar vehicle

(1) that has a seating capacity for not more than the driver and two passengers and that, in the taxation year in which it is acquired or leased, is used primarily for the transportation of goods or equipment in the course of gaining or producing income, or

(2) the use of which, in the taxation year in which it is acquired or leased, is all or substantially all for the transportation of goods, equipment or passengers in the course of gaining or producing income, or

ii. of a type commonly called a pick-up truck that, in the taxation year in which it is acquired or leased, is used primarily for the transportation of goods, equipment or passengers in the course of gaining or producing income at one or more locations in Canada that are

(1) described in subparagraph i or ii of paragraph *a* of section 42, in respect of any of the occupants of the vehicle, and

(2) at least 30 kilometres outside the nearest point on the boundary of the nearest urban area, as defined by the last census dictionary published by Statistics Canada before the year, that has a population of at least 40,000 individuals as determined in the last census published by Statistics Canada before the year;”;

(2) by replacing “intangible” wherever it appears in paragraph *d* of the definition of “cost amount” by “incorporeal”;

(3) by replacing “intangible” in the definition of “intangible capital property” by “incorporeal”;

(4) by replacing “intangible” in the definition of “intangible capital amount” by “incorporeal”;

(5) by replacing “intangible” in the definition of “eligible intangible capital amount” by “incorporeal”;

(6) by replacing “obligation secured by mortgage” in the definition of “lending assets” by “hypothecary claim, mortgage”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 31 December 2002.

(3) Paragraph 6 of subsection 1 has effect from 14 June 2001.

**21.** (1) Section 1.1 of the Act is amended by replacing “mortgage” by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**22.** (1) Section 2.1.1 of the Act is amended, in the first paragraph,

(1) by replacing “property owned jointly” in the portion before subparagraph *a* by “property owned”;

(2) by replacing “tangible” in the English text of subparagraph *e* by “corporeal”.

(2) Subsection 1 has effect from 14 June 2001.

**23.** (1) Section 2.1.2 of the Act is amended

(1) by replacing “property owned jointly” in the portion before subparagraph *a* of the first paragraph by “property owned”;

(2) by replacing the portion of the second paragraph before subparagraph *b* by the following:

“For the purposes of this section, the following rules apply:

(a) subdivisions of a building or of a parcel of land that are established in the course of, or in contemplation of, a partition and that are co-owned by the same persons who co-owned the building or the parcel of land, or by their assignees, shall be regarded as one property; and”.

(2) Subsection 1 has effect from 14 June 2001.

**24.** (1) Section 8 of the Act is amended by replacing “in the portion of section 752.0.1 before paragraph *b*” in paragraph *f* by “in the first paragraph of section 752.0.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**25.** Section 21.18 of the Act is amended by replacing “faculty to elect” in the English text of paragraph *e* by “power to appoint”.

**26.** Section 21.20.2 of the Act is amended by replacing “faculty to elect” by “power to appoint” in the English text of the following provisions:

— subparagraph 1 of subparagraph *i* of paragraph *f*;

— subparagraph *ii* of paragraph *f*.

**27.** (1) Section 21.22 of the Act is replaced by the following section:

“**21.22.** Where one corporation would, but for this section, be associated with another corporation in a taxation year by reason of both of the corporations being controlled by the same trustee, liquidator of a succession or executor and it is established to the satisfaction of the Minister that the trustee, liquidator or executor did not acquire control of the corporations as a result of one or more trusts created or successions opened by the same individual or two or more individuals not dealing with each other at arm’s length, and that the trust or succession under which the trustee, liquidator or executor acquired control of each of the corporations arose only upon the death of the individual who created the trust or whose succession was opened, the two corporations are deemed, for the purposes of this Part, not to be associated with each other in the year.”

(2) Subsection 1 has effect from 14 June 2001.

**28.** (1) Section 41.0.1 of the Act is amended

(1) by replacing the portion before the formula provided for in the first paragraph of the French text by the following:

“**41.0.1.** Pour l’application de l’article 41, un montant raisonnable qui représente la valeur du droit d’usage d’une automobile pour l’ensemble des jours, appelé «le nombre total de jours de disponibilité» dans le présent article, dans une année, durant lesquels un employeur ou une personne à laquelle il est lié, appelés «l’employeur» dans le présent article, met l’automobile à la disposition d’un particulier ou d’une personne liée à ce dernier, est réputé égal au montant déterminé selon la formule suivante:”;

(2) by replacing the portion of the second paragraph before subparagraph *c* by the following:

“In the formula provided for in the first paragraph,

(a) A is

i. the lesser of the total number of kilometres that the automobile is driven, otherwise than in connection with or in the course of the individual’s office or employment, during the total available days, and the product determined for the year under subparagraph *b*, if

(1) the individual is required by the employer to use the automobile in connection with or in the course of the office or employment, and

(2) the distance travelled by the automobile during the total available days is primarily in connection with or in the course of the office or employment, and

ii. in any other case, the product determined for the year under subparagraph *b*;

(b) B is the product obtained by multiplying 1,667 by the quotient obtained by dividing the total available days by 30 and, if the quotient so obtained is not a whole number and exceeds one, by rounding it to the nearest whole number or, where that quotient is equidistant from two consecutive whole numbers, by rounding it to the lower of those two numbers;”.

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

**29.** Section 87 of the Act is amended

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

“(w.1) where the year ends after 31 December 2006, any amount, other than an amount otherwise included in computing the taxpayer’s income for the year or a preceding taxation year, that was received by the taxpayer, including by way of a deduction from tax, in the year as a refund, reimbursement, contribution or allowance, in respect of an amount that was at any time receivable, directly or indirectly in any manner whatever, by the State or Her Majesty in right of Canada or of a province, other than Québec, in relation to the acquisition, development or ownership of a Canadian resource property or the production in Canada from a mineral resource, a natural accumulation of

petroleum or natural gas, or an oil or gas well, except that, where the year includes 31 December 2006,

i. this paragraph shall be read with “the proportion that the number of days in the year that follow that date is of the number of days in the year, of” inserted before “any amount, other than an amount” in the portion before this subparagraph, and

ii. this paragraph shall not be taken into account for the purposes of the regulations made under paragraph z.4 or section 145 or 360;”;

(2) by replacing paragraph z.4 by the following paragraph:

“(z.4) where the year begins before 1 January 2007, 25% of the taxpayer’s resource loss for the year, as determined by regulation, except that, where the year includes that date, that percentage shall be replaced by the percentage obtained by multiplying 25% by the proportion that the number of days in the year that precede that date is of the number of days in the year; and”.

**30.** (1) Section 89 of the Act is amended

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

“**89.** A taxpayer shall, in computing the income of the taxpayer from a business or property for a taxation year that begins before 1 January 2007, include any amount that becomes receivable in the year by a person referred to in section 90 and that can reasonably be considered to be a royalty, tax, rental or bonus, or to be in respect of the late receipt or non-receipt of such an amount, in relation to

(a) the acquisition, development or ownership of a Canadian resource property of the taxpayer; or

(b) the production in Canada”;

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

“iv. to any stage that is not beyond the crude oil stage or its equivalent, of petroleum or related hydrocarbons from a deposit of bituminous sands or oil shales.”;

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

“For the purposes of subparagraph *b* of the first paragraph, the natural accumulation of petroleum or natural gas, the oil or gas well, the mineral resource and the deposit of bituminous sands or oil shales referred to in that subparagraph must be property situated in Canada in respect of which the taxpayer has an interest.”;

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

“Where the taxation year referred to in the first paragraph includes 1 January 2007, the first paragraph, except for the purposes of the regulations made under paragraph z.4 of section 87 or section 145 or 360, applies only in respect of the proportion of each amount referred to in the first paragraph that the number of days in the year that precede that date is of the number of days in the year.”

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of amounts that become receivable after 20 December 2002.

**31.** (1) Section 91 of the Act is replaced by the following section:

“**91.** Section 89 does not apply to an amount described in subsection 1 of section 144, to a tax or portion thereof that may reasonably be considered to be a school or municipal tax, or to a prescribed amount.”

(2) Subsection 1 applies in respect of amounts that become receivable after 20 December 2002.

**32.** (1) Section 93 of the Act is amended, in subparagraph *f* of the first paragraph,

(1) by replacing the portion of the French text before subparagraph *i* by the following:

“*f*) « produit de l’aliénation » d’un bien comprend les montants suivants:”;

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

“*vii.* the amount by which the liability of a taxpayer to a hypothecary creditor or mortgagee is reduced as a result of the sale of the hypothecated or mortgaged property under a provision of the hypothec or mortgage, plus any amount received by the taxpayer out of the proceeds of such sale; and”.

(2) Subsection 1 has effect from 14 June 2001.

**33.** (1) Section 93.3.1 of the Act, amended by section 18 of chapter 8 of the statutes of 2004 and by section 53 of chapter 21 of the statutes of 2004, is again amended, in the English text,

(1) by inserting “hypothec,” after “derived from a” in subparagraph *c* of the first paragraph;

(2) by inserting “hypothec,” after “derived from a” in subparagraph 1 of subparagraph *iii* of subparagraph *b* of the second paragraph.

(2) Subsection 1 has effect from 14 June 2001.



**34.** (1) Section 101.5 of the Act is amended

(1) by replacing “or liquidator” in the portion before paragraph *a* by “, liquidator of a succession or executor”;

(2) by replacing “or liquidator” in paragraphs *a* and *b* by “, liquidator of a succession or executor”.

(2) Subsection 1 has effect from 14 June 2001.

**35.** Section 101.8 of the Act is amended

(1) by replacing “intangible” wherever it appears in the portion of subparagraph *c* of the first paragraph before the formula and in subparagraph *b* of the second paragraph by “incorporeal”;

(2) by replacing “intangible” in subparagraph *c* of the second paragraph by “incorporeal”.

**36.** The heading of Division III of Chapter II of Title III of Book III of Part I of the Act is amended by replacing “INTANGIBLE” by “INCORPOREAL”.

**37.** Section 105.2.1 of the Act, amended by section 54 of chapter 21 of the statutes of 2004, is again amended by replacing “intangible” by “incorporeal” in the following provisions:

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

— subparagraph *c* of the second paragraph.

**38.** Section 105.3 of the Act is amended

(1) by replacing “intangible” in subparagraphs *i* to *iii* of subparagraph *a* of the second paragraph by “incorporeal”;

(2) by replacing “intangible” in subparagraph *i* of subparagraphs *a* to *c* of the third paragraph by “incorporeal”.

**39.** Section 105.4 of the Act, enacted by section 55 of chapter 21 of the statutes of 2004, is amended

(1) by replacing “intangible” in subparagraph *a* of the second paragraph by “incorporeal”;

(2) by replacing “intangible” in subparagraph *a* of the third paragraph by “incorporeal”.

**40.** (1) Section 106 of the Act is amended

(1) by replacing “intangible” by “incorporeal” in the following provisions:

— subsection 1;

— the portion of subsection 2 before paragraph *a*;

(2) by replacing “tangible” and “intangible” in paragraph *c* of subsection 2 by “corporeal” and “incorporeal”, respectively;

(3) by replacing “obligation secured by mortgage” in paragraph *f* of subsection 2 by “hypothecary claim, mortgage”.

(2) Paragraph 3 of subsection 1 has effect from 14 June 2001.

**41.** Section 106.1 of the Act is amended

(1) by replacing “intangible” wherever it appears in the portion of the first paragraph before subparagraph *a* by “incorporeal”;

(2) by replacing “intangible” by “incorporeal” in the following provisions:

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

— the portion of the second paragraph before subparagraph *a*.

**42.** Section 106.2 of the Act is amended by replacing “intangible” wherever it appears in the portion before paragraph *a* and in subparagraph *i* of that paragraph *a* by “incorporeal”.

**43.** Section 106.3 of the Act is amended by replacing “intangible” by “incorporeal”.

**44.** (1) Section 106.4 of the Act, amended by section 20 of chapter 8 of the statutes of 2004, is again amended

(1) by replacing “intangible” by “incorporeal” in the following provisions:

— subparagraph *a* of the first paragraph;

— subparagraph *b* of the first paragraph;

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

— subparagraph *ii* of subparagraph *a* of the second paragraph;

(2) by inserting “hypothec,” after “derived from a” in the English text of subparagraph i of subparagraph c of the second paragraph.

(2) Paragraph 2 of subsection 1 has effect from 14 June 2001.

**45.** Section 106.5 of the Act, enacted by section 21 of chapter 8 of the statutes of 2004, is amended by replacing “intangible” in the first paragraph by “incorporeal”.

**46.** Section 106.6 of the Act, enacted by section 21 of chapter 8 of the statutes of 2004, is amended by replacing “intangible” by “incorporeal”.

**47.** Section 107 of the Act is amended by replacing “intangible” by “incorporeal” in the following provisions:

- the portion of the first paragraph before subparagraph a;
- subparagraphs a and c of the first paragraph;
- subparagraph iii of subparagraph a of the second paragraph;
- subparagraph b of the second paragraph.

**48.** Section 107.2 of the Act is amended by replacing “intangible” in subparagraph 1 of subparagraph i of subparagraph a of the first paragraph by “incorporeal”.

**49.** Section 107.3 of the Act is amended by replacing “intangible” by “incorporeal”.

**50.** Section 110.1 of the Act is amended

(1) by replacing “intangible” wherever it appears by “incorporeal”;

(2) by replacing “intangibles” in the French text of subsection 1 by “incorporelles”.

**51.** (1) Section 119.2 of the Act is amended by replacing “obligation secured by mortgage” in the portion of the definition of “qualifying debt obligation” before paragraph a by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**52.** (1) Section 119.15 of the Act is amended by replacing “obligation secured by mortgage” in the portion of the definition of “qualifying debt obligation” before paragraph a by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**53.** (1) Section 122 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “obligation secured by mortgage” by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**54.** Section 125.1 of the Act is amended by replacing “tangible” in the English text of the portion before paragraph *a* by “corporeal”.

**55.** Section 130 of the Act is amended by replacing “intangible” in paragraph *b* by “incorporeal”.

**56.** (1) Section 133.3 of the Act is repealed.

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

**57.** Section 142.1 of the Act, amended by section 56 of chapter 21 of the statutes of 2004, is again amended by replacing “intangible” in the portion of the first paragraph before the formula by “incorporeal”.

**58.** Section 142.2 of the Act is amended by replacing “intangible” in the portion of the first paragraph before subparagraph *a* by “incorporeal”.

**59.** (1) Section 144 of the Act is amended

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

“(1) A taxpayer shall not, in computing the income of the taxpayer from a business or property for a taxation year that begins before 1 January 2007, deduct any amount paid or payable in the year to a person referred to in section 90 and that can reasonably be considered to be a royalty, tax, rental or bonus, or to be in respect of the late receipt or non-receipt of such an amount, in relation to

(*a*) the acquisition, development or ownership of a Canadian resource property; or

(*b*) the production in Canada of”;

(2) by replacing subparagraph *iv* of paragraph *b* of subsection 1 by the following subparagraph:

“*iv.* petroleum or related hydrocarbons from a deposit of bituminous sands or oil shales in Canada to any stage that is not beyond the crude oil stage or its equivalent.”;

(3) by replacing “taxe pour la partie qui peut raisonnablement être considérée comme étant un impôt ou taxe municipale” in the French text of subsection 2 by “à une taxe pour la partie que l’on peut raisonnablement considérer comme un impôt ou une taxe municipal”;

(4) by adding the following subsection after subsection 2:

“(3) Where the taxation year referred to in subsection 1 includes 1 January 2007, subsection 1, except for the purposes of the regulations made under paragraph 2.4 of section 87 or section 145 or 360, applies despite section 143 and only in respect of the proportion of each amount referred to in subsection 1 that the number of days in the year that precede that date is of the number of days in the year.”

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of amounts that become payable after 20 December 2002.

**60.** (1) Section 144.1 of the Act is repealed.

(2) Subsection 1 applies in respect of amounts that become payable after 20 December 2002.

**61.** Section 145 of the Act is amended

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

“**145.** A taxpayer may, in computing the taxpayer’s income from a business or property for a taxation year that begins before 1 January 2007, deduct the amount determined under the regulations in respect of a natural accumulation of petroleum or natural gas, an oil or gas well or mineral resource in Canada.”;

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

“Where the taxation year referred to in the first paragraph includes 1 January 2007, that paragraph shall be read with “the proportion that the number of days in the year that precede that date is of the number of days in the year, of” inserted before “the amount”.”

**62.** (1) Section 149 of the Act is amended by replacing “an obligation secured by mortgage” in the portion before subparagraph *a* of the first paragraph by “a hypothecary claim or mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**63.** Section 157.2 of the Act is amended by replacing “tangible” in the English text of paragraph *a* by “corporeal”.

**64.** (1) Section 158.11 of the Act is amended by inserting “hypothec,” after “derived from a” in the English text.

(2) Subsection 1 has effect from 14 June 2001.

**65.** Section 160 of the Act is amended by replacing “a loan” in the English text of paragraph *a* by “borrowed money”.

**66.** Section 161 of the Act, amended by section 62 of chapter 21 of the statutes of 2004, is again amended by replacing “a loan” in the English text of paragraph *a* by “borrowed money”.

**67.** (1) Section 163.1 of the Act is amended by replacing “is attested by the insurer, in the prescribed manner and within the prescribed time, as being” in the portion before paragraph *a* by “is verified by the insurer in prescribed form and within the prescribed time to be”.

(2) Subsection 1 applies from the taxation year 2006.

**68.** (1) Section 175.7 of the Act is amended by replacing “obligation secured by mortgage” in paragraph *e* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**69.** (1) Section 175.10 of the Act is amended by inserting “hypothec,” after “derived from a” in the English text.

(2) Subsection 1 has effect from 14 June 2001.

**70.** (1) Section 179 of the Act is amended by replacing “obligation secured by mortgage” in the portion of subsection 1 before paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**71.** Section 188 of the Act is amended

(1) by replacing “intangible” in the portion before paragraph *a* by “incorporeal”;

(2) by replacing “intangible” in paragraph *a* by “incorporeal”.

**72.** Section 189 of the Act is amended

(1) by replacing “intangible” wherever it appears in the portion before paragraph *d* by “incorporeal”;

(2) by replacing “intangible” in the French text of paragraph *b* by “incorporelle”.

**73.** Section 227 of the Act is repealed.

**74.** (1) Section 231.2 of the Act, amended by section 42 of chapter 8 of the statutes of 2004, is again amended by replacing “obligation secured by mortgage” in subparagraph *vi* of paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**75.** Section 232 of the Act is amended by replacing “intangible” in subparagraph *a* of the first paragraph by “incorporeal”.

**76.** (1) Section 237 of the Act is amended by inserting “hypothec,” after “derived from a” in the English text of the second paragraph.

(2) Subsection 1 has effect from 14 June 2001.

**77.** (1) Section 238.2 of the Act is amended by inserting “hypothec,” after “derived from a” in the English text of paragraph *a*.

(2) Subsection 1 has effect from 14 June 2001.

**78.** (1) Section 248 of the Act, amended by section 48 of chapter 8 of the statutes of 2004, is again amended by replacing “or obligation secured by hypothec or mortgage” in subparagraph *h* of the second paragraph by “, hypothecary claim or mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**79.** Section 250 of the Act is amended by replacing “intangible” by “incorporeal”.

**80.** (1) Section 250.2 of the Act is amended by replacing “obligation secured by mortgage” by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**81.** (1) Section 255 of the Act, amended by section 49 of chapter 8 of the statutes of 2004, is again amended by replacing “obligation secured by mortgage” in paragraph *h* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**82.** (1) Section 280.5 of the Act is amended

(1) by replacing paragraph *a* of the definition of “replacement share” in the first paragraph by the following paragraph:

“(a) acquired by the individual in the year or within 120 days after the end of the year; and”;

(2) by striking out the definitions of “qualifying cost”, “qualifying portion of a capital gain” and “qualifying portion of the proceeds of disposition” in the first paragraph;

(3) by replacing the formula in the definition of “adjusted cost base reduction” in the first paragraph by the following formula:

“ $D \times (E/F)$ ”;

(4) by replacing the portion of the second paragraph before subparagraph *a* by the following:

“In the formulas provided for in the definitions of “adjusted cost base reduction” and “permitted deferral” in the first paragraph.”;

(5) by replacing subparagraphs i and ii of subparagraph *a* and subparagraphs *b* and *c* of the second paragraph by the following:

“i. the individual’s proceeds of disposition from the qualifying disposition, and

“ii. the aggregate of all amounts each of which is the cost to the individual of a replacement share in respect of the qualifying disposition;

“(b) B is the individual’s proceeds of disposition from the qualifying disposition;

“(c) C is the individual’s capital gain from the qualifying disposition.”;

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

“(d) D is the permitted deferral of the individual in respect of the qualifying disposition;

“(e) E is the cost to the individual of the replacement share; and

“(f) F is the cost to the individual of all the replacement shares of the individual in respect of the qualifying disposition.”;

(7) by striking out the third, fourth and fifth paragraphs.

(2) Subsection 1 applies in respect of dispositions made after 18 February 2003.

**83.** Section 308.6 of the Act, amended by section 57 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” by “incorporeal” in the following provisions:



- subparagraph 2 of subparagraph iii of subparagraph *b* of the first paragraph;
- subparagraph *a* of the second paragraph;
- subparagraph *b* of the second paragraph;
- the third paragraph;
- subparagraph *a* of the fourth paragraph;
- subparagraph *b* of the fourth paragraph;
- subparagraph *c* of the fourth paragraph.

**84.** (1) Section 311 of the Act is amended by replacing paragraphs *k.2* to *k.5* by the following paragraphs:

“(k.2) an income replacement indemnity in the form of a pension under Chapter II of Title II of the Automobile Insurance Act (chapter A-25), where the taxpayer has suffered bodily injury after 31 December 1989, under Division I of that Chapter II, as it read on 31 December 1989, where the taxpayer suffered such injury before 1 January 1990, or under a prescribed law of another province;

“(k.3) an income replacement indemnity in the form of a pension under the Act to promote good citizenship (chapter C-20);

“(k.4) an income replacement indemnity in the form of a pension under the Crime Victims Compensation Act (chapter I-6) or under a prescribed law of another province;

“(k.5) an income replacement indemnity in the form of a pension under the second paragraph of section 36 of the Act respecting occupational health and safety (chapter S-2.1); and”.

(2) Subsection 1 applies from the taxation year 1997, except where it replaces paragraph *k.5* of section 311 of the Act in which case it applies from the taxation year 1999. However, where paragraph *k.2* of section 311 of the Act applies to the taxation year 1997, it shall be read as follows:

“(k.2) an income replacement indemnity in the form of a pension under the Automobile Insurance Act (chapter A-25) or under a prescribed law of another province;”.

**85.** (1) Section 312 of the Act is amended by replacing paragraph *f* by the following paragraph:

“(f) an amount received as costs and expenses awarded by a court on an appeal relating to an assessment of tax, interest or penalties referred to in paragraph *e* of section 336 or as reimbursement of costs incurred in relation to

an assessment, a decision, an application or a notice referred to in paragraph *d.4* or *e* of section 336 if, in relation to that assessment, decision, application or notice, an amount has been or may be deducted under paragraph *d.4* or *e* in computing the taxpayer's income;”.

(2) Subsection 1 applies from the taxation year 2005.

**86.** Section 313.0.2 of the Act is amended by replacing “tangible” in the English text by “corporeal”.

**87.** (1) Section 336 of the Act, amended by section 74 of chapter 21 of the statutes of 2004, is again amended by inserting the following paragraph after paragraph *d.3*:

“(d.4) an amount paid in the year by the taxpayer as fees or expenses incurred for the review, under section 1029.8.61.39, or the contestation, under section 1029.8.61.41, of a decision of the Régie des rentes du Québec;”.

(2) Subsection 1 applies from the taxation year 2005.

**88.** (1) Section 336.0.2 of the Act is amended by replacing “paragraphs *a* and *b* of section 336.0.5” in the portion of the definition of “support amount” in the first paragraph before paragraph *a* by “subparagraphs *a* to *b* of the first paragraph of section 336.0.5”.

(2) Subsection 1 applies from the taxation year 2003. In addition, it applies to taxation years preceding the taxation year 2003 for which the Minister of Revenue may, as of 12 December 2003 and under section 1010 of the Act, determine or redetermine the tax payable and make an assessment, a reassessment or an additional assessment.

**89.** (1) Section 336.0.5 of the Act is amended

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

“(a.1) for the purpose of determining the original right to receive an amount that is a support amount as defined in the first paragraph of section 312.3;”;

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

“(b.1) for the purpose of determining the original obligation to pay an amount that is a support amount; and”;

(3) by adding the following paragraph:

“The first paragraph applies only if the judicial or extrajudicial expenses referred to therein were incurred by the taxpayer or, where the taxpayer is required to pay such expenses under an order of a competent court, by the taxpayer's spouse or former spouse or by the father or mother of the taxpayer's child.”

(2) Subsection 1 applies from the taxation year 2003. In addition, it applies to taxation years preceding the taxation year 2003 for which the Minister of Revenue may, as of 12 December 2003 and under section 1010 of the Act, determine or redetermine the tax payable and make an assessment, a reassessment or an additional assessment.

**90.** Section 336.2 of the Act is amended by replacing “tangible” in the English text by “corporeal”.

**91.** (1) Section 350.4 of the Act is amended by adding the following paragraph:

“For the purpose of determining whether the condition set out in subparagraph *a* of the first paragraph is satisfied, no account shall be taken of paragraph *g* of section 39.”

(2) Subsection 1 applies from the taxation year 2004.

**92.** (1) Section 359.8 of the Act is amended, in paragraph *a*,

(1) by replacing “paragraph *a*, *b.1* or *c*” in subparagraph *i* by “any of paragraphs *a*, *b.1*, *c* and *c.2*”;

(2) by replacing “and *c* of that section” in subparagraph *ii* by “, *c* and *c.2* of that section”.

(2) Subsection 1 applies in respect of expenses incurred after 31 December 2002 pursuant to a flow-through share agreement entered into after 26 July 2002.

**93.** (1) Section 359.17 of the Act is replaced by the following section:

**“359.17.** For the purposes of paragraph *c* of section 359.8, a partnership and a corporation are deemed, at all times in a calendar year,

(*a*) not to deal with each other at arm’s length, if

i. an expense is deemed under section 359.3 to be incurred by the partnership,

ii. the expense would, but for paragraph *b* of section 359.3, be incurred in the calendar year by the corporation, and

iii. a share of the expense is included because of paragraph *d* of section 395 in the Canadian exploration expense of the corporation or of a member of the partnership with whom the corporation does not deal at arm’s length at any time in the calendar year; and

(*b*) to deal with each other at arm’s length, in any other case.”

(2) Subsection 1 applies in respect of expenses incurred after 31 December 1996, other than expenses incurred before 1 March 1997 in relation to an agreement that was entered into in the calendar year 1995.

**94.** (1) Section 370 of the Act, amended by section 62 of chapter 8 of the statutes of 2004, is again amended by replacing paragraph *f* by the following paragraph:

“(f) any right to or interest in any property described in any of paragraphs *a* to *e*, other than such a right or interest that the taxpayer has because the taxpayer is a beneficiary under a trust or a member of a partnership.”

(2) Subsection 1 applies in respect of rights and interests acquired after 20 December 2002.

**95.** (1) Section 396 of the Act, amended by section 73 of chapter 8 of the statutes of 2004, is again amended by inserting the following paragraph after paragraph *c.1*:

“(c.2) the portion of any expense that may reasonably be considered to have resulted in income earned by the taxpayer if

i. the expense is an expense otherwise described in paragraph *c* of section 395 and incurred in prospecting, drilling, trenching, digging test pits or preliminary sampling, and the income is earned before a new mine of the taxpayer in the mineral resource referred to in that paragraph *c* comes into production in reasonable commercial quantity, or

ii. the expense is otherwise described in paragraph *c.1* of section 395, and the income is earned before the new mine referred to in that paragraph *c.1* comes into production in reasonable commercial quantity;”.

(2) Subsection 1 applies in respect of expenses incurred after 9 June 2003.

**96.** (1) Section 399 of the Act is amended by replacing paragraph *g* by the following paragraph:

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

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

**97.** (1) Section 408 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) notwithstanding section 144, the cost to the taxpayer of property described in any of paragraphs *b*, *d.1* and *e* of section 370 or in paragraph *f* of that section in respect of property described in any of paragraphs *b*, *d.1* and *e* of that section, including any payment for the preservation of a taxpayer’s rights in respect of such a property, but excluding, except for the application of this paragraph to a taxation year that begins after 31 December 2006,

i. any payment made to a person referred to in section 90 for the preservation of a taxpayer’s rights in respect of a Canadian resource property, and

ii. any payment to which subsection 1 of section 144 applies by reason of paragraph *b* of that subsection 1;”.

(2) Subsection 1 has effect from 21 December 2002.

**98.** (1) Section 418.2 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) notwithstanding section 144, the cost to the taxpayer of property described in any of paragraphs *a*, *c* and *d* of section 370 or in paragraph *f* of that section in respect of property described in any of paragraphs *a*, *c* and *d* of that section, including any payment for the preservation of a taxpayer’s rights in respect of such a property or an amount paid or, except for the application of this paragraph to a taxation year that begins after 31 December 2006, payable to Her Majesty in right of the Province of Saskatchewan as a net royalty payment pursuant to a net royalty petroleum and natural gas lease that was in effect on 31 March 1977 to the extent that such payment can reasonably be considered to be a cost of acquiring the lease, but excluding, except for the application of this paragraph to a taxation year that begins after 31 December 2006,

i. any payment made to a person referred to in section 90 for the preservation of a taxpayer’s rights in respect of a Canadian resource property, and

ii. any payment, other than a net royalty payment referred to in this paragraph, to which subsection 1 of section 144 applies by reason of paragraph *b* of that subsection;”.

(2) Subsection 1 has effect from 21 December 2002.

**99.** (1) Section 421.1 of the Act is amended by replacing “, 752.0.11 to 752.0.13.3 and 1029.8.67 to 1029.8.81” in the portion before paragraph *a* by “and 752.0.11 to 752.0.13.3 and Divisions II.11.1, II.12, II.12.1 and II.13 of Chapter III.1 of Title III of Book IX”.

(2) Subsection 1 applies from the taxation year 1994. However, where section 421.1 of the Act applies to taxation years that precede the taxation year 2000, the reference to “II.11.1, II.12, II.12.1 and II.13” in the portion of that section before paragraph *a* shall be read as a reference to “II.12 and II.13”.

**100.** (1) Sections 425 and 426 of the Act are replaced by the following sections:

**“425.** The disposition or acquisition by a taxpayer, at any time in a taxation year that begins before 1 January 2007, of property that is petroleum, natural gas or other related hydrocarbons, or metal or minerals produced in the operation by the taxpayer of a natural accumulation of petroleum or natural gas, an oil or gas well or a mineral resource, situated in Canada, is deemed to be made at the fair market value of that property at that time, where

(a) the disposition is to a person referred to in section 90 gratuitously or for a consideration less than that fair market value; or

(b) the acquisition is from a person referred to in section 90 for an amount greater than that fair market value.

**“426.** For the purposes of section 425, the fair market value of property referred to in that section is

(a) in the case of a disposition by the taxpayer to a person referred to in section 90, deemed to be equal, at the time of disposition, for each unit of any particular quantity of such property, to the amount by which the average proceeds of disposition of a like unit that become receivable by that person in the month that includes the time of the disposition from a person other than a person referred to in section 90, exceeds the aggregate of

i. the average aggregate of reasonable and necessary expenses, including depreciation, but not the cost of acquisition, incurred by that person referred to in section 90 in respect of such a unit for that month, that may reasonably be attributed to the transporting, marketing or processing of that unit, and

ii. in respect of the unit disposed of by the taxpayer, the amount that may reasonably be considered to be an amount that became receivable by Her Majesty in right of Canada for the use and benefit of a band as defined in the Indian Act (Revised Statutes of Canada, 1985, chapter I-5); and

(b) in the case of an acquisition by the taxpayer from a person referred to in section 90, computed without taking into account any law or contract requiring the taxpayer to acquire that property, and deemed to be equal, at the time of acquisition, for each unit of any particular quantity of such property, to the aggregate of

i. the amount paid or payable to the taxpayer by that person in respect of that unit, and

ii. the amount in respect of that unit paid or payable to Her Majesty in right of Canada by that person for the use and benefit of a band as defined in the Indian Act.”

(2) Subsection 1 applies in respect of dispositions or acquisitions made after 20 December 2002.

**101.** (1) Section 429 of the Act, amended by section 4 of chapter 4 of the statutes of 2004, is again amended by replacing “752.0.1” in subparagraph *c* of the second paragraph by “752.0.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**102.** Section 432 of the Act is amended by replacing “intangible” by “incorporeal”.

**103.** Section 437 of the Act is amended

(1) by replacing “intangible” by “incorporeal” wherever it appears in the following provisions:

- the portion before paragraph *a*;
- the portion of paragraph *b* before subparagraph *i*;
- paragraph *d*;

(2) by replacing “intangible” by “incorporeal” wherever it appears in the following provisions:

- paragraph *a*;
- the portion of paragraph *b* before subparagraph *i*;
- subparagraph *ii* of paragraph *b*;
- paragraph *c*;
- paragraph *d*.

**104.** (1) Section 447 of the Act is amended

- (1) by replacing “Aux fins” in the French text by “Pour l’application”;
  - (2) by inserting “hypothec or” after “debt secured by a” in the English text.
- (2) Subsection 1 has effect from 14 June 2001.

**105.** (1) Section 449 of the Act is amended by inserting “hypothec or” after “debt secured by a” in the English text.

(2) Subsection 1 has effect from 14 June 2001.

**106.** Section 450.9 of the Act is replaced by the following section:

**“450.9.** For the purposes of section 105, paragraph *b* of section 130, sections 444 and 459, subparagraph iv of subparagraph *a* of the first paragraph of section 726.6 and the third paragraph of section 726.6, where at any time any property of an individual that is land, depreciable property of a prescribed class or incorporeal capital property, was used by a corporation a share of the capital stock of which is a share of the capital stock of a family farm corporation of the individual, the individual’s spouse or any of the individual’s children, or by a partnership an interest in which is an interest in a family farm partnership of the individual, the individual’s spouse or any of the individual’s children in the course of carrying on the business of farming in Canada, the property is deemed to have been used at that time by the individual in the business of farming.”

**107.** Section 459 of the Act, replaced by section 96 of chapter 8 of the statutes of 2004, is amended by replacing “intangible” in subparagraph *b* of the second paragraph by “incorporeal”.

**108.** Section 460 of the Act is amended by replacing “intangible” wherever it appears in paragraph *b* by “incorporeal”.

**109.** Section 462 of the Act is amended

(1) by replacing “intangible” by “incorporeal” in the following provisions:

- the portion of subparagraph *b* of the first paragraph before subparagraph *i*;
- wherever it appears in the portion of subparagraph *c* of the first paragraph before subparagraph *i*;

(2) by replacing “intangible” by “incorporeal” in the following provisions:

- the portion of subparagraph *c* of the first paragraph before subparagraph *i*;
- subparagraph *ii* of subparagraph *c* of the first paragraph;
- the second paragraph;
- the third paragraph.

**110.** (1) Section 469 of the Act is amended by replacing “obligation secured by mortgage” in the portion before paragraph *a* by “hypothecary claim, mortgage”.



(2) Subsection 1 has effect from 14 June 2001.

**111.** (1) Section 484 of the Act is amended

(1) by replacing “an obligation secured by mortgage or similar security” in the definition of “creditor” by “a hypothecary claim, mortgage or similar obligation”;

(2) by replacing “secured by mortgage or similar security” in the definition of “debt” by “under a hypothecary claim, mortgage or similar obligation”.

(2) Subsection 1 has effect from 14 June 2001.

**112.** Section 484.3 of the Act is amended by replacing “intangible” in paragraph *b* by “incorporeal”.

**113.** Section 485.3 of the Act is amended, in the first paragraph,

(1) by replacing “intangible” in subparagraph *f* by “incorporeal”;

(2) by replacing “any discretionary power” in the English text of the portion of subparagraph *iii* of subparagraph *k* before subparagraph 1 by “a power to appoint”.

**114.** Section 485.7 of the Act is amended by replacing “intangible” by “incorporeal”.

**115.** Section 486 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**486.** For the application of this Part, except this section, to a taxation year that begins before 1 January 2007, where a taxpayer, under a contract, pays to another person a particular amount that may reasonably be considered to have been received by the other person as a reimbursement, contribution or allowance in respect of an amount paid or payable by the other person, the latter amount is included in computing the income of that other person under section 89 or denied as a deduction in computing the income of such other person because of section 144 and the taxpayer, at the time of payment of the particular amount, was resident in Canada or carrying on business in Canada, the following rules apply:”.

**116.** Section 487.6 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “a loan” in the English text by “borrowed money”.

**117.** (1) Section 489 of the Act is amended by replacing “obligation secured by mortgage” in paragraph *d* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**118.** Section 524 of the Act, amended by section 84 of chapter 21 of the statutes of 2004, is again amended by replacing “intangible” wherever it appears in the portion of paragraph *a* before subparagraph ii by “incorporeal”.

**119.** Section 524.0.1 of the Act is amended

(1) by replacing “intangible” by “incorporeal” in the following provisions:

— the first paragraph;

— subparagraph *b* of the second paragraph;

(2) by replacing “intangible” in subparagraph *c* of the second paragraph by “incorporeal”.

**120.** (1) Section 551 of the Act is amended

(1) by replacing “an obligation secured by mortgage” wherever it appears in the first paragraph by “a hypothecary claim, a mortgage”;

(2) by replacing “obligation secured by mortgage” in the second paragraph by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**121.** Section 605.1 of the Act is amended by replacing “intangible” wherever it appears in paragraph *d* by “incorporeal”.

**122.** Section 614 of the Act, amended by section 128 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” in the portion of the second paragraph before subparagraph *a* by “incorporeal”.

**123.** Section 622 of the Act is amended by replacing “intangible” in the portion before paragraph *a* by “incorporeal”.

**124.** Section 624.1 of the Act is amended

(1) by replacing “intangible” wherever it appears in the portion before paragraph *b* by “incorporeal”;

(2) by replacing “intangible” wherever it appears in paragraphs *a* and *b* by “incorporeal”.

**125.** Section 628 of the Act is amended by replacing “intangible” in the portion before paragraph *a* by “incorporeal”.

**126.** Section 630.1 of the Act is amended by replacing “intangible” wherever it appears in the portion before paragraph *b* by “incorporeal”.

**127.** (1) Section 649 of the Act is amended by replacing “obligations secured by mortgage” in subparagraph 4 of subparagraph iii of paragraph *b* by “hypothecary claims, mortgages”.

(2) Subsection 1 has effect from 14 June 2001.

**128.** Section 653 of the Act, amended by section 87 of chapter 21 of the statutes of 2004, is again amended by replacing “intangible” in subparagraph *e* of the fourth paragraph by “incorporeal”.

**129.** (1) Section 658 of the Act, amended by section 92 of chapter 21 of the statutes of 2004, is again amended by replacing “in paragraph *b* or *f*” in the second paragraph by “in paragraph *f*”.

(2) Subsection 1 applies from the taxation year 2005.

**130.** (1) Sections 669.3 and 669.4 of the Act are replaced by the following sections:

**“669.3.** For the purposes of sections 657 and 663, the amount designated by a trust in its fiscal return filed under this Part for a taxation year beginning before 1 January 2007 throughout which it was resident in Canada which does not exceed the amount determined in accordance with section 669.4 is deemed to have become payable by the trust to its beneficiaries in the year according to the share designated in the fiscal return for each of the beneficiaries.

The first paragraph does not apply unless the designated shares referred to in that paragraph are reasonable having regard to the portions of the income of the trust for the year determined without reference to the provisions of this Act which are included in computing the income of the beneficiaries for the year.

**“669.4.** For the purposes of the first paragraph of section 669.3, the amount that may be designated by a trust under that section in respect of a taxation year shall not exceed the amount determined by the formula

$$(A - B) \times C/D.$$

In the formula provided for in the first paragraph,

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

i. is not deductible in computing the trust’s income for the year, but that would be deductible were it not for section 144, or

ii. is required to be included in computing the trust's income for the year under section 89 or 425 or because of an amount designated under section 669.3 by another trust;

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

i. is deductible in computing the trust's income for the year under section 145, otherwise than because of the membership of the trust in a partnership, or

ii. is not included in computing the trust's income for the year, but that would be deductible were it not for section 486;

(c) C is the aggregate of all amounts each of which is a portion of the trust's income for the year, determined without reference to the provisions of this Act, that is payable in the year to a beneficiary of the trust or that is required to be included in computing the income of such a beneficiary for the year under section 662; and

(d) D is the trust's income for the year, determined without reference to the provisions of this Act."

(2) Subsection 1 applies to taxation years of a trust that end after 20 December 2002.

**131.** (1) Section 671.10 of the Act, enacted by section 96 of chapter 21 of the statutes of 2004, is amended by striking out “, or that would be, were it not for the application of Book V.2.1,” in subparagraph *a* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**132.** (1) Section 681 of the Act is amended by replacing “752.0.1” in paragraph *d* by “752.0.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**133.** Section 688 of the Act is amended

(1) by replacing “intangible” wherever it appears in subparagraph *e* of the first paragraph by “incorporeal”;

(2) by replacing “intangible” in subparagraph *b* of the second paragraph by “incorporeal”.

**134.** (1) Section 688.0.0.1 of the Act is amended

(1) by replacing “les conditions suivantes sont remplies” in the portion of the French text before paragraph *a* by “l’une des conditions suivantes est remplie”;

(2) by replacing “intangible” in paragraph *c* by “incorporeal”.

(2) Paragraph 1 of subsection 1 applies in respect of distributions made after 1 October 1996.

**135.** Section 692.8 of the Act, amended by section 135 of chapter 8 of the statutes of 2004, is again amended

(1) by replacing “intangible” by “incorporeal”, wherever it appears in the following provisions:

- the portion of subparagraph *d* of the first paragraph before subparagraph *i*;
- subparagraph *ii* of subparagraph *d* of the first paragraph;

(2) by replacing “intangible” by “incorporeal”, wherever it appears in the following provisions:

- the portion of subparagraph *i* of subparagraph *d* of the first paragraph before subparagraph 2;
- subparagraph *ii* of subparagraph *d* of the first paragraph.

**136.** (1) Section 725 of the Act, amended by section 136 of chapter 8 of the statutes of 2004 and by section 101 of chapter 21 of the statutes of 2004, is again amended by replacing paragraph *b.1* by the following paragraph:

“(b.1) an indemnity described in any of paragraphs *k.2* to *k.5* of section 311;”.

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

**137.** (1) Section 726.4.17.22 of the Act is amended

(1) by replacing “auxquelles réfère le paragraphe *a* de l’article 726.4.17.20” in the French text of the portion before paragraph *a* by “auxquelles le paragraphe *a* de l’article 726.4.17.20 fait référence”;

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

“(f) expenses that are eligible expenses, within the meaning of section 1029.8.36.167, taken into account in computing an amount that the corporation is deemed to have paid to the Minister for a taxation year under Division II.6.15 of Chapter III.1 of Title III of Book IX.”

(2) Paragraph 2 of subsection 1 has effect from 30 March 2001.

**138.** Section 726.6 of the Act, amended by section 140 of chapter 8 of the statutes of 2004 and by section 120 of chapter 21 of the statutes of 2004, is again amended by replacing “intangible” by “incorporeal” in the following provisions:

- subparagraph iv of subparagraph *a* of the first paragraph;
- the third paragraph.

**139.** Section 726.9.2 of the Act is amended by replacing “intangible” in subparagraphs i and ii of subparagraph *b* of the first paragraph by “incorporeal”.

**140.** Section 726.9.3 of the Act is amended by replacing “intangible” in subparagraph iii of paragraph *a* by “incorporeal”.

**141.** Section 726.9.11 of the Act is amended by replacing “intangible” in paragraph *c* by “incorporeal”.

**142.** Section 736.0.2 of the Act is amended by replacing “intangible” wherever it appears in paragraph *b* by “incorporeal”.

**143.** Section 737.18.15 of the Act is amended by replacing “intangible” in subparagraph *b* of the second paragraph by “incorporeal”.

**144.** Section 737.18.20 of the Act is amended by replacing “any discretionary power” by “a power to appoint” in the English text of the following provisions of the second paragraph:

- subparagraph 1 of subparagraph i of subparagraph *c*;
- subparagraph ii of subparagraph *c*.

**145.** (1) Section 750 of the Act, amended by section 189 of chapter 21 of the statutes of 2004, is replaced by the following section:

“**750.** The tax payable under this Part by an individual on the individual’s taxable income for a taxation year is equal to the aggregate of

(a) 16% of the lesser of \$27,635 and the individual’s taxable income for that year;

(b) 20% of the amount by which the lesser of \$55,280 and the individual’s taxable income for that year exceeds \$27,635; and

(c) 24% of the amount by which the individual’s taxable income for that year exceeds \$55,280.”

(2) Subsection 1 applies from the taxation year 2005.

**146.** (1) Section 750.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“750.1.** The percentage to which sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.15, 752.0.18.3, 752.0.18.8, 752.0.18.10, 752.0.18.15, 768 and 770 refer is”.

(2) Subsection 1 applies from the taxation year 2005.

**147.** (1) Section 750.2 of the Act is amended

(1) by replacing “2001” and “percentage” in the portion before the formula provided for in the first paragraph by “2004” and “factor”, respectively;

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

“(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year preceding that for which an amount is to be adjusted; and

“(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year next before the year preceding that for which the amount is to be adjusted.”;

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

“The amounts to which the first and fourth paragraphs refer are

(a) the amounts of \$27,635 and \$55,280, wherever they are mentioned in section 750;

(b) the amounts of \$6,275 and \$2,925 mentioned in section 752.0.0.1;

(c) the amounts of \$1,380, \$1,755, \$2,550, \$2,765 and \$6,275, wherever they are mentioned in section 752.0.1;

(d) the amount of \$27,635 mentioned in section 752.0.7.1; and

(e) the amount of \$1,115, wherever it is mentioned in section 752.0.7.4.”;

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

“For the purposes of the first paragraph in respect of an amount to be used for the taxation year 2005, each of the amounts referred to in the third paragraph is deemed to be the amount used for the taxation year 2004.”

(2) Subsection 1 applies from the taxation year 2005.

**148.** (1) Section 750.2.1 of the Act, enacted by section 190 of chapter 21 of the statutes of 2004, is repealed.

(2) Subsection 1 applies from the taxation year 2005.

**149.** (1) Section 750.3 of the Act, replaced by section 191 of chapter 21 of the statutes of 2004, is amended by replacing “section 750.2 or 750.2.1” by “section 750.2”.

(2) Subsection 1 applies from the taxation year 2005.

**150.** (1) The Act is amended by inserting the following sections before section 752.0.1:

**“752.0.0.1.** An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the total of \$6,275 and the complementary amount for the year.

For the purposes of the first paragraph, subject to section 752.0.0.2, the complementary amount for a taxation year is equal to the greater of \$2,925 and the aggregate of

(a) the aggregate of all amounts each of which is an amount payable by the individual as an employee’s premium for the year under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23);

(b) the aggregate of all amounts each of which is an amount payable by the individual as an employee for the year as a contribution under the Act respecting the Québec Pension Plan (chapter R-9) or any similar plan within the meaning of paragraph *u* of section 1 of that Act;

(c) the aggregate of all amounts each of which is 50% of an amount payable by the individual as a contribution for the year in respect of self-employed earnings under the Act respecting the Québec Pension Plan or under any similar plan within the meaning of paragraph *u* of section 1 of that Act; and

(d) the amount that the individual is required to pay as a contribution for the year under subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5).

**“752.0.0.2.** An individual shall not include for a taxation year, in the aggregate referred to in the second paragraph of section 752.0.0.1,

(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 subparagraph *a*, or a contribution referred to in subparagraph *b*, of that second paragraph, 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

(b) an amount in respect of an amount payable by the individual for the year, in relation to a business of the individual, as a contribution referred to in subparagraph *c* of that second paragraph, if all of the individual's income for the year from that business 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.”

(2) Subsection 1 applies from the taxation year 2005.

**151.** (1) Section 752.0.1 of the Act, amended by section 192 of chapter 21 of the statutes of 2004, is again amended

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

**“752.0.1.** An individual may deduct from the individual's tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the aggregate of”;

(2) by replacing paragraphs *b* to *g* by the following paragraphs:

“(b) \$2,765 for a person who is 18 years of age or over during the year in respect of whom the individual is entitled, for the year, to a deduction under paragraph *d* if, at the end of the year or on the date of the individual's death, the individual has no child in respect of whom the individual or the individual's eligible spouse for the year, within the meaning of sections 776.41.1 to 776.41.4, is entitled, for the year, to an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable and if the individual designates for the year, in prescribed form, that person as a first child;

“(c) \$2,550 for each person who is 18 years of age or over during the year in respect of whom the individual is entitled, for the year, to a deduction under paragraph *d* and in respect of whom the individual does not make any deduction for the year under paragraph *b*;

“(d) for each person who is a child of the individual, other than a person in respect of whom the individual is entitled, for the year, to a deduction under paragraph *g*, and who is a dependant of the individual in the year, \$1,755 in respect of each completed term, without exceeding two, which began in the year and during which the person was in full-time attendance at an educational institution designated by the Minister of Education for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level

established under the Act respecting financial assistance for education expenses (chapter A-13.3), where the person was enrolled in an educational program referred to in section 752.0.2.1;

“(e) \$1,380 for a person designated by the individual, for the year, as a first child for the purpose of deducting an amount 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 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, and if, during the year, the individual

i. is unmarried or, being married, does not live with or support the individual’s spouse and is not dependent for support on the individual’s spouse,

ii. does not live maritally with any person, and

iii. maintains a self-contained domestic establishment where the individual ordinarily lives;

“(f) \$2,550 for each person, other than the individual’s spouse, who

i. is related to the individual by blood, marriage or adoption,

ii. during the year, is 18 years of age or over,

iii. during the year, ordinarily lives with the individual,

iv. during the year, is dependent for support on the individual, and

v. in respect of whom the individual makes no deduction for the year under paragraph *d*; and

“(g) \$6,275 for each person described in paragraph *f* who, during the year, is dependent on the individual by reason of mental or physical infirmity and in respect of whom the individual makes no deduction, for the year, under paragraph *f*”.

(2) Subsection 1 applies from the taxation year 2005.

**152.** (1) The Act is amended by inserting the following sections after section 752.0.1:

**“752.0.1.1.** Where, for the purpose of establishing the amount that an individual may deduct from the individual’s tax otherwise payable for a taxation year under section 752.0.1, the individual includes, in the aggregate referred to in that section, a particular amount under any of paragraphs *b*, *c*, *e*, *f* and *g* of that section in respect of a person who reaches 18 years of age in the year, each particular amount that would otherwise be applicable for the year,

with reference to section 750.2, shall be replaced by an amount equal to the proportion of that particular amount that the number of months in the year that follow the month in which that person reaches 18 years of age is of 12.

**“752.0.1.2.** Where, for the purpose of establishing the amount that an individual may deduct from the individual’s tax otherwise payable for a taxation year under section 752.0.1, the individual includes, in computing the aggregate referred to in that section, a particular amount under paragraph *e* of that section, and a condition described in any of subparagraphs *i* to *iii* of that paragraph *e* is not satisfied in respect of the individual during the entirety of a month included in the year, the particular amount that would otherwise be applicable for the year, with reference to section 750.2 and section 752.0.1.1, shall be replaced by an amount equal to the proportion of that particular amount that the number of months in the year during the entirety of which all the conditions described in subparagraphs *i* to *iii* of that paragraph *e* are satisfied in respect of the individual is of 12.”

(2) Subsection 1 applies from the taxation year 2005.

**153.** (1) Section 752.0.2 of the Act is amended by striking out “paragraphs *b* to *g* of” in the first paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**154.** (1) Section 752.0.4 of the Act is replaced by the following section:

**“752.0.4.** For the purposes of paragraph *b* of section 752.0.1, the following rules apply:

(*a*) an individual shall not designate, for a taxation year, more than one person as a first child; and

(*b*) an individual shall not designate, for a taxation year, a person other than the person designated for the year under that paragraph *b* by the individual’s eligible spouse for the year, within the meaning of sections 776.41.1 to 776.41.4, unless

i. the individual deducts no amount under section 776.41.5 in respect of the individual’s eligible spouse for the year from the individual’s tax otherwise payable for the year under this Part, and

ii. in the year, the individual

(1) is unmarried or, being married, does not live with or support the individual’s spouse and is not dependent for support on the individual’s spouse,

(2) does not live maritally with any person, and

(3) maintains a self-contained domestic establishment where the individual ordinarily lives.”

(2) Subsection 1 applies from the taxation year 2005.

**155.** (1) Sections 752.0.5 and 752.0.5.1 of the Act are repealed.

(2) Subsection 1 applies from the taxation year 2005.

**156.** (1) Section 752.0.5.2 of the Act is amended by inserting “and subparagraph 1 of subparagraph ii of paragraph *b* of section 752.0.4” after “752.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**157.** (1) Section 752.0.7 of the Act is replaced by the following section:

**“752.0.7.** Where, for a taxation year, more than one individual is entitled to deduct an amount under sections 752.0.1 to 752.0.5.2 in respect of the same dependant, the following rules apply:

(a) the amount that an individual could deduct, but for this section, for the year under sections 752.0.1 to 752.0.5.2 in respect of that person shall be reduced to the proportion of that amount determined, in respect of the individual, by all the individuals who would so be entitled to a deduction for the year under those sections in respect of that person;

(b) the aggregate of the proportions determined for the purposes of paragraph *a* by 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 for the purposes of paragraph *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 2005.

**158.** (1) Section 752.0.7.1 of the Act is amended by replacing “\$26,000” in the definition of “family income” by “\$27,635”.

(2) Subsection 1 applies from the taxation year 2005.

**159.** (1) Section 752.0.7.4 of the Act is amended

(1) by replacing “\$1,050” in the portion of subparagraph i of paragraph *a* before subparagraph 2 by “\$1,115”;

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

“(2) the individual ordinarily lives, throughout the year or, if the individual dies in the year, throughout the period of the year before the time of death, in a self-contained domestic establishment maintained by the individual and in which no person, other than the individual, a person under 18 years of age or a person in respect of whom the individual is entitled to a deduction under paragraph *b* or *c* of section 752.0.1, lives during the year or, if the individual dies in the year, during the period of the year before the time of death, and”;

(3) by replacing “\$1,050” in the portion of subparagraph *i* of paragraph *b* before subparagraph 2 by “\$1,115”;

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

“(2) the eligible spouse ordinarily lives, throughout the year, in a self-contained domestic establishment maintained by the eligible spouse and in which no person, other than the eligible spouse, a person under 18 years of age or a person in respect of whom the eligible spouse is entitled to a deduction under paragraph *b* or *c* of section 752.0.1, lives during the year, and”.

(2) Subsection 1 applies from the taxation year 2005.

**160.** (1) The heading of Chapter I.0.3 of Title I of Book V of Part I of the Act is replaced by the following heading:

“TAX CREDITS FOR MEDICAL EXPENSES OR CARE AND FOR MENTALLY OR PHYSICALLY IMPAIRED PERSONS”.

(2) Subsection 1 applies from the taxation year 2005.

**161.** (1) Section 752.0.11.1 of the Act, amended by section 145 of chapter 8 of the statutes of 2004, is again amended

(1) by replacing paragraph *o.2* by the following paragraph:

“(*o.2*) on behalf of a person who has a speech or hearing impairment, for sign language interpretation services or real-time captioning services, to the extent that the payment is made to a person engaged in the business of providing such services;”;

(2) by inserting the following paragraphs after paragraph *o.2*:

“(*o.2.1*) on behalf of a person who has a mental or physical impairment, for note-taking services, if

i. the person has been certified in writing by a medical practitioner to be a person who, because of that impairment, requires such services, and

ii. the payment is made to a person engaged in the business of providing such services;

“(o.2.2) on behalf of a person who has a physical impairment, for the cost of voice recognition software, if the patient has been certified in writing by a medical practitioner to be a person who, because of that impairment, requires that software;”;

(3) by adding the following paragraph after paragraph *s*:

“(t) on behalf of a person who has celiac disease and who has been certified in writing by a medical practitioner to be a person who, because of that disease, requires a gluten-free diet, for the incremental cost of acquiring gluten-free food products as compared to the cost of comparable non-gluten-free food products.”

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

**162.** (1) Section 752.0.12 of the Act is amended by striking out the third paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**163.** (1) Section 752.0.13.2 of the Act is replaced by the following section:

“**752.0.13.2.** The particular person to whom sections 752.0.13.1 and 752.0.13.1.1 refer is the individual, the individual’s spouse or any person dependent on the individual during the taxation year in which the expenses were incurred.”

(2) Subsection 1 applies from the taxation year 2005.

**164.** (1) Sections 752.0.13.4 and 752.0.13.5 of the Act are repealed.

(2) Subsection 1 applies from the taxation year 2005.

**165.** (1) Section 752.0.14 of the Act is amended by replacing “in walking, or in feeding and dressing” in paragraph *b* by “in walking, feeding or dressing”.

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

**166.** (1) Section 752.0.15 of the Act is amended

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

“**752.0.15.** An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part the amount by which the amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount of \$2,200 exceeds the tax payable for the year under this Part, computed with reference to the rules set out in section 752.0.15.1, by any person, other than an excluded person referred to in

the second paragraph, who is resident in Canada at any time in the year and who is a person in respect of whom the individual has deducted, in computing the individual's tax otherwise payable for the year, an amount under section 752.0.1, or could have deducted such an amount if the person had had no income for the year, or a person in respect of whom the individual or the individual's eligible spouse for the year, within the meaning of sections 776.41.1 to 776.41.4, has received, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable, where”;

(2) by striking out subparagraph *c* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**167.** (1) Section 752.0.15.1 of the Act is replaced by the following section:

**“752.0.15.1.** For the purposes of section 752.0.15, the tax payable for a taxation year under this Part by a person shall be computed without reference to the deductions under this Book, other than those under sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.18.3 and 752.0.18.8.”

(2) Subsection 1 applies from the taxation year 2005.

**168.** (1) Section 752.0.17 of the Act is amended

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

“ii. feeding or dressing oneself;”;

(2) by adding the following subparagraphs after subparagraph *d* of the first paragraph:

“(e) feeding oneself does not include

i. identifying, finding, shopping for or otherwise procuring food, or

ii. preparing food to the extent that the time associated with the activity would not have been necessary in the absence of a dietary restriction or regime; and

“(f) dressing oneself does not include identifying, finding, shopping for or otherwise procuring clothing.”;

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

“Where an amount has been deducted under any of sections 752.0.14, 752.0.15 and 776.41.5 in respect of an individual, any person referred to in that section shall, on request in writing by the 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) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2003.

(3) Paragraph 3 of subsection 1, where it replaces “, 776.41.5 and 776.78” in the third paragraph of section 752.0.17 of the Act by “and 776.41.5”, applies from the taxation year 2005.

**169.** (1) The Act is amended by inserting the following section after section 752.0.18:

**“752.0.18.0.1.** For the purposes of the first paragraph of section 752.0.12 and section 752.0.13.2, a dependant of an individual during a taxation year means a person who

(a) is supported by the individual during the year;

(b) during the year, lives ordinarily with the individual or is deemed to live ordinarily with the individual under the second paragraph; and

(c) is the child, grandchild, brother, sister, nephew, niece, uncle, aunt, great uncle, great aunt, father, mother or any other direct ascendant of the individual or of the spouse of the individual.

For the purposes of subparagraph *b* of the first paragraph, a person who, during a year, does not live ordinarily with the individual and who, during the year, is a dependant of the individual by reason of mental or physical infirmity, is deemed to ordinarily live with that individual during that year, except if the person has not been resident in Canada at any time in the year where the person is not the child or grandchild of the individual or of the spouse of the individual.”

(2) Subsection 1 applies from the taxation year 2005.

**170.** (1) Chapter I.0.3.1 of Title I of Book V of Part I of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2005.

**171.** (1) Section 752.0.18.4 of the Act is amended

(1) by replacing “paragraphs *b* to *g*” in the first paragraph by “paragraphs *b* to *g* and *i*”;

(2) by replacing “paragraphs *b* to *e*” in the second paragraph by “paragraphs *b* to *e* and *i*”.



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

**172.** (1) Section 752.0.18.5 of the Act is amended by replacing “paragraphs *b* to *e*” by “paragraphs *b* to *e* and *i*”.

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

**173.** (1) Section 752.0.18.6 of the Act is amended by replacing “paragraphs *a*, *b* and *d* to *g*” in the first paragraph by “paragraphs *a*, *b*, *d* to *g* and *i*”.

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

**174.** (1) Section 752.0.22 of the Act is amended by inserting “752.0.0.1,” after “sections” and by striking out “752.0.18.1,” and “752.0.13.4,”.

(2) Subsection 1 applies from the taxation year 2005.

**175.** (1) Section 752.0.23 of the Act is replaced by the following section:

**“752.0.23.** Where an individual is referred to in the second paragraph of section 22 or 25, the amount that the individual may deduct under sections 752.0.0.1 to 752.0.18.15 in computing the individual’s tax payable for a taxation year under this Part shall not exceed the portion of that amount that is represented by the proportion referred to in the second paragraph of section 22 or 25.”

(2) Subsection 1 applies from the taxation year 2005.

**176.** (1) Section 752.0.24 of the Act is amended

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

“(a) only the following amounts may be deducted by the individual under sections 752.0.0.1 to 752.0.7 and 752.0.10.1 to 752.0.18.15 in respect of any period in the year throughout which the individual was resident in Canada:

i. such of the amounts deductible under sections 752.0.10.6, 752.0.11 to 752.0.13.3, 752.0.18.3, 752.0.18.8, 752.0.18.10 and 752.0.18.15 as can reasonably be considered wholly applicable to such a period, computed as though that period were a whole taxation year,”;

(2) by inserting the following subparagraph after subparagraph ii of subparagraph *a* of the first paragraph:

“iii. such of the amounts as the individual would be allowed to deduct for the year under section 752.0.0.1, if the deduction were

(1) computed as though each particular amount in dollars that is referred to in that section and that would otherwise be applicable for the year, with reference to section 750.2, were replaced by an amount equal to such proportion of the particular amount as the number of days in that period is of the number of days in the year and as though that period were a whole taxation year, and

(2) computed as though the complementary amount for the year, within the meaning of the second paragraph of section 752.0.0.1, were determined by considering only the amounts referred to in any of subparagraphs *a* to *d* of that paragraph as can reasonably be considered wholly applicable to such a period and as though that period were a whole taxation year; and”;

(3) by replacing “752.0.1” in subparagraph *b* of the first paragraph and in the second paragraph by “752.0.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**177.** (1) Section 752.0.25 of the Act is amended

(1) by replacing “752.0.1” in the first paragraph and in subparagraph *a* of the second paragraph by “752.0.0.1”;

(2) by replacing “752.0.18.1” in subparagraph *b* of the second paragraph by “752.0.15”.

(2) Subsection 1 applies from the taxation year 2005.

**178.** (1) Section 752.0.26 of the Act is replaced by the following section:

**“752.0.26.** Where a separate fiscal return in respect of an individual is filed under any of sections 429, 681 and 1003 for a particular period and another fiscal return in respect of the same individual is filed under this Part for a period ending in the calendar year in which the particular period ends, for the purpose of computing the tax payable under this Part by the individual in such fiscal returns, the following rules apply:

(*a*) the aggregate of all deductions claimed in all such returns under section 752.0.0.1 shall not exceed the total of

i. the aggregate of all deductions that could be claimed for the year under section 752.0.0.1 in respect of the individual if that section were read with “the total of \$6,275 and the complementary amount for the year” in the first paragraph replaced by “\$6,275” and without reference to the second paragraph thereof, and

ii. the aggregate of all deductions that could be claimed for the year under section 752.0.0.1 in respect of the individual if the first paragraph of that section were read without reference to “total of \$6,275 and the” and no separate fiscal returns were filed under sections 429, 681 and 1003; and

(b) the aggregate of all deductions claimed in all such returns under sections 752.0.7.1 to 752.0.18.15 shall not exceed the aggregate of all deductions that could be claimed thereunder for the year in respect of the individual if no separate fiscal returns were filed under sections 429, 681 and 1003.”

(2) Subsection 1 applies from the taxation year 2005.

**179.** (1) Section 752.0.27 of the Act is amended

(1) by replacing “752.0.1” in the portion before paragraph *a* by “752.0.0.1”;

(2) by striking out “, otherwise than as a consequence of the application of paragraph *i* of section 752.0.1” in paragraph *a*;

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

“(b) in the case of an amount that is deductible for such a taxation year under section 752.0.14, the amount shall be computed as if the particular amount in dollars that is mentioned in that section were replaced by an amount equal to the proportion of that particular amount that the number of days in that taxation year is of the number of days in the calendar year;”;

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

“(b.1) in the case of an amount that is deductible for such a taxation year under section 752.0.0.1, the amount shall be computed as if

i. each particular amount in dollars that is mentioned in section 752.0.0.1 and that would otherwise be applicable for such a taxation year, with reference to section 750.2, were replaced by an amount equal to the proportion of that particular amount that the number of days in that taxation year is of the number of days in the calendar year, and

ii. the complementary amount for such a taxation year, within the meaning of the second paragraph of section 752.0.0.1, were determined by applying the following rules:

(1) an amount shall be included in computing the aggregate referred to in any of subparagraphs *a* to *c* of the second paragraph of that section only if it is reasonable to consider it as wholly applicable to such a taxation year, and

(2) the amount referred to in subparagraph *d* of the second paragraph of that section may be taken into account only for the determination of the complementary amount for the taxation year that is deemed to begin on the date of the bankruptcy; and”;

(5) by adding the following paragraph:

“For the purposes of subparagraph *a* of the first paragraph in respect of each of the taxation years referred to in section 779 that end in the calendar year in which an individual becomes a bankrupt, where the individual includes, in computing the aggregate referred to in section 752.0.1, an amount under any of paragraphs *b*, *c* and *e* to *g* of section 752.0.1 in respect of a person who reaches 18 years of age in the calendar year and the person is under 18 years of age at the end of the taxation year that is deemed to end the day before the bankruptcy, the following rules apply:

(a) the number of days in the taxation year that is deemed to end the day before the bankruptcy is deemed to be equal to zero; and

(b) the number of days in the taxation year that is deemed to begin on the date of the bankruptcy is deemed to be equal to the number of days in the calendar year.”

(2) Paragraphs 1, 4 and 5 of subsection 1 apply from the taxation year 2005.

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

**180.** (1) Section 766.7 of the Act is amended by striking out “and subject to section 776.97”.

(2) Subsection 1 applies from the taxation year 2005.

**181.** (1) Section 770.1 of the Act is amended by replacing “752.0.1” by “752.0.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**182.** (1) Section 772.2 of the Act, amended by section 207 of chapter 21 of the statutes of 2004, is again amended by striking out “776.29 to 776.40,” in the definition of “tax otherwise payable”.

(2) Subsection 1 applies from the taxation year 2005.

**183.** (1) Section 776 of the Act is amended by inserting the following paragraph after the first paragraph:

“For the purposes of this section, a contribution of money does not include a contribution, or a part thereof, made by an individual and in respect of which the individual has obtained, or is entitled to obtain, a refund or any other form of assistance.”

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

**184.** (1) Section 776.1.4 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the aggregate of the individual’s pensionable salary and wages for the year, determined in accordance with section 45 of the Act respecting the Québec Pension Plan (chapter R-9) and as if that section were read without reference to subparagraph *b* of the second paragraph thereof, and the individual’s income for the year from a business exceeds the amount of Basic Exemption determined for the year in accordance with section 42 of that Act; and”.

(2) Subsection 1 applies in respect of shares purchased after 12 December 2003.

**185.** (1) Section 776.7 of the Act is amended by replacing “obligation secured by mortgage” in subparagraph ii of paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**186.** (1) Title VII of Book V of Part I of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2005.

(3) In addition, where subparagraph 5 of subparagraph i of subparagraph *c* of the first paragraph of section 776.29 of the Act applies to the taxation year 1997, the reference therein to “except any indemnity received under Chapter V of Title II of the Automobile Insurance Act (chapter A-25)” shall be read as a reference to “except an amount referred to in any of paragraphs *f* to *h* and *j* of section 488R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1)”.

**187.** (1) Section 776.41.5 of the Act is amended

(1) by replacing “fifth” in the portion before the formula provided for in the first paragraph by “fourth”;

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

“(a) A is the aggregate of all amounts each of which is an amount that the individual’s eligible spouse for the taxation year 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 tax otherwise payable of the individual’s eligible spouse for the taxation year, computed without reference to the deductions provided for in Book V.”;

(3) by striking out the third paragraph;

(4) by replacing “subparagraph ii of subparagraph *a*” and “the aggregate referred to in that subparagraph ii” in the fourth paragraph by “subparagraph *a*” and “the aggregate referred to in that subparagraph *a*”, respectively.

(2) Subsection 1 applies from the taxation year 2005.

**188.** (1) Section 776.65 of the Act is amended

(1) by replacing “752.0.1” and “752.0.18.1” in the first and second paragraphs by “752.0.0.1” and “752.0.18.3”, respectively;

(2) by striking out the third paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**189.** (1) Book V.2.1 of Part I of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2005.

**190.** (1) Section 779 of the Act is replaced by the following section:

**“779.** Except for the purposes of sections 752.0.2, 752.0.7.1 to 752.0.10, 752.0.11 to 752.0.13.0.1, 935.4 and 935.15 and Divisions II.11.1 and II.12.1 to II.20 of Chapter III.1 of Title III of Book IX, the taxation year of a bankrupt is deemed to begin on the date of the bankruptcy and the current taxation year is deemed to end on the day immediately before the date of the bankruptcy.”

(2) Subsection 1 has effect from 12 March 2003. However, where section 779 of the Act applies before the taxation year 2005, it shall be read as follows:

**“779.** Except for the purposes of sections 752.0.2, 752.0.7.1 to 752.0.10 and 752.0.11 to 752.0.13.0.1, Title VII of Book V, sections 935.4 and 935.15 and Divisions II.11.1 and II.12.1 to II.20 of Chapter III.1 of Title III of Book IX, the taxation year of a bankrupt is deemed to begin on the date of the bankruptcy and the current taxation year is deemed to end on the day immediately before the date of the bankruptcy.”

**191.** (1) Section 782 of the Act is amended by striking out paragraph *c*.

(2) Subsection 1 applies from the taxation year 2005.

**192.** Section 785.1 of the Act, amended by section 154 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” in subparagraph iii of paragraph *b* by “incorporeal”.

**193.** Section 785.2 of the Act, amended by section 155 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” in subparagraph ii of paragraph *b* by “incorporeal”.

**194.** (1) Section 805 of the Act is amended by replacing “obligations secured by mortgage” in subparagraph *a* of the first paragraph by “hypothecary claims, mortgages”.

(2) Subsection 1 has effect from 14 June 2001.

**195.** (1) Section 832.8 of the Act is amended by replacing “obligation secured by mortgage” in the portion before paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**196.** Section 832.14 of the Act, amended by section 163 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” in paragraph *b* by “incorporeal”.

**197.** (1) Section 851.22.1 of the Act is amended by replacing “obligation secured by mortgage” in the portion of the definition of “specified debt obligation” in the first paragraph before paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**198.** Section 905.1 of the Act is amended by adding the following paragraph after paragraph *f*:

“(g) “retirement income” has the meaning assigned by subsection 1 of section 146 of the Income Tax Act.”

**199.** (1) Section 908 of the Act, amended by section 171 of chapter 8 of the statutes of 2004, is again amended

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

“**908.** In this Title, a refund of premiums means any amount paid out of or under a registered retirement savings plan by reason of the death of the annuitant under the plan, other than a tax-paid amount in respect of the plan, to

(a) the individual who, immediately before the death of the annuitant, was the spouse of the annuitant, where the annuitant died before the date provided for the first payment of benefits; or

(b) the child or grandchild of the annuitant who was, immediately before the death of the annuitant, financially dependent on the annuitant for support.”;

(2) by striking out the second paragraph;

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

“For the purposes of subparagraph *b* of the first paragraph, a child or grandchild of the annuitant is deemed not to be financially dependent on the annuitant at the time of the death of the annuitant if the child’s or grandchild’s income, for the taxation year preceding the taxation year in which the annuitant died, was greater than the amount determined under the formula provided for in subsection 1.1 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for that preceding year.”

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of deaths that occur after 31 December 2002.

**200.** (1) Section 961.17 of the Act is amended, in the second paragraph,

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

“An amount transferred on behalf of an individual from a registered retirement income fund of an annuitant is not to be included in computing the income of a taxpayer, solely because of that transfer, where the amount is”;

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

“(b) an amount transferred on behalf of an individual who is a spouse or former spouse of the annuitant and who is entitled to the amount under an order or judgment of a competent court, or under a written separation agreement, relating to a partition of property between the annuitant and the annuitant’s spouse or former spouse in settlement of rights arising out of, or on the breakdown of, their marriage, directly to

i. a registered retirement income fund under which the individual is the annuitant, or

ii. a registered retirement savings plan under which the individual is the annuitant within the meaning of paragraph *b* of section 905.1; or”;

(3) by adding the following paragraph after paragraph *b*:

“(c) an amount transferred at the direction of the annuitant directly to a registered pension plan of which, at any time before the transfer, the annuitant was a member, within the meaning of section 965.0.1, or to a prescribed registered pension plan and allocated to the annuitant under a money purchase provision of the plan, within the meaning of section 965.0.1.”

(2) Subsection 1 has effect from 1 January 2004.



**201.** (1) The Act is amended by inserting the following section after section 961.21:

**“961.21.1.** An amount transferred on behalf of an individual from a registered retirement income fund of an annuitant is not to be deducted in computing the income of a taxpayer, where the amount so transferred is transferred in a situation described in any of subparagraphs *a* to *c* of the second paragraph of section 961.17.”

(2) Subsection 1 has effect from 1 January 2004.

**202.** Section 965.3 of the Act is amended by replacing “intangible” wherever it appears by “incorporeal”.

**203.** Section 965.9.5 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “a loan” in the English text by “borrowed money”.

**204.** Section 965.9.5.1 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “a loan” in the English text by “borrowed money”.

**205.** Section 965.9.8.6 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “a loan” in the English text by “borrowed money”.

**206.** Section 965.9.8.7 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “a loan” in the English text by “borrowed money”.

**207.** Section 999.1 of the Act is amended by replacing “intangible” wherever it appears in paragraph *f* by “incorporeal”.

**208.** (1) Section 1003 of the Act is amended by replacing “752.0.1” in subparagraph ii of subparagraph *b* of the first paragraph by “752.0.0.1”.

(2) Subsection 1 applies from the taxation year 2005.

**209.** (1) Section 1015.3 of the Act, amended by section 251 of chapter 21 of the statutes of 2004, is again amended

(1) by replacing “\$8,840” in the second paragraph by “\$9,200”;

(2) by replacing the portion of the third paragraph before the formula by the following:

“The amount of \$9,200 to which the second paragraph refers shall, where it is to be used for a taxation year subsequent to the taxation year 2004, 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 factor determined by the formula”;

(3) by replacing subparagraphs *a* and *b* of the fourth paragraph by the following subparagraphs:

“(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year preceding that for which an amount is to be adjusted; and

“(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year next before the year preceding that for which the amount is to be adjusted.”;

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

“The amount of \$9,200 to which the second paragraph refers shall, where it is to be used for the taxation year 2005, be deemed, for the purposes of the third paragraph, to be the amount used for the taxation year 2004.”

(2) Subsection 1 applies from the taxation year 2005.

**210.** (1) Section 1015.5 of the Act, enacted by section 252 of chapter 21 of the statutes of 2004, is repealed.

(2) Subsection 1 applies from the taxation year 2005.

**211.** (1) Division IV of Chapter III of Title III of Book IX of Part I of the Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**212.** (1) Section 1029.6.0.0.1 of the Act, amended by section 253 of chapter 21 of the statutes of 2004, is again amended, in the second paragraph,

(1) by inserting “, II.6.5.3, II.6.5.4” after “II.6.5.1” in the portion before subparagraph *a* and in subparagraph *b*;

(2) by replacing “II.6.15” in subparagraph *b* by “II.6.14.1”;

(3) by adding the following subparagraph after subparagraph *i*:

“(j) in the case of Division II.6.15, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for a taxation year under that division, or

ii. the portion of any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act that can reasonably be attributed to an amount that is a pre-production mining expenditure within the meaning of subsection 9 of that section 127.”

(2) Paragraph 1 of subsection 1 has effect from 12 March 2003.

(3) Paragraph 2 of subsection 1 applies in respect of eligible expenses incurred after 12 June 2003.

(4) Paragraph 3 of subsection 1 applies from the taxation year 2003. However, where subparagraph *j* of the second paragraph of section 1029.6.0.0.1 of the Act applies in respect of eligible expenses incurred in the taxation year 2003 and before 13 June 2003, that subparagraph *j* shall be read without reference to subparagraph *i* thereof.

(5) In addition, in respect of eligible expenses incurred in the taxation year 2003 and before 13 June 2003, the reference to “II.6.14.1” in the portion of the second paragraph of section 1029.6.0.0.1 of the Act before subparagraph *a* shall be read as a reference to “II.6.15”.

**213.** (1) Section 1029.6.0.1 of the Act, amended by section 254 of chapter 21 of the statutes of 2004, is again amended by inserting “, II.6.5.3, II.6.5.4” after “II.6.5” in paragraphs *a* and *b*.

(2) Subsection 1 has effect from 12 March 2003.

**214.** (1) Section 1029.6.0.6 of the Act is amended

(1) by replacing “2001” and “percentage” in the portion before the formula provided for in the first paragraph by “2004” and “factor”, respectively;

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

“(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year preceding that for which an amount is to be adjusted; and

“(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year next before the year preceding that for which the amount is to be adjusted.”;

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

“The amounts to which the first and fourth paragraphs refer are

- (a) the amount of \$6,275 mentioned in section 1029.8.67;
- (b) the amounts between \$28,705 and \$79,725 mentioned in section 1029.8.80;
- (c) the amounts between \$28,705 and \$76,535 mentioned in section 1029.8.80.3;
- (d) the amount of \$27,635 mentioned in sections 1029.8.101 and 1029.8.110;
- (e) the amounts of \$110 and \$163, wherever they are mentioned in section 1029.8.105;
- (f) the amounts of \$15 and \$38, wherever they are mentioned in section 1029.8.114;

(g) the amount of \$6,275 mentioned in section 1029.8.116.1;

(h) the amount of \$535 mentioned in section 1029.8.118; and

(i) the amount of \$18,600 mentioned in section 1029.8.118.”;

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

“For the purposes of the first paragraph in respect of an amount to be used for the taxation year 2005, each of the amounts referred to in the third paragraph is deemed to be the amount used for the taxation year 2004.”

(2) Subsection 1 applies from the taxation year 2005.

**215.** (1) Section 1029.6.0.6.1 of the Act, enacted by section 256 of chapter 21 of the statutes of 2004, is repealed.

(2) Subsection 1 applies from the taxation year 2005.

**216.** (1) Section 1029.6.0.7 of the Act, replaced by section 257 of chapter 21 of the statutes of 2004, is again replaced by the following section:

“**1029.6.0.7.** Where the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *a* to *d*, *g* and *i* of the third paragraph of that section, 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.

Where the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *e*, *f* and *h* of the third paragraph of that section, is not a multiple of \$1, it shall be rounded to the nearest multiple of \$1 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Subsection 1 applies from the taxation year 2005.

**217.** Section 1029.7 of the Act, amended by section 259 of chapter 21 of the statutes of 2004, is again amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph *d*:

“(d.1) where the taxpayer has made an election under subparagraph *c* of the first paragraph of section 230 for the year, that portion of the consideration paid by the taxpayer under a particular contract, other than a contract by which the taxpayer causes scientific research and experimental development to be undertaken on the taxpayer’s behalf, for work undertaken in the year relating to the research and development, to a person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the particular contract was entered into and who or which has undertaken all or part of the work, that may reasonably be attributed to wages paid to employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees;”;

(2) by inserting the following subparagraph after subparagraph *h*:

“(h.1) where the taxpayer has made an election under subparagraph *c* of the first paragraph of section 230 for the year, that portion of the consideration paid by the taxpayer under a particular contract, other than a contract by which the taxpayer causes scientific research and experimental development to be undertaken on the taxpayer’s behalf, for work undertaken in the year relating to the research and development, to a person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the particular contract was entered into, and paid again by that person or partnership, under another particular contract, to another person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the other particular contract was entered into and who or which has undertaken all or part of the work, that may reasonably be attributed to wages paid to employees of an establishment of that other person or partnership situated in Québec, or that could be so attributed if the other person or partnership had such employees; and”.

**218.** Section 1029.7.3 of the Act is amended

(1) by replacing “intangible” in the first paragraph by “incorporeal”;

(2) by replacing “intangible” in the second paragraph by “incorporeal”.

**219.** Section 1029.8 of the Act, amended by section 264 of chapter 21 of the statutes of 2004, is again amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph *d*:

“(d.1) where the partnership has made an election under subparagraph *c* of the first paragraph of section 230 for the fiscal period, that portion of the consideration paid by the partnership under a particular contract, other than a contract by which the partnership causes scientific research and experimental development to be undertaken on its behalf, for work undertaken in the fiscal period relating to the research and development, to a person or another partnership with whom or with which a member of the partnership was not dealing at arm’s length at the time the particular contract was entered into and who or which has undertaken all or part of the work, that may reasonably be attributed to wages paid to employees of an establishment of that person or other partnership situated in Québec, or that could be so attributed if the person or the other partnership had such employees;”;

(2) by inserting the following subparagraph after subparagraph *h*:

“(h.1) where the partnership has made an election under subparagraph *c* of the first paragraph of section 230 for the fiscal period, that portion of the consideration paid by the partnership under a particular contract, other than a contract by which the partnership causes scientific research and experimental development to be undertaken on its behalf, for work undertaken in the fiscal period relating to the research and development, to a person or another partnership with whom or with which a member of the partnership was not dealing at arm’s length at the time the particular contract was entered into, and paid again by that person or that other partnership, under another particular contract, to another person or partnership with whom or with which a member of the partnership was not dealing at arm’s length at the time the other particular contract was entered into and who or which has undertaken all or part of the work, that may reasonably be attributed to wages paid to employees of an establishment of that other person or partnership situated in Québec, or that could be so attributed if the other person or partnership had such employees; and”.

**220.** (1) Section 1029.8.1 of the Act, amended by section 137 of chapter 29 of the statutes of 2003, is again amended by adding “, as well as any other prescribed body” at the end of paragraph *a.1.1*.

(2) Subsection 1 has effect from 10 December 2003.

**221.** Section 1029.8.9.0.1.3 of the Act, amended by section 270 of chapter 21 of the statutes of 2004, is again amended by replacing “subparagraphs *b*, *b.1*, *d*, *f*, *f.1* and *h*” in the first paragraph by “subparagraphs *b*, *b.1*, *d*, *d.1*, *f*, *f.1*, *h* and *h.1*”.

**222.** Section 1029.8.19.5 of the Act is amended by replacing “subparagraph *d* or *h*” wherever it appears in the second paragraph by “any of subparagraphs *d*, *d.1*, *h* and *h.1*”.

**223.** Section 1029.8.19.5.1 of the Act, amended by section 280 of chapter 21 of the statutes of 2004, is again amended by replacing “subparagraph *d* or *h*” in subparagraphs *a* and *b* of the second paragraph by “any of subparagraphs *d*, *d.1*, *h* and *h.1*”.

**224.** Section 1029.8.21.17 of the Act, amended by section 149 of chapter 29 of the statutes of 2003, is again amended by striking out the third paragraph.

**225.** Section 1029.8.21.19 of the Act is amended

- (1) by replacing “intangible” in the first paragraph by “incorporeal”;
- (2) by replacing “intangible” in the second paragraph by “incorporeal”.

**226.** Section 1029.8.21.32 of the Act is amended by replacing “tangible” and “intangible” in paragraph *b* of the definition of “eligible e-commerce solution” in the first paragraph by “corporeal” and “incorporeal”, respectively.

**227.** Section 1029.8.21.38 of the Act is amended

- (1) by replacing “intangible” in the first paragraph by “incorporeal”;
- (2) by replacing “intangible” in the second paragraph by “incorporeal”.

**228.** Section 1029.8.27 of the Act is amended

- (1) by replacing “intangible” in the first paragraph by “incorporeal”;
- (2) by replacing “intangible” in the second paragraph by “incorporeal”.

**229.** (1) Section 1029.8.33.2 of the Act, amended by section 293 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *d* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**230.** (1) Section 1029.8.34 of the Act, amended by section 300 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *e* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**231.** (1) Section 1029.8.36.0.0.1 of the Act, amended by section 305 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *d* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**232.** (1) Section 1029.8.36.0.0.4 of the Act, amended by section 308 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *d* of the definition of “excluded corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**233.** (1) Section 1029.8.36.0.0.7 of the Act, amended by section 311 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *d* of the definition of “excluded corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**234.** (1) Section 1029.8.36.0.0.10 of the Act, amended by section 314 of chapter 21 of the statutes of 2004, is again amended, in the first paragraph,

(1) by striking out paragraph *d* of the definition of “qualified corporation”;

(2) by replacing “une attestation rendue ou délivrée” in the French text of the portion of the definition of “spectacle admissible” before paragraph *a* by “un certificat rendue ou délivré”.

(2) Paragraph 1 of subsection 1 applies in respect of expenditures incurred after 12 June 2003.

(3) Paragraph 2 of subsection 1 applies 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 30 April 2003.

**235.** (1) Section 1029.8.36.0.3.3 of the Act is amended by striking out paragraph *d* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**236.** (1) Section 1029.8.36.0.3.8 of the Act, amended by section 320 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *d* of the definition of “qualified corporation” in the first paragraph.



(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**237.** (1) Section 1029.8.36.0.3.18 of the Act, amended by section 323 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *c* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**238.** Section 1029.8.36.0.3.46 of the Act, amended by section 325 of chapter 21 of the statutes of 2004, is again amended by replacing “any discretionary power” by “a power to appoint” in the English text of the following provisions of subparagraph *c* of the third paragraph:

— subparagraph 1 of subparagraph *i* of subparagraph *c*;

— subparagraph *ii* of subparagraph *c*.

**239.** (1) Section 1029.8.36.0.3.8 of the Act, amended by section 340 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *c* of the definition of “excluded corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**240.** (1) Section 1029.8.36.0.84 of the Act, amended by section 347 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *c* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**241.** (1) Section 1029.8.36.4 of the Act, amended by section 348 of chapter 21 of the statutes of 2004, is again amended by striking out paragraph *d* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**242.** Section 1029.8.36.11 of the Act is amended

(1) by replacing “intangible” in the first paragraph by “incorporeal”;

(2) by replacing “intangible” in the second paragraph by “incorporeal”.

**243.** (1) Section 1029.8.36.53 of the 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 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.

**244.** (1) The Act is amended by inserting the following after section 1029.8.36.59.11:

### “DIVISION II.6.5.3

#### “CREDIT FOR THE CONSTRUCTION OF PUBLIC ACCESS ROADS AND BRIDGES IN FOREST AREAS

“§1. — *Definitions*

“**1029.8.36.59.12.** In this division,

“annual forest management plan” means a plan referred to in section 57 of the Forest Act (chapter F-4.1);

“eligible access road or bridge” of a corporation or partnership means an access road or bridge in respect of which the Minister of Natural Resources, Wildlife and Parks issues a qualification certificate for the purposes of this division to the corporation or partnership;

“eligible expenses” of a corporation for a taxation year or of a partnership for a fiscal period, in respect of an eligible access road or bridge of the corporation or partnership, means expenses incurred by the corporation in the year or by the partnership in the fiscal period, that are directly attributable to eligible work relating to the construction of the eligible access road or bridge, if

(a) the expenses are incurred in any of the following periods:

i. after 11 March 2003 and before 12 June 2003, or

ii. after 11 June 2003 and before 1 January 2004, where the expenses are incurred in accordance with an annual forest management plan submitted to the Minister of Natural Resources, Wildlife and Parks before 12 June 2003 and the construction of the eligible access road or bridge began before 12 June 2003; and

(b) the expenses consist of

i. wages paid to an employee of the corporation or partnership in consideration for services rendered by the employee in connection with the carrying out of eligible work relating to the construction of the eligible access road or bridge,

ii. an expense relating to the cost of the property that is consumed in connection with the carrying out, by the corporation or partnership, of eligible work relating to the construction of the eligible access road or bridge, or

iii. the portion of the consideration paid to a person or partnership under a contract that may reasonably be attributed to eligible work relating to the construction of the eligible access road or bridge and carried out on behalf of the corporation or partnership;

“eligible work” means

(a) in respect of the construction of an access road, the impact assessments, localization, plans and specifications, clearing, grubbing, shaping, filling, drilling and blasting, subbase course, snow removal, signalization, culverts and supervision; or

(b) in respect of the construction of a bridge, the impact assessments, geotechnical studies, localization, plans and specifications, foundation unit, superstructure, deck, approach fill, drilling and blasting, signalization and supervision;

“forest management agreement” means an agreement referred to in section 84.1 of the Forest Act;

“forest management contract” means a contract referred to in section 102 of the Forest Act;

“qualified corporation” for a taxation year means a corporation that, in the year, carries on a business in Québec and has an establishment in Québec, other than a corporation

(a) that is exempt from tax for the year under Book VIII; or

(b) that would be exempt from tax for the year under section 985, but for section 192;

“qualified partnership” for a fiscal period means a partnership that, in the fiscal period, carries on a business in Québec and has an establishment in Québec;

“timber supply and forest management agreement” means an agreement referred to in section 36 of the Forest Act;

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

“§2. — *Credits*

**“1029.8.36.59.13.** A qualified corporation for a taxation year that entered into a forest management agreement, a timber supply and forest management agreement or a forest management contract with the Minister of Natural Resources, Wildlife and Parks, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year on account of its tax payable for the year under this Part, an amount equal to 40% of its eligible expenses for the year in respect of an eligible access road or bridge, to the extent that the expenses are paid, if it 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 the corporation in relation to the eligible access road or bridge.

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.

**“1029.8.36.59.14.** A qualified corporation for a taxation year, that is a member of a qualified partnership at the end of a fiscal period of the partnership that ends in the year, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year on account of its tax payable for the year, an amount equal to 40% of its share of the eligible expenses of the partnership for the fiscal period in respect of an eligible access road or bridge, to the extent that the expenses are paid, if the partnership entered into a forest management agreement, a timber supply and forest management agreement or a forest management contract with the Minister of Natural Resources, Wildlife and Parks and 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 the partnership in relation to the eligible access road or bridge.

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.

For the purposes of the first paragraph, a qualified corporation’s share of an amount for a fiscal period of a qualified partnership is equal to the proportion of the amount that the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership’s income for the fiscal period is equal to \$1,000,000.

“§3. — *Government assistance, non-government assistance and other particulars*

“**1029.8.36.59.15.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a taxation year, under section 1029.8.36.59.13 or 1029.8.36.59.14, the following rules apply:

(a) the amount of the eligible expenses referred to in the first paragraph of section 1029.8.36.59.13 shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the expenses that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the year; and

(b) the corporation’s share of the eligible expenses of a qualified partnership, referred to in the first paragraph of section 1029.8.36.59.14 for a fiscal period of the partnership that ends in the taxation year, shall be reduced, where applicable,

i. by the corporation’s share, for the fiscal period, of any amount of government assistance or non-government assistance attributable to the expenses that the partnership has received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance or non-government assistance attributable to the expenses that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the year.

For the purposes of subparagraph i of subparagraph b of the first paragraph, a qualified corporation’s share of an amount for a fiscal period of a qualified partnership is equal to the proportion of the amount that the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership’s income for the fiscal period is equal to \$1,000,000.

“**1029.8.36.59.16.** Where 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 that reduced, because of subparagraph a of the first paragraph of section 1029.8.36.59.15, eligible expenses of the corporation, for the purpose of computing the amount that it is deemed to have paid to the Minister under section 1029.8.36.59.13 in respect of the expenses, for a particular taxation year, the corporation is deemed, subject to the second paragraph, 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, if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the repayment year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister under section 1029.8.36.59.13 for the particular year, in respect of the expenses, 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 subparagraph *a* of the first paragraph of section 1029.8.36.59.15, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.59.13 in respect of the expenses, 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.

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.

**“1029.8.36.59.17.** Where a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, 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, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.59.15, a corporation’s share of the eligible expenses of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.59.14, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year



under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, subject to the third paragraph, to have paid to the Minister under section 1029.8.36.59.14 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.59.14, for its taxation year in which the particular fiscal period ends, in respect of the eligible expenses of the partnership, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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.

The particular amount to which the first paragraph refers shall be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment had reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.59.15; and



(b) the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

**“1029.8.36.59.18.** Where a corporation is a member of a partnership at the end of a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, and pays, in the fiscal period of repayment, 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, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.59.15, its share of the eligible expenses of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.59.14, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, subject to the third paragraph, to have paid to the Minister under section 1029.8.36.59.14 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.59.14 for its taxation year in which the particular fiscal period ends, in respect of the share, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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.

The particular amount to which the first paragraph refers shall be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment had reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.59.15; and

(b) the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

**“1029.8.36.59.19.** For the purposes of sections 1029.8.36.59.16 to 1029.8.36.59.18, an amount of assistance is deemed to be repaid, at a particular time, by a corporation or partnership, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.59.15, eligible expenses or the share of such expenses of a corporation that is a member of the partnership, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.36.59.13 or 1029.8.36.59.14;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership may reasonably expect to receive.

**“1029.8.36.59.20.** Where, in respect of eligible expenses of a qualified corporation or a qualified partnership, 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 eligible work relating to the eligible expenses, 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 following rules apply:

(a) for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under

section 1029.8.36.59.13, the amount of the eligible expenses referred to in the first paragraph of section 1029.8.36.59.13 shall be reduced by the amount of the benefit or advantage relating to the eligible expenses that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the qualified corporation for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.59.14 by a qualified corporation that is a member of the qualified partnership referred to in that section, the share, referred to in the first paragraph of section 1029.8.36.59.14, of the qualified corporation, for a fiscal period of the partnership that ends in the taxation year, of the amount of the eligible expenses, shall be reduced

i. by its share, for the fiscal period, of the amount of the benefit or advantage relating to the eligible expenses that the person or partnership, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage relating to the eligible expenses that the qualified corporation or a person with which it does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the share, for a fiscal period of a qualified partnership, of a qualified corporation that is a member of the partnership of the amount of the benefit or advantage that the partnership, or a person referred to in subparagraph i, has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the proportion of the amount that the corporation's share of the income or loss of the partnership for the fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

#### **“DIVISION II.6.5.4**

#### **“CREDIT TO PROMOTE THE HIRING OF NEW GRADUATES IN THE RESOURCE REGIONS**

“§1. — *Definitions and general*

**“1029.8.36.59.21.** In this division,

“eligibility period” relating to an employee, of an eligible taxpayer or a qualified partnership, means, subject to sections 1029.8.36.59.22 and 1029.8.36.59.23, the aggregate of all periods each of which is a period during

which the employee qualifies as an eligible employee of the taxpayer or partnership, without that aggregate extending beyond the first 52 weeks of such qualification;

“eligible employee” of an eligible taxpayer or of a qualified partnership means an employee, other than an excluded employee, who reports for work at an establishment of the employer situated in an eligible region and holds an eligible employment therein;

“eligible employment” means an employment that a person begins to hold in the 12-month period that follows the date on which the person successfully completes the courses and, where applicable, the internships leading to the awarding of a recognized diploma, or is awarded a recognized diploma that is a graduate diploma or degree under an educational program requiring the writing of an essay, dissertation or thesis if

(a) the knowledge and skills obtained in the course of that training or program are related to the duties performed by the person in connection with the employment; and

(b) the employment contract is entered into after 11 March 2003 and before 13 June 2003;

“eligible region” means

(a) one of the following administrative regions described in Order in Council 2000-87 dated 22 December 1987 concerning the revision of the boundaries of the administrative regions of Québec, as amended:

- i. administrative region 01 Bas-Saint-Laurent,
- ii. administrative region 02 Saguenay–Lac-Saint-Jean,
- iii. administrative region 08 Abitibi–Témiscamingue,
- iv. administrative region 09 Côte-Nord,
- v. administrative region 10 Nord-du-Québec, or
- vi. administrative region 11 Gaspésie–Îles-de-la-Madeleine; or

(b) one of the following regional county municipalities:

- i. Municipalité régionale de comté d’Antoine-Labelle,
- ii. Municipalité régionale de comté du Haut-Saint-Maurice,
- iii. Municipalité régionale de comté de La Vallée-de-la-Gatineau,

iv. Municipalité régionale de comté de Mékinac, or

v. Municipalité régionale de comté de Pontiac;

“eligible taxpayer” for a taxation year means a taxpayer, other than a tax-exempt taxpayer, who, in the year, carries on business in an eligible region and has an establishment therein;

“excluded employee” means

(a) an employee of a taxpayer that is an individual, where the employee is not dealing at arm’s length with the individual;

(b) an employee of a partnership, where the employee is not dealing at arm’s length with a member of the partnership; or

(c) an employee of a taxpayer that is a corporation, where the employee is a specified shareholder of the corporation or, where the corporation is a cooperative, a specified member of the corporation;

“qualified partnership” for a fiscal period means a partnership that, during the period, carries on business in an eligible region and has an establishment therein;

“qualified wages” incurred by an eligible taxpayer for a taxation year or by a qualified partnership for a fiscal period, in respect of an eligible employee, means the lesser of

(a) the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year or the fiscal period that are included in the eligibility period relating to the employee, of the taxpayer or the partnership, is of 365; and

(b) the amount by which the amount of wages incurred by the taxpayer or partnership in the taxation year or fiscal period, but after 11 March 2003, in respect of the employee and that may reasonably be considered to relate to services rendered by the employee in the portion of the eligibility period relating to the employee, of the taxpayer or partnership, that is included in the taxation year or fiscal period, to the extent that the amount of wages 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 taxpayer or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the taxpayer, the taxpayer’s filing-due date for that taxation year and, in the case of the partnership, six months after the end of the fiscal period;

“recognized diploma” means

(a) an attestation of vocational education, a diploma of vocational studies or an attestation of vocational specialization, awarded by the Minister of Education;

(b) a diploma of college studies in technical training awarded by the Minister of Education or by a college-level educational institution to which the Minister of Education has delegated the responsibility of awarding such a diploma;

(c) an attestation of college studies in technical training awarded by a college-level educational institution of Québec;

(d) an undergraduate or graduate diploma or degree awarded by a Québec university;

(e) a diploma awarded by an educational institution situated outside Québec, in respect of which the Minister of Relations with the Citizens and Immigration has issued an equivalence for one of the diplomas referred to in paragraphs *a* to *d*; or

(f) an attestation of studies for a post-secondary educational program of the Conservatoire de musique et d'art dramatique du Québec, the École du Barreau du Québec, the École nationale de police du Québec or the National Theatre School of Canada;

“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;

“tax-exempt taxpayer” means

(a) a person who is exempt from tax under Book VIII, other than an insurer referred to in paragraph *k* of section 998 not so exempt from tax on the totality of its taxable income by reason of section 999.0.1;

(b) a corporation that would be exempt from tax under section 985 but for section 192; or

(c) a trust one of the capital or income beneficiaries of which is a person mentioned in paragraph *a* or *b*;

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

For the purposes of the definition of “eligible employee” in the first paragraph,

(a) where, during a pay period, an employee reports for work at an establishment of the employer situated in an eligible region and at an establishment of the employer situated outside the eligible region, 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 region, or

ii. to report for work only at the establishment situated outside the eligible region if, during that period, the employee reports for work mainly at an establishment of the employer situated outside the eligible region; and

(b) where, during a pay period, an employee is not required to report for work at an establishment of the employer and the employee's salary or wages in relation to that period are paid from such an establishment situated in an eligible region, 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 the eligible region.

**“1029.8.36.59.22.** For the purposes of this division, where an employee successively holds eligible employments with eligible taxpayers or qualified partnerships that form an associated group at any time in a period during which the employee holds one of those employments, the eligibility period relating to the employee, of any eligible taxpayer or qualified partnership that is a member of the associated group, must not extend beyond the first 52 weeks during which the employee qualifies as an eligible employee of a taxpayer or partnership that is a member of the group.

For the purposes of the first paragraph, an associated group, at a particular time, means the aggregate of all corporations that would be associated with each other at that time if the portion of section 21.20 before paragraph *a* were read with “in a taxation year if at any time in the year” replaced by “at any time where at that time”; in that respect, the following rules apply:

(a) an eligible taxpayer that is an individual, other than a trust, is deemed to be a corporation all the voting shares in the capital stock of which are owned at the particular time by the individual;

(b) a qualified partnership is deemed to be a corporation the taxation year of which corresponds to its fiscal period and all the voting shares in the capital stock of which are owned at the particular time by each member of the partnership in a proportion equal to the proportion that the member's share of the income or loss of the partnership for its fiscal period that includes the particular time is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000; and

(c) an eligible taxpayer that is a trust is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries, in this subparagraph

referred to as the “distribution date”, and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) where any such beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and where the particular time occurs before the distribution date, are owned at that time by the beneficiary, and

(2) where subparagraph 1 does not apply and where the particular time occurs before the distribution date, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. where a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the particular time by the beneficiary, except where subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the particular time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, except where subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the particular time by the person referred to in that section from whom property of the trust or property for which it was substituted was directly or indirectly received.

**“1029.8.36.59.23.** For the purposes of this division, where it is reasonable to consider that an eligible taxpayer or a qualified partnership, in this section referred to as the “transferee entity”, is carrying on, at a particular time, a business that is the continuation of a business or of part of a business that was being carried on, before that time, by another eligible taxpayer or qualified partnership, in this section referred to as the “transferor entity”, and that, as a result, an eligible employee of the transferor entity becomes an employee of the transferee entity, the following rules apply:

(a) the employee is deemed to have begun holding employment with the transferee entity in the 12-month period that follows the date on which the employee successfully completed the courses and, as the case may be, the internships leading to the awarding of a recognized diploma, or was awarded a recognized diploma that is a graduate diploma or degree under an educational program requiring the writing of an essay, dissertation or thesis;



(b) the employment contract between the employee and the transferee entity is deemed to be entered into on the date on which the employment contract between the employee and the transferor entity was entered into; and

(c) the eligibility period relating to the employee, of the transferor entity, must be included in determining the eligibility period relating to the employee, of the transferee entity.

“§2. — *Credits*

**“1029.8.36.59.24.** An eligible taxpayer who, for a taxation year, encloses with the fiscal return the eligible taxpayer is required to file for the year under section 1000, or would be required to so file if the eligible taxpayer had tax payable for the year under this Part, the prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister, on the eligible taxpayer’s balance-due day for the year, on account of the eligible taxpayer’s tax payable for that year under this Part, an amount equal to 20% of the aggregate of all amounts each of which is qualified wages incurred by the eligible taxpayer for the year in respect of an eligible employee.

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 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.

**“1029.8.36.59.25.** Every taxpayer, other than a tax-exempt taxpayer, who is a member of a qualified partnership at the end of a fiscal period of the qualified partnership and encloses with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which that fiscal period ends, or would be required to so file if the taxpayer had tax payable for that year under this Part, 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 taxpayer's share of the aggregate of all amounts each of which is qualified wages incurred by the partnership for the fiscal period in respect of an eligible employee.

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 partnership's fiscal period 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 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.

For the purposes of the first paragraph, a taxpayer's share of an amount incurred by a partnership in a fiscal period is equal to the proportion of the amount that the taxpayer's share of the income or loss of the partnership for the fiscal period is of the income or loss of that partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

“§3. — *Government assistance, non-government assistance and other particulars*

**“1029.8.36.59.26.** Where a taxpayer referred to in section 1029.8.36.59.25 has received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the fiscal period referred to in that section, government assistance or non-government assistance in respect of wages included in computing the qualified wages incurred by the partnership in respect of an eligible employee in that fiscal period, the qualified wages shall, for the purpose of computing the amount deemed to have been paid to the Minister by the taxpayer under section 1029.8.36.59.25 for the taxation year referred to in that section in relation to the qualified wages, be determined as if

(a) the assistance had been received by the partnership in the fiscal period; and

(b) the amount of the assistance were equal to the product obtained by multiplying the amount of the assistance otherwise determined by the proportion that the income or loss of the partnership for the fiscal period is of the taxpayer's share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

**“1029.8.36.59.27.** Where a taxpayer 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 paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.59.21 that was taken into account for the purpose of computing qualified wages incurred by the taxpayer in respect of an eligible employee in a particular taxation year and in respect of which the taxpayer is deemed to have paid an amount to the Minister under section 1029.8.36.59.24 for the particular taxation year, the taxpayer is deemed, subject to the second paragraph, if the taxpayer encloses with the fiscal return the taxpayer is required to file for the repayment year under section 1000, or would be required to so file if the taxpayer had tax payable for the repayment year under this Part, the prescribed form containing the prescribed information, to have paid to the Minister on the taxpayer's balance-due day for the repayment year, on account of the taxpayer's tax payable for that year under this Part, an amount equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for the particular year under section 1029.8.36.59.24, in respect of the qualified wages, 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 that paragraph *b*, exceeds the aggregate of

(a) the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.24 for the particular year in respect of the qualified wages; and

(b) any amount that the taxpayer 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.

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 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.

**“1029.8.36.59.28.** Where a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, 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 paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.59.21 that was taken into account for the purpose of computing qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period ending in a particular taxation year and in respect of which a taxpayer that is a member of the partnership at the end of the particular fiscal period is deemed to have paid an amount to the Minister under section 1029.8.36.59.25 for the particular taxation year, the taxpayer 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 of repayment ends, on account of the taxpayer’s tax payable for that year under this Part, if the taxpayer is a member of the partnership at the end of the fiscal period of repayment and encloses with the fiscal return the taxpayer is required to file for that year under section 1000, or would be required to so file if the taxpayer had tax payable for that year under this Part, the prescribed form containing the prescribed information, an amount equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.59.25, in respect of the qualified wages, if any amount of assistance so repaid at or before the end of the fiscal period of repayment had reduced, for the particular fiscal period, the aggregate determined under paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.59.21 and the taxpayer’s share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer’s share for the fiscal period of repayment, exceeds the aggregate of

(a) the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.25 for the particular taxation year, in respect of the qualified wages, if the taxpayer’s share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer’s share for the fiscal period of repayment; and

(b) any amount that the taxpayer would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends in respect of an amount of that

assistance repaid by the partnership, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment.

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 repayment 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 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.

**“1029.8.36.59.29.** Where a taxpayer who is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance, in respect of wages included in computing qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period, that is referred to in the portion of section 1029.8.36.59.26 before paragraph *a* and that, pursuant to that section, reduced the qualified wages for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.25, in respect of the qualified wages, for the taxpayer's taxation year in which the particular fiscal period ended, the taxpayer is deemed, subject to the third 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 of repayment 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 year under section 1000, or would be required to so file if the taxpayer had tax payable for that year under this Part, the prescribed form containing the prescribed information, and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which the amount determined in accordance with the second paragraph exceeds the aggregate of the following amounts:

(a) the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.25 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the qualified wages, if,

except for the purposes of section 1029.8.36.59.26, the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment; and

(b) any amount that the taxpayer would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the taxpayer, if, except for the purposes of section 1029.8.36.59.26, the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment.

The amount to which the first paragraph refers is the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.25 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the qualified wages, if

(a) the aggregate referred to in paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.59.21 and determined with reference to section 1029.8.36.59.26, had been reduced, for the particular fiscal period, by the product obtained by multiplying any amount of such assistance so repaid at or before the end of the fiscal period of repayment by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000; and

(b) except for the purposes of section 1029.8.36.59.26, the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment.

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 repayment 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 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.

**“1029.8.36.59.30.** For the purposes of sections 1029.8.36.59.27 to 1029.8.36.59.29, an amount of assistance is deemed to be repaid, at a particular time, by a taxpayer or a partnership, pursuant to a legal obligation, where that amount

(a) reduced, because of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.59.21 or because of section 1029.8.36.59.26, the amount of the wages referred to in that paragraph *b*, for the purpose of computing qualified wages in respect of which the taxpayer or a taxpayer who is a member of the partnership is deemed to have paid an amount to the Minister for a taxation year under section 1029.8.36.59.24 or 1029.8.36.59.25;

(b) was not received by the taxpayer or partnership; and

(c) ceased at the particular time to be an amount that the taxpayer or partnership may reasonably expect to receive.

**“1029.8.36.59.31.** Where, in respect of the employment of an individual with an eligible taxpayer or qualified partnership as an eligible employee, a person or 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 employment, whether in the form of a reimbursement, compensation or 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 following rules apply:

(a) for the purpose of computing the amount that the eligible taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.24 for a particular taxation year, the aggregate referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.59.21 in respect of the eligible taxpayer for the particular year, in relation to the employment of the individual, shall, except if it has been increased for a preceding taxation year in respect of the amount of the benefit or advantage, be increased 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 eligible taxpayer’s filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.59.25 by a taxpayer that is a member of the qualified partnership at the end of the partnership’s particular fiscal period ending in the year, the aggregate referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.59.21 in respect of the qualified partnership for that

fiscal period, in relation to the employment of the individual, shall, except if it has been increased for a preceding fiscal period in respect of the amount of the benefit or advantage, be increased by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, and

ii. the product obtained by multiplying the amount of the benefit or advantage that the eligible taxpayer or a person with whom the eligible taxpayer is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, by the proportion that the income or loss of the qualified partnership for that fiscal period is of the eligible taxpayer's share of that income or loss, on the assumption that, if the income and loss of the qualified partnership for the particular fiscal period are nil, the qualified partnership's income for that fiscal period is equal to \$1,000,000."

(2) Subsection 1 has effect from 12 March 2003. However,

(1) where the definitions of "eligible access road or bridge" and "eligible expenses" in section 1029.8.36.59.12 of the Act apply before 29 April 2003, the reference therein to "Minister of Natural Resources, Wildlife and Parks" shall be read as a reference to "Minister of Natural Resources";

(2) where the first paragraph of section 1029.8.36.59.13 or 1029.8.36.59.14 of the Act applies before 29 April 2003, the reference therein to "Minister of Natural Resources, Wildlife and Parks" shall be read as a reference to "Minister of Natural Resources".

**245.** Sections 1029.8.36.72.14, 1029.8.36.72.28, 1029.8.36.72.42, 1029.8.36.72.55, 1029.8.36.72.69 and 1029.8.36.72.82 of the Act are repealed.

**246.** (1) Section 1029.8.36.89 of the Act is amended by striking out paragraph *c* of the definition of "qualified corporation" in the first paragraph.

(2) Subsection 1 applies in respect of expenditures incurred after 12 June 2003.

**247.** Section 1029.8.36.149 of the Act is amended

(1) by replacing "intangible" in the first paragraph by "incorporeal";

(2) by replacing "intangible" in the second paragraph by "incorporeal".



**248.** Section 1029.8.36.160 of the Act is amended

- (1) by replacing “intangible” in the first paragraph by “incorporeal”;
- (2) by replacing “intangible” in the second paragraph by “incorporeal”.

**249.** (1) Section 1029.8.36.167 of the Act, amended by section 424 of chapter 21 of the statutes of 2004, is again amended

(1) by replacing “qualified” in the English text of the portion of the second paragraph before subparagraph *a* by “eligible”;

(2) by striking out the third paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of eligible expenses incurred after 29 March 2001.

**250.** Section 1029.8.56 of the Act is amended by replacing the second paragraph by the following paragraph:

“Where an individual is deemed to have paid to the Minister an amount under section 1029.8.57 for a taxation year in respect of a particular person referred to in paragraph *b* of section 1029.8.59, any person referred to in section 1029.8.57 or in that paragraph *b* shall, on request in writing by the Minister for information with respect to the particular person’s impairment and its effect on the particular person or with respect to the therapy that is, where applicable, required to be administered to the particular person, provide the information so requested in writing.”

**251.** (1) Section 1029.8.58 of the Act is amended

- (1) by replacing “Aux fins” in the French text by “Pour l’application”;
- (2) by replacing “752.0.18” by “752.0.18.0.1”.
- (2) Paragraph 2 of subsection 1 applies from the taxation year 2005.

**252.** (1) Section 1029.8.59 of the Act is amended by replacing “walking, or feeding and dressing” in paragraph *b* by “walking, feeding or dressing”.

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

**253.** (1) Section 1029.8.61.1 of the Act, amended by section 438 of chapter 21 of the statutes of 2004, is again amended, in the first paragraph,

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

““dependant” of an eligible individual, at any time, means a child of the eligible individual or any other person who is related to the eligible individual by blood, marriage or adoption and ordinarily lives with the individual;”;

(2) by inserting “and which is the eligible individual’s principal place of residence” after “sublessee” in paragraph *b* of the definition of “eligible service”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2005.

(3) Paragraph 2 of subsection 1 applies in respect of eligible expenses incurred after 31 December 2003.

**254.** (1) Section 1029.8.61.1.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, a room referred to in the first paragraph does not include a room that is situated in a self-contained domestic establishment maintained by a person, or by the person’s spouse, who is the owner, lessee or sublessee of the self-contained domestic establishment and who, in respect of an eligible individual occupying the room, is deemed to have paid an amount on account of tax payable under section 1029.8.57 for the taxation year in which an eligible service is rendered or to be rendered in respect of the eligible individual.”

(2) Subsection 1 has effect from 1 January 2004.

**255.** Section 1029.8.61.3 of the Act is amended

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

**“1029.8.61.3.** The personal support services rendered or to be rendered to an eligible individual, that are essential to the eligible individual’s remaining at home or that enable the eligible individual to remain at home, and to which paragraph *a* of the definition of “eligible service” in the first paragraph of section 1029.8.61.1 refers are, subject to section 1029.8.61.4, the following services:”;

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

“The maintenance or supply services rendered or to be rendered in respect of a self-contained domestic establishment or a room, that are services required by an eligible individual so that tasks normally performed in respect of a self-contained domestic establishment or a room can be performed and to which paragraph *b* of the definition of “eligible service” in the first paragraph of section 1029.8.61.1 refers are, subject to section 1029.8.61.4, the following services:”.

**256.** (1) Section 1029.8.61.4 of the Act is amended by adding the following paragraphs after paragraph *c*:

“(d) a service rendered or to be rendered by an institutional or non-institutional residential resource referred to in section 512 of the Act respecting health services and social services (chapter S-4.2) to an eligible individual in respect of whom a contribution may be required under that section; or

“(e) a service rendered or to be rendered by an institutional or non-institutional residential resource referred to in section 159 of the Act respecting health services and social services for Cree Native persons (chapter S-5) to an eligible individual in respect of whom a contribution may be required under that section.”

(2) Subsection 1 applies in respect of services rendered or to be rendered after 31 December 2003.

**257.** (1) The Act is amended by inserting the following after section 1029.8.61.7:

**“DIVISION II.11.2**

**“TAX CREDIT FOR CHILD ASSISTANCE**

**“§1. — Interpretation**

**“1029.8.61.8.** In this division,

“base year” in relation to a particular month means

(a) where the particular month is any of the first six months of a calendar year, the taxation year that ended on 31 December of the second preceding calendar year; or

(b) where the particular month is any of the last six months of a calendar year, the taxation year that ended on 31 December of the preceding calendar year;

“Board” means the Régie des rentes du Québec;

“cohabiting spouse” of an individual at any time means the person who at that time is the individual’s spouse and who is not at that time living separate and apart from the individual;

“eligible dependent child” at any time means a person who at that time is under 18 years of age and

(a) is not a person in respect of whom an individual has deducted an amount under section 776.41.5 in computing the individual's tax otherwise payable under this Part for the base year in relation to the particular month that includes that time; and

(b) is not lodged or sheltered under the law, unless the conditions relating to the contribution payable under the Regulation respecting the application of the Act respecting health services and social services (R.R.Q., 1981, chapter S-5, r.1) are complied with;

“eligible individual”, in respect of an eligible dependent child, at any time means an individual who at that time

(a) resides with the eligible dependent child;

(b) is the father or mother of the eligible dependent child who primarily fulfils, or is deemed to primarily fulfil, the responsibility for the care and upbringing of the eligible dependent child;

(c) is resident in Québec or, where the individual is the cohabiting spouse of a person who is deemed to be resident in Québec throughout the taxation year that includes that time, other than a person who is exempt from tax for the year under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31), was resident in Québec in any preceding taxation year;

(d) is not exempt from tax for the taxation year that includes that time under section 982 or 983 or any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu; and

(e) is, or whose cohabiting spouse is,

i. a Canadian citizen,

ii. a permanent resident within the meaning of subsection 1 of section 2 of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27),

iii. a temporary resident or a holder of a temporary resident permit within the meaning of the Immigration and Refugee Protection Act, who was resident in Canada during the 18-month period preceding that time, or

iv. is a protected person within the meaning of the Immigration and Refugee Protection Act;

“family income” of an individual for a base year in relation to a particular month means the aggregate of the income of the individual for the base year and the income, for the base year, of the individual's cohabiting spouse at the end of the base year.

**“1029.8.61.9.** For the purposes of the definition of “cohabiting spouse” in section 1029.8.61.8, a person shall not be considered to be living separate and apart from an individual at any time 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.

**“1029.8.61.10.** Where, in a particular calendar year, the responsibility for the care and upbringing of an eligible dependent child is shared equally between more than one person who do not live under the same roof, those persons must agree in determining which one of them is deemed to primarily fulfil that responsibility at the beginning of each month in that calendar year.

Where those persons cannot agree, the Board shall determine which are the months included in the calendar year at the beginning of which each of those persons is deemed to primarily fulfil the responsibility for the care and upbringing of the eligible dependent child.

**“1029.8.61.11.** Where an eligible dependent child resides with his or her mother, the mother is deemed to be the person who primarily fulfils the responsibility for the care and upbringing of the eligible dependent child, except where

(a) the mother declares to the Board that she lives with the father of the child and that the father primarily fulfils the responsibility for the care and upbringing of each eligible dependent child living with them;

(b) the mother is an eligible dependent child of an eligible individual and each of them files an application in respect of the same eligible dependent child;

(c) the eligible dependent child has more than one mother with whom the eligible dependent child resides and each mother files an application in respect of that child; or

(d) more than one person files an application in respect of the same eligible dependent child who resides with each of them in different places.

**“1029.8.61.12.** For the purpose of determining whether a person primarily fulfils the responsibility for the care and upbringing of an eligible dependent child, the following criteria must be taken into account:

(a) supervising the child’s daily activities and providing for the child’s daily needs;

(b) maintaining a safe environment in which the child resides;

(c) obtaining medical care for the child at regular intervals and as necessary, and transporting the child to the places where this care is given;

(d) organizing, for the child, educational, recreational or sports activities, or other similar activities, and provide for the child's participation in such activities and transportation for this purpose;

(e) providing for the child's needs when the child is sick or requires another person's assistance;

(f) seeing to the child's personal hygiene on a regular basis;

(g) in general, being present for the child and guiding the child; and

(h) the existence of a court order that is issued in respect of the child and valid where the child resides.

**“1029.8.61.13.** For the purposes of the definition of “family income” in section 1029.8.61.8, where an individual was not resident in Canada throughout a particular base 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 or, where the individual died in the year, throughout the period of the year preceding the time of death.

**“1029.8.61.14.** An eligible individual, in respect of an eligible dependent child, who begins, before the end of a particular month, to live separate and apart from the eligible individual's cohabiting spouse, because of the breakdown of their marriage for a period of at least 90 days that includes a day of the particular month, may elect, before the end of the eleventh month following the particular month, to have the eligible individual's family income for the base year in relation to any month subsequent to the particular month deemed to be equal to the eligible individual's income for the base year.

**“1029.8.61.15.** Where the cohabiting spouse of an eligible individual, in respect of an eligible dependent child, dies in a particular month, the eligible individual may elect, before the end of the eleventh month following the particular month, to have the eligible individual's family income for the base year in relation to any month subsequent to the particular month deemed to be equal to the eligible individual's income for the base year.

**“1029.8.61.16.** The person who, at a particular time in a particular month, becomes the cohabiting spouse of an eligible individual, in respect of an eligible dependent child, may, together with the eligible individual, elect, before the end of the eleventh month following the particular month, to be, in respect of any month subsequent to the particular month, deemed to have been the cohabiting spouse of the eligible individual throughout the period that began immediately before the end of the base year in relation to the particular month and that ended at the particular time.

“**1029.8.61.17.** Where an individual becomes a bankrupt in a particular calendar year, section 779 does not apply for the purpose of determining the individual’s income for the year.

“§2. — *Credit*

“**1029.8.61.18.** Where an individual and the individual’s cohabiting spouse at the end of the base year in relation to a particular month included in a taxation year file the document referred to in section 1029.8.61.23 for the base year, an amount equal to the amount determined by the following formula is deemed, for the particular month, to be an overpayment of the tax payable by the individual under this Part, in this division referred to as the “child assistance payment”:

$1/12 A + B.$

In the formula provided for in the first paragraph,

(a) A is the greater of the amounts determined by the following formulas:

i.  $(C + D) - 4\% (E - F)$ , and

ii.  $G + H$ ; and

(b) B is an amount, in this division referred to as the “supplement for handicapped children”, equal to the product obtained by multiplying \$119.22 by the number of eligible dependent children referred to in section 1029.8.61.19 in respect of whom the individual is, at the beginning of the particular month, an eligible individual.

In the formulas provided for in subparagraph *a* of the second paragraph,

(a) C is,

i. if the individual is, at the beginning of the particular month, an eligible individual in respect of a single eligible dependent child, \$2,000, or

ii. if the individual is, at the beginning of the particular month, an eligible individual in respect of more than one eligible dependent child, the aggregate of

(1) \$2,000 for the first eligible dependent child,

(2) \$1,000 for each of the second and third eligible dependent children, and

(3) \$1,500 for the fourth eligible dependent child and for each subsequent eligible dependent child;

(b) D is an amount of \$700, where the individual has no cohabiting spouse at the beginning of the particular month;

(c) E is the individual's family income for the base year in relation to the particular month;

(d) F is,

i. if the individual has a cohabiting spouse at the beginning of the particular month, \$42,800, and

ii. in any other case, \$31,600;

(e) G is,

i. if the individual is, at the beginning of the particular month, an eligible individual in respect of a single eligible dependent child, \$553, or

ii. if the individual is, at the beginning of the particular month, an eligible individual in respect of more than one eligible dependent child, the aggregate of

(1) \$553 for the first eligible dependent child, and

(2) \$510 for the second eligible dependent child and for each subsequent eligible dependent child; and

(f) H is an amount of \$276, where the individual has no cohabiting spouse at the beginning of the particular month.

Where, at the beginning of a particular month, more than one eligible dependent child would, but for this paragraph, give entitlement to an amount in respect of a child assistance payment, as a consequence of the application of subparagraphs *a* and *e* of the third paragraph, only one of those eligible dependent children is deemed to give entitlement to such an amount.

**“1029.8.61.19.** An eligible dependent child to whom subparagraph *b* of the second paragraph of section 1029.8.61.18 refers is a child who, according to the prescribed rules, has an impairment or a developmental disability that substantially limits the child in the activities of daily living during a foreseeable period of at least one year.

For the purpose of considering an amount in respect of the supplement for handicapped children under subparagraph *b* of the second paragraph of section 1029.8.61.18, an application must be filed with the Board and be accompanied by an expert's report assessing the child's condition.

Where divergent opinions exist concerning the assessment of the child's condition, the Board may require that the child be examined by the physician it designates or by any other expert. If valid grounds are presented to oppose the choice of the physician or expert, the Board shall designate another physician or expert.



**“1029.8.61.20.** Each of the amounts referred to in the third paragraph shall, where it is to be used for a taxation year subsequent to the taxation year 2004, 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 factor determined by the formula

$$(A / B) - 1.$$

In the formula provided for in the first paragraph,

(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year preceding that for which an amount is to be adjusted; and

(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year next before the year preceding that for which the amount is to be adjusted.

The amounts to which the first and fourth paragraphs refer are

(a) the amount of \$119.22 mentioned in subparagraph *b* of the second paragraph of section 1029.8.61.18;

(b) the amounts of \$2,000, \$1,000 and \$1,500, wherever they are mentioned in subparagraph *a* of the third paragraph of section 1029.8.61.18;

(c) the amount of \$700 mentioned in subparagraph *b* of the third paragraph of section 1029.8.61.18;

(d) the amounts of \$553 and \$510, wherever they are mentioned in subparagraph *e* of the third paragraph of section 1029.8.61.18; and

(e) the amount of \$276 mentioned in subparagraph *f* of the third paragraph of section 1029.8.61.18.

For the purposes of the first paragraph in respect of an amount that is to be used for the taxation year 2005, each of the amounts referred to in the third paragraph is deemed to be the amount used for the taxation year 2004.

**“1029.8.61.21.** Where the amount that results from the adjustment provided for in section 1029.8.61.20 is not a multiple of \$1, it shall be rounded to the nearest multiple of \$1 or, if it is equidistant from two such multiples, to the higher thereof.

“**1029.8.61.22.** Where the amounts of \$42,800 and \$31,600 referred to in subparagraph *d* of the third paragraph of section 1029.8.61.18 are to be used for the purpose of computing an amount in respect of a child assistance payment for a particular month included in a taxation year subsequent to the taxation year 2005, each of those amounts shall be replaced by the amount determined by the formula

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

In the formula provided for in the first paragraph,

(a) A is 2.5 where the formula is applied to determine the amount that is to replace the amount provided for in subparagraph i of subparagraph *d* of the third paragraph of section 1029.8.61.18, and 3 where it is applied to determine the amount that is to replace the amount provided for in subparagraph ii of that subparagraph *d*;

(b) B is

i. the amount determined for the year in replacement of the amount provided for in subparagraph ii of subparagraph *c* of the second paragraph of section 1029.8.116.5, where the formula is applied to determine the amount that is to replace the amount provided for in subparagraph i of subparagraph *d* of the third paragraph of section 1029.8.61.18, or

ii. the amount determined for the year in replacement of the amount provided for in subparagraph i of subparagraph *c* of the second paragraph of section 1029.8.116.5, where the formula is applied to determine the amount that is to replace the amount provided for in subparagraph ii of subparagraph *d* of the third paragraph of section 1029.8.61.18; and

(c) C is \$3,600 where the formula is applied to determine the amount that is to replace the amount provided for in subparagraph i of subparagraph *d* of the third paragraph of section 1029.8.61.18, and \$2,400 where it is applied to determine the amount that is to replace the amount provided for in subparagraph ii of that subparagraph *d*.

“**1029.8.61.23.** The document to which the first paragraph of section 1029.8.61.18 refers is

(a) where the individual is resident in Québec on 31 December of the base year and in Canada throughout that year, the fiscal return the individual is required to file under section 1000 for that year;

(b) where the individual is not resident in Québec on 31 December of the base year but is resident in Canada throughout that year, the fiscal return the individual is required to file under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for that year or a statement of income for that year; and

(c) in any other case, a statement of income for the base year.

**“1029.8.61.24.** An individual may be considered to be an eligible individual, in respect of an eligible dependent child, at the beginning of a particular month only if the individual files an application, in respect of that eligible dependent child, with the Board no later than 11 months after the end of the particular month.

The Board may, at any time, extend the time for filing the application referred to in the first paragraph.

An individual is deemed to have filed an application, in respect of an eligible dependent child, with the Board within the time prescribed in the first paragraph if the individual filed, within the time prescribed, a notice with the Minister of National Revenue in accordance with subsection 1 of section 122.62 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

There is an exemption from filing a new application, in respect of an eligible dependent child, where, no later than 12 months after the cessation of the entitlement to receive an amount in respect of a child assistance payment by reason of non-compliance with the conditions relating to the contribution referred to in paragraph *b* of the definition of “eligible dependent child” in section 1029.8.61.8 in respect of the child who is lodged or sheltered pursuant to the law, the Board is informed that the child is no longer lodged or sheltered or that those conditions are satisfied.

**“1029.8.61.25.** An individual who ceases to be an eligible individual, in respect of an eligible dependent child, in a particular month, otherwise than because the child has reached 18 years of age, shall notify the Board thereof before the end of the first month that follows the particular month.

**“1029.8.61.26.** An eligible individual, in respect of an eligible dependent child, at the beginning of a particular month shall notify the Board of any change in circumstances that may affect the individual’s entitlement to receive an amount in respect of a child assistance payment.

The individual shall notify the Board before the end of the month that follows the month in which the change in circumstances occurs.

The Board may, where information is communicated by the Minister with respect to an individual who receives an amount in respect of a child assistance payment or by the Minister of National Revenue with respect to an individual who receives a child tax benefit under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), consider that a change in circumstances has been communicated to it.

**“1029.8.61.27.** The Board shall notify the eligible individual of the amount fixed for each 12-month period that begins on 1 July of each calendar year in respect of a child assistance payment.

The amount fixed under the first paragraph shall be revised during the year when a change in circumstances has the effect of changing the amount and a new notice shall be sent by the Board to the eligible individual.

*“§3. — Payment and recovery by the Board*

**“1029.8.61.28.** The Board shall pay to an eligible individual, in respect of an eligible dependent child, in the first 15 days of January, April, July and October of a taxation year, the amounts determined in respect of a child assistance payment for each month in that year, according to the following terms and conditions:

(a) the payment made in January shall include the amounts determined in respect of a child assistance payment for January, February and March of that year;

(b) the payment made in April shall include the amounts determined in respect of a child assistance payment for April, May and June of that year;

(c) the payment made in July shall include the amounts determined in respect of a child assistance payment for July, August and September of that year; and

(d) the payment made in October shall include the amounts determined in respect of a child assistance payment for October, November and December of that year.

Despite the first paragraph, the Board may, on application, pay an amount as or on account of a child assistance payment in the first 15 days of each month in a taxation year and such a payment shall include only the amount determined in respect of a child assistance payment for the month of that payment.

**“1029.8.61.29.** At the request of the Minister of Employment, Social Solidarity and Family Welfare, the Board shall deduct from the amount to be paid as or on account of a child assistance payment the amount repayable under section 102 of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001) and shall remit the amount so deducted to the Minister of Employment, Social Solidarity and Family Welfare.

**“1029.8.61.30.** Sections 1051 and 1052 and sections 28 and 30.1 of the Act respecting the Ministère du Revenu (chapter M-31) do not apply in respect of an amount paid as or on account of a child assistance payment under section 1029.8.61.28.

Despite section 31 of the Act respecting the Ministère du Revenu, where a person is a debtor under a fiscal law or about to become so, or is in debt to the State under an Act other than a fiscal law and referred to in a regulation made under the second paragraph of that section, the Minister may not allocate to the payment of the debt of that person any amount to be paid to the person by the Board under section 1029.8.61.28.

**“1029.8.61.31.** The claim of an individual in respect of the payment of an amount in respect of a child assistance payment is prescribed by three years.

However, the prescription does not run where the payment made by the Board results from a new computation of the income taken into account in determining an amount in respect of a child assistance payment.

**“1029.8.61.32.** An individual who receives an amount in respect of a child assistance payment without entitlement must notify the Board with dispatch.

**“1029.8.61.33.** An individual who receives an amount in respect of a child assistance payment without entitlement must repay such an amount to the Board, except if the amount was paid as a result of an administrative error that the individual could not reasonably have noticed.

**“1029.8.61.34.** An amount owing to the Board by an individual must be repaid to the Board in full from the date of the formal notice that the Board sends to the individual.

The formal notice shall state the grounds for the demand for repayment, the amount to be repaid and the right to apply for a review of the decision within the time limit provided for in section 1029.8.61.39.

The claim of the Board is prescribed by three years from the date on which the amount was paid without entitlement or, in the case of bad faith on the part of the individual who received the amount without entitlement, from the date on which the Board became aware of the fact that that amount had been paid without entitlement.

**“1029.8.61.35.** Where, for a particular month, the Board has paid to an individual, as or on account of a child assistance payment an amount, to which the individual was not entitled and that individual is the cohabiting spouse of an eligible individual, in respect of the eligible dependent child in respect of whom the amount has been paid, the eligible individual and the eligible individual's cohabiting spouse are solidarily liable in respect of the payment to the Board of that amount, to the extent that it may reasonably be considered that that amount relates to the application of section 1029.8.61.18 and that the individual was the eligible individual's cohabiting spouse at the time the payment was made.

“**1029.8.61.36.** The Board may allocate any amount to be paid to an individual as or on account of a child assistance payment for a particular month to the payment of any amount of which the individual is a debtor as a consequence of the application of the following provisions, and give the individual notice thereof:

- (a) the provisions of this division;
- (b) the provisions of the Act respecting family benefits (chapter P-19.1), as they applied in respect of the debtor; and
- (c) the provisions of the Act respecting family assistance allowances (chapter A-17), as they applied in respect of the debtor.

Where applicable, the allocation shall be made taking into account the fact that an individual receives a benefit under a last resort financial assistance program provided for in the Act respecting income support, employment assistance and social solidarity (chapter S-32.001).

“**1029.8.61.37.** Section 1037 and sections 12.1, 13, 15, 15.2, 28, 31.1.1 and 32 of the Act respecting the Ministère du Revenu (chapter M-31) do not apply in respect of an amount owed by an individual under section 1029.8.61.34.

In addition, the Minister may not institute proceedings before a court or register a legal hypothec in respect of that amount.

“**1029.8.61.38.** The Board shall notify the Minister where an amount owed by an individual under section 1029.8.61.34 has, after the expiration of the period in which that amount could be or was the subject of a review or of a contestation before the Administrative Tribunal of Québec, become uncollectible by the Board.

“§4. — *Review and contestation proceedings*

“**1029.8.61.39.** The Board may, on application, review any decision it has made.

An application for review must be made within 90 days of notification of the decision, unless the Board grants an extension.

The application must set out briefly the grounds for review.

“**1029.8.61.40.** The Board shall make a decision with dispatch and inform the individual concerned of the individual’s right to contest the decision in the manner set out in section 1029.8.61.41.

Any unfavourable decision of the Board must include reasons.

“**1029.8.61.41.** Any review decision may be contested before the Administrative Tribunal of Québec within 60 days of notification.

“**1029.8.61.42.** Any contestation in respect of the accuracy of information communicated to the Board by the Minister that relates to the computation of income, for the purpose of establishing the entitlement of an individual to the payment of an amount in respect of a child assistance payment, must be brought under the Act respecting the Ministère du Revenu (chapter M-31).

“§5. — *Recovery by the Minister*

“**1029.8.61.43.** Where the Board notifies the Minister in accordance with section 1029.8.61.38, the Minister shall send the individual a notice stating that the amount owing to the Board by the individual is payable without delay to the Minister upon the sending of the notice.

“**1029.8.61.44.** Section 1029.8.61.37 does not apply in respect of an amount payable to the Minister under section 1029.8.61.43.

“**1029.8.61.45.** Where, for a taxation year, the Board has paid an amount as or on account of a child assistance payment to an individual or has allocated an amount to another of the individual’s liabilities, and that amount is greater than the amount that should have been paid or allocated, the individual and the person who, at the end of the year, is the individual’s cohabiting spouse are solidarily liable in respect of the payment to the Minister of that excess amount, to the extent that it may reasonably be considered that the excess amount relates to the application of section 1029.8.61.18 and that the person was the individual’s cohabiting spouse at the time the payment was made.

However, nothing in this section limits the liability of the individual or of the individual’s cohabiting spouse for the year, where applicable, under any other provision of this Act.

“**1029.8.61.46.** The Minister may at any time assess the cohabiting spouse of an individual in respect of an amount payable under section 1029.8.61.45, and Book IX applies, with the necessary modifications, to that assessment as if it had been made under Title II of that Book IX.

“**1029.8.61.47.** Where an individual and the individual’s cohabiting spouse are, under section 1029.8.61.45, solidarily liable in respect of all or part of a liability of the individual, a payment by the individual affects the solidary liability of the cohabiting spouse only to the extent that the payment operates to reduce the individual’s liability to an amount less than the amount in respect of which the cohabiting spouse is solidarily liable under section 1029.8.61.45.

“§6. — *Penal provision*

“**1029.8.61.48.** The following persons are liable to a fine of \$250 to \$1,500:

(a) every person who, in order to obtain the payment of an amount in respect of a child assistance payment, fails to provide information or provides information knowing it to be false or misleading, or misrepresents a material fact; and

(b) every person who assists or encourages another person to obtain or receive an amount in respect of a child assistance payment, knowing that the person is not entitled thereto.

Sections 72 to 78.2 of the Act respecting the Ministère du Revenu (chapter M-31) do not apply in respect of the offence provided for in the first paragraph.

“§7. — *Administrative provisions*

“**1029.8.61.49.** The Board shall administer the payment of an amount in respect of a child assistance payment.

“**1029.8.61.50.** For the purpose of administering the payment of an amount in respect of a child assistance payment, the Board acts under the responsibility of the Minister of Employment, Social Solidarity and Family Welfare.

For the purposes of such administration, the Board shall exercise the powers conferred on it by this division and the powers under the Act respecting the Québec Pension Plan (chapter R-9) as necessary, in particular the power of inquiry provided for under section 30 of that Act.

“**1029.8.61.51.** The Board may require an individual receiving an amount in respect of a child assistance payment to provide it with documents or information so that it may ascertain whether the individual is entitled to receive that amount.

The Board may, during its inquiry, suspend the payment of an amount in respect of a child assistance payment if it has reasonable grounds to believe that the amount is being received without entitlement and the individual receiving the amount fails to provide the required documents or information.

The Board shall give written notice of the suspension of payment, setting out the reasons for the suspension.

“**1029.8.61.52.** The Board may decide not to require the payment of an amount of less than \$2 and is not bound to pay such an amount.



**“1029.3.61.53.** The Board may enter into an agreement with any person, association, corporation or body, and with the Government, or a department or body of the Government.

It may also enter into an agreement with a government in Canada, or a department or agency of such a government.

**“1029.3.61.54.** The Board may, as a body responsible for the payment of an amount in respect of a child assistance payment, borrow sums from the Minister of Finance out of the financing fund established under the Act respecting the Ministère des Finances (chapter M-24.01).

The Minister of Finance may advance sums from the consolidated revenue fund to the Board, with the authorization of the Government and on the conditions it fixes.

**“1029.3.61.55.** The Board must, on or before the last day of February of a year, send to the Minister a return containing the prescribed information in respect of any amount paid to an eligible individual for the preceding year as or on account of a child assistance payment.

The Board shall inform the Minister of any changes in such information.

**“1029.3.61.56.** The Minister may remit all or part of a debt if the Minister considers that, in the circumstances, recovery of the debt would be inappropriate.

**“1029.3.61.57.** The sums necessary for the payment of the amounts determined in respect of a child assistance payment under this division shall be taken out of the tax revenues collected under this Act.

**“1029.3.61.58.** The Board must, on or before 30 June of each year, report on its administration of this division to the Minister of Employment, Social Solidarity and Family Welfare. The report of the Board must be tabled by the Minister of Employment, Social Solidarity and Family Welfare within 15 days before the National Assembly, or, if the Assembly is not sitting, within 15 days of resumption.

The report must contain all the information required by the Minister of Employment, Social Solidarity and Family Welfare.

**“1029.3.61.59.** An advisory committee is formed of representatives from the Ministère de l'Emploi, de la Solidarité sociale et de la Famille, the Régie des rentes du Québec and the Ministère du Revenu to oversee the administration of the payment of amounts in respect of a child assistance payment.

The advisory committee is composed of six members, of whom three are appointed by the Minister of Employment, Social Solidarity and Family Welfare and three by the Minister of Revenue.

Among the members appointed by the Minister of Employment, Social Solidarity and Family Welfare, two must be members of the personnel of the Board.

**“1029.8.61.60.** The administration of the payment of an amount in respect of a child assistance payment by the Board under this division is done on behalf of the Minister of Revenue.”

(2) Subsection 1 applies from the taxation year 2005. However, where Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Act applies to the taxation year 2005, the following rules apply:

(1) the third paragraph of section 1029.8.61.20 of the Act shall be read without reference to subparagraphs *b* and *c* thereof; and

(2) section 1029.8.61.28 of the Act shall, where it applies before 1 April, be read without reference to the second paragraph thereof.

(3) Despite section 1029.8.61.28 of the Act, enacted by subsection 1, the Régie des rentes du Québec may make the first payment in respect of a child assistance payment as of 15 December 2004. The first payment shall include the amounts determined in respect of a child assistance payment for January, February and March 2005.

**258.** (1) Section 1029.8.67 of the Act is amended by replacing the definition of “eligible child” by the following definition:

““eligible child” of an individual for a taxation year means a child of the individual or of the individual’s spouse, or a child who is a dependant of the individual or of the individual’s spouse and whose income for the year does not exceed \$6,275, if, in any case, at any time during the year, the child is under 16 years of age or is dependent on the individual or on the individual’s spouse and has a mental or physical infirmity;”.

(2) Subsection 1 applies from the taxation year 2005.

**259.** (1) Section 1029.8.80 of the Act is amended by replacing paragraphs *a* to *w* by the following paragraphs:

“(a) 75% where the individual’s family income for the year does not exceed \$28,705;

“(a.1) 74% where the individual’s family income for the year exceeds \$28,705 but does not exceed \$29,765;

“(a.2) 73% where the individual’s family income for the year exceeds \$29,765 but does not exceed \$30,830;

“(a.3) 72% where the individual’s family income for the year exceeds \$30,830 but does not exceed \$31,890;

“(a.4) 71% where the individual’s family income for the year exceeds \$31,890 but does not exceed \$32,950;

“(b) 70% where the individual’s family income for the year exceeds \$32,950 but does not exceed \$34,015;

“(b.1) 69% where the individual’s family income for the year exceeds \$34,015 but does not exceed \$35,080;

“(b.2) 68% where the individual’s family income for the year exceeds \$35,080 but does not exceed \$36,145;

“(b.3) 67% where the individual’s family income for the year exceeds \$36,145 but does not exceed \$37,205;

“(b.4) 66% where the individual’s family income for the year exceeds \$37,205 but does not exceed \$38,265;

“(c) 65% where the individual’s family income for the year exceeds \$38,265 but does not exceed \$39,330;

“(c.1) 64% where the individual’s family income for the year exceeds \$39,330 but does not exceed \$40,390;

“(c.2) 63% where the individual’s family income for the year exceeds \$40,390 but does not exceed \$41,460;

“(c.3) 62% where the individual’s family income for the year exceeds \$41,460 but does not exceed \$42,520;

“(c.4) 61% where the individual’s family income for the year exceeds \$42,520 but does not exceed \$43,580;

“(d) 60% where the individual’s family income for the year exceeds \$43,580 but does not exceed \$44,645;

“(d.1) 59% where the individual’s family income for the year exceeds \$44,645 but does not exceed \$45,705;

“(d.2) 58% where the individual’s family income for the year exceeds \$45,705 but does not exceed \$46,765;

“(d.3) 57% where the individual’s family income for the year exceeds \$46,765 but does not exceed \$47,835;

“(d.4) 56% where the individual’s family income for the year exceeds \$47,835 but does not exceed \$48,895;

“(e) 55% where the individual’s family income for the year exceeds \$48,895 but does not exceed \$49,965;

“(e.1) 54% where the individual’s family income for the year exceeds \$49,965 but does not exceed \$51,025;

“(e.2) 53% where the individual’s family income for the year exceeds \$51,025 but does not exceed \$52,085;

“(e.3) 52% where the individual’s family income for the year exceeds \$52,085 but does not exceed \$53,150;

“(f) 51% where the individual’s family income for the year exceeds \$53,150 but does not exceed \$54,215;

“(f.1) 50% where the individual’s family income for the year exceeds \$54,215 but does not exceed \$55,280;

“(f.2) 49% where the individual’s family income for the year exceeds \$55,280 but does not exceed \$56,340;

“(f.3) 48% where the individual’s family income for the year exceeds \$56,340 but does not exceed \$57,400;

“(g) 47% where the individual’s family income for the year exceeds \$57,400 but does not exceed \$58,465;

“(g.1) 46% where the individual’s family income for the year exceeds \$58,465 but does not exceed \$59,525;

“(g.2) 45% where the individual’s family income for the year exceeds \$59,525 but does not exceed \$60,595;

“(h) 44% where the individual’s family income for the year exceeds \$60,595 but does not exceed \$61,655;

“(h.1) 43% where the individual’s family income for the year exceeds \$61,655 but does not exceed \$62,715;

“(h.2) 42% where the individual’s family income for the year exceeds \$62,715 but does not exceed \$63,780;

“(h.3) 41% where the individual’s family income for the year exceeds \$63,780 but does not exceed \$64,840;

“(i) 40% where the individual’s family income for the year exceeds \$64,840 but does not exceed \$65,905;

“(j) 39% where the individual’s family income for the year exceeds \$65,905 but does not exceed \$66,970;

“(k) 38% where the individual’s family income for the year exceeds \$66,970 but does not exceed \$68,030;

“(l) 37% where the individual’s family income for the year exceeds \$68,030 but does not exceed \$69,095;

“(m) 36% where the individual’s family income for the year exceeds \$69,095 but does not exceed \$70,155;

“(n) 35% where the individual’s family income for the year exceeds \$70,155 but does not exceed \$71,220;

“(o) 34% where the individual’s family income for the year exceeds \$71,220 but does not exceed \$72,280;

“(p) 33% where the individual’s family income for the year exceeds \$72,280 but does not exceed \$73,345;

“(q) 32% where the individual’s family income for the year exceeds \$73,345 but does not exceed \$74,410;

“(r) 31% where the individual’s family income for the year exceeds \$74,410 but does not exceed \$75,470;

“(s) 30% where the individual’s family income for the year exceeds \$75,470 but does not exceed \$76,535;

“(t) 29% where the individual’s family income for the year exceeds \$76,535 but does not exceed \$77,595;

“(u) 28% where the individual’s family income for the year exceeds \$77,595 but does not exceed \$78,655;

“(v) 27% where the individual’s family income for the year exceeds \$78,655 but does not exceed \$79,725; and

“(w) 26% where the individual’s family income for the year exceeds \$79,725.”

(2) Subsection 1 applies from the taxation year 2005.

**260.** (1) The Act is amended by inserting the following after section 1029.8.80.1:

“§3. — *Advance payments and exceptional rule*

**“1029.8.80.2.** Where, on or before 1 September of a taxation year, an individual applies therefor to the Minister in prescribed form containing the prescribed information, the Minister may pay in advance, according to the terms and conditions provided for in the second paragraph and in respect of the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual’s tax payable for the year under the first paragraph of section 1029.8.79, an amount, in this section referred to as the “amount of the advance relating to child care expenses”, equal to the amount obtained by applying to the aggregate of the qualified child care expenses that the individual considers the individual is required to pay for the year the appropriate percentage determined in section 1029.8.80.3 in respect of the individual for the year, if

- (a) the individual is resident in Québec at the time of the application;
- (b) the individual is a Canadian citizen or a permanent resident within the meaning of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27) or a person who has been granted refugee protection in Canada by the competent Canadian authority in accordance with that Act;
- (c) the individual is the father or mother of a child with whom the individual resides at the time of the application;
- (d) at the time of the application, the individual is described in paragraph *a* or *b* of the definition of “qualified child care expense” in section 1029.8.67;
- (e) the person who cares for a child of the individual confirms the child care rate and the number of days during which the child will be cared for in the year; and
- (f) the amount that the individual considers to be the amount that the individual will be deemed, under the first paragraph of section 1029.8.79, to have paid to the Minister on account of the individual’s tax payable for the year is greater than \$1,000, unless the amount that the individual considers to be the amount that the individual will be deemed, under the first paragraph of section 1029.8.116.5, to have paid to the Minister on account of the individual’s tax payable for the year is greater than \$500.

The terms and conditions of payment of the amount of the advance relating to child care expenses to which the first paragraph refers are the following:

- (a) where the Minister receives from the individual the application referred to in the first paragraph not later than 31 December of the preceding year, the amount of the advance relating to child care expenses is payable in four equal advance payments made on or before 15 January, 15 April, 15 July and 15 October of the year;
- (b) where the Minister receives from the individual the application referred to in the first paragraph after 31 December of the preceding year and not later than 31 March of the year, the amount of the advance relating to child care

expenses is payable in three equal advance payments made on or before 15 April, 15 July and 15 October of the year;

(c) where the Minister receives from the individual the application referred to in the first paragraph after 31 March and not later than 30 June of the year, the amount of the advance relating to child care expenses is payable in two equal advance payments made on or before 15 July and 15 October of the year; and

(d) where the Minister receives from the individual the application referred to in the first paragraph after 30 June and not later than 1 September of the year, the amount of the advance relating to child care expenses is payable in one advance payment made on or before 15 October of the year.

The individual shall notify the Minister with dispatch of any event which may affect the amount of the advance relating to child care expenses and, if the individual does not so notify the Minister, the Minister may suspend, reduce or cease the payment of the advance.

Where, at the time of the application referred to in the first paragraph, an individual has a spouse, only one of them may make this application for the year.

**“1029.8.80.3.** The percentage to which the first paragraph of section 1029.8.80.2 refers in respect of an individual for a taxation year is

(a) 75% where the individual's estimated family income for the year does not exceed \$28,705;

(b) 70% where the individual's estimated family income for the year exceeds \$28,705 but does not exceed \$34,015;

(c) 65% where the individual's estimated family income for the year exceeds \$34,015 but does not exceed \$39,330;

(d) 60% where the individual's estimated family income for the year exceeds \$39,330 but does not exceed \$44,645;

(e) 55% where the individual's estimated family income for the year exceeds \$44,645 but does not exceed \$49,965;

(f) 50% where the individual's estimated family income for the year exceeds \$49,965 but does not exceed \$55,280;

(g) 45% where the individual's estimated family income for the year exceeds \$55,280 but does not exceed \$60,595;

(h) 40% where the individual's estimated family income for the year exceeds \$60,595 but does not exceed \$65,905;

(i) 35% where the individual's estimated family income for the year exceeds \$65,905 but does not exceed \$71,220;

(j) 30% where the individual's estimated family income for the year exceeds \$71,220 but does not exceed \$76,535; and

(k) 26% where the individual's estimated family income for the year exceeds \$76,535."

(2) Subsection 1 applies from the taxation year 2005.

**261.** (1) Section 1029.8.101 of the Act is amended

(1) by replacing the portion of the definition of "eligible individual" before paragraph *c* by the following:

"eligible individual" for a taxation year means an individual who is resident in Québec at the end of 31 December of the year and is, at that time, an emancipated minor, 19 years of age or over, the spouse of another individual, or the father or mother of a child with whom the individual resides, but who is not one of the following persons:

(a) a person in respect of whom another individual receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual's tax payable or a person in respect of whom another individual deducts an amount in computing the other individual's tax payable for the year under section 752.0.1, as a consequence of the application of paragraph *b* or *c* of that section;

(b) a person who is a dependant of another individual whom the other individual designates for the year for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5; or";

(2) by replacing "\$26,000" in the definition of "family income" by "\$27,635".

(2) Subsection 1 applies from the taxation year 2005.

**262.** (1) Section 1029.8.105 of the Act is amended

(1) by replacing "\$154" in paragraphs *a* and *b* by "\$163";

(2) by replacing "\$103" in paragraph *c* by "\$110".

(2) Subsection 1 applies from the taxation year 2005.

**263.** (1) The Act is amended by inserting the following section after section 1029.8.108:



**“1029.8.108.1.** For the purposes of the definition of “eligible spouse” in section 1029.8.101 and section 1029.8.108, a person who has been allowed, in a taxation year, to be temporarily absent from a prison or a similar institution to which the person has been confined is deemed to be confined to that prison or similar institution during each day of the year during which the person has been so allowed to be temporarily absent.”

(2) Subsection 1 is declaratory.

**264.** (1) Section 1029.8.110 of the Act is amended

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

““eligible individual” for a taxation year means an individual who is resident in Québec at the end of 31 December of the year and is, at that time, an emancipated minor, 19 years of age or over, the spouse of another individual, or the father or mother of a child with whom the individual resides, but who is not one of the following persons:

(a) a person in respect of whom another individual receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual’s tax payable or a person in respect of whom another individual deducts an amount in computing the other individual’s tax payable for the year under section 752.0.1, as a consequence of the application of paragraph *b* or *c* of that section; or

(b) a person who is a dependant of another individual whom the other individual designates for the year for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5;”;

(2) by replacing “\$26,000” in the definition of “family income” by “\$27,635”.

(2) Subsection 1 applies from the taxation year 2005.

**265.** (1) Section 1029.8.113 of the Act is replaced by the following section:

**“1029.8.113.** For the purposes of paragraph *c* of section 1029.8.114, a person is a dependant, during a taxation year, of an eligible individual for the year or of the eligible individual’s eligible spouse for the year if, during the year, the person is a person in respect of whom the individual or spouse receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable or deducts, for the year, an amount under section 752.0.1, as a consequence of the application of paragraph *b* or *c* of section 752.0.1.”

(2) Subsection 1 applies from the taxation year 2005.

**266.** (1) Section 1029.8.114 of the Act is amended by replacing “\$35” in paragraphs *a* and *b* by “\$38”.

(2) Subsection 1 applies from the taxation year 2005.

**267.** (1) The Act is amended by inserting the following after section 1029.8.116:

**“DIVISION II.17.1**

**“CREDIT GRANTING A WORK PREMIUM**

**“§1. — Interpretation**

**“1029.8.116.1.** In this division,

“eligible individual” for a taxation year means, subject to section 1029.8.116.2, an individual who, at the end of 31 December of the year or, where applicable, on the date of the individual’s death, is an emancipated minor, is 18 years of age or over, is the spouse of another individual, or is the father or mother of a child with whom the individual resides, but who is not one of the following persons:

(*a*) a person in respect of whom another individual receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of the individual’s tax payable, except if that person reaches 18 years of age before 1 December of the year;

(*b*) a person in respect of whom another individual deducts an amount in computing the individual’s tax payable for the year under section 752.0.1, as a consequence of the application of any of paragraphs *b* to *d* of that section;

(*c*) a person in respect of whom another individual includes an amount, as a consequence of the application of paragraph *c* of section 1029.8.114, for the purpose of determining the amount that that other individual is deemed to have paid for the year under that section; or

(*d*) a person who is a dependant of another individual whom the other individual designates for the year for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5;

“eligible spouse” of an eligible 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;

“total income” of an eligible individual for a taxation year means the aggregate of the income for the year of the eligible individual, the income for the year of the eligible individual’s eligible spouse for the year and the amount by which the income for the year of the dependant of the eligible individual

whom the eligible individual designates for the year in prescribed form for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 exceeds \$6,275;

“work income” of an individual for a taxation year means the aggregate of

(*a*) the individual’s income for the year from an office or employment, computed before deducting any amount as depreciation under sections 64 and 78.4 and before deducting any amount under paragraph *c* of section 70, other than such an income that is deductible in computing the individual’s taxable income under paragraph *e* of section 725; and

(*b*) the individual’s income for the year from a business, computed before deducting any amount under section 130 or 130.1, other than such an income that is deductible in computing the individual’s taxable income under paragraph *e* of section 725, less the individual’s losses from a business so computed for the year.

**“1029.8.116.2.** To qualify as an eligible individual for a taxation year, an individual must be

(*a*) a Canadian citizen;

(*b*) an Indian registered as an Indian under the Indian Act (Revised Statutes of Canada, 1985, chapter I-5);

(*c*) a permanent resident within the meaning of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27); or

(*d*) a person to whom asylum has been granted in Canada by the competent Canadian authority in accordance with the Immigration and Refugee Protection Act.

**“1029.8.116.3.** For the purposes of paragraph *b* of the definition of “work income” in section 1029.8.116.1, where an individual is a member of a partnership at the end of a fiscal period of the partnership, any amount deducted by the partnership under section 130 or 130.1 in computing its income from a business for that fiscal period is deemed to have been deducted by the individual under either of those sections, to the extent of the individual’s share of that amount, in computing the individual’s income from that business for the taxation year in which the fiscal period ended.

For the purposes of the first paragraph, an individual’s share of an amount deducted by the partnership under section 130 or 130.1 is equal to the proportion of that amount that the individual’s share of the income or loss of the partnership for the fiscal period of the partnership ending in the individual’s taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.

**“1029.8.116.4.** For the purposes of the definition of “total income” in section 1029.8.116.1, 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 or, where the individual died in the year, throughout the period of the year preceding the time of death.

“§2. — *Credit*

**“1029.8.116.5.** An eligible individual for a taxation year who is resident in Québec at the end of 31 December of the year is deemed, subject to the third paragraph, to have paid to the Minister, on the eligible individual’s balance-due day for the year, on account of the eligible individual’s tax payable for the year, provided that the eligible individual makes an application therefor, in prescribed form containing the prescribed information, in the fiscal return the eligible individual is required to file for the year under section 1000, or would be required to so file if tax were payable for the year by the eligible individual, the amount determined by the formula

$$(A \times B) - (10\% \times C).$$

In the formula provided for in the first paragraph,

(a) A is

i. in the case where the eligible individual does not have an eligible spouse for the year but has a dependant whom the eligible individual designates for the year in prescribed form, 30%,

ii. in the case where the eligible individual has an eligible spouse for the year and a dependant whom the eligible individual designates for the year in prescribed form, 25%, and

iii. in any other case, 7%;

(b) B is

i. in the case where the eligible individual does not have an eligible spouse for the year, the amount by which the lesser of \$9,700 and the eligible individual’s work income for the year exceeds \$2,400, and

ii. in any other case, the amount by which the lesser of \$14,800 and the aggregate of the work income for the year of the eligible individual and that of the eligible individual’s eligible spouse for the year exceeds \$3,600; and

(c) C is the amount by which the eligible individual’s total income for the year exceeds

i. in the case where the eligible individual does not have an eligible spouse for the year, \$9,700, and

ii. in any other case, \$14,800.

For the purpose of computing the payments that an eligible individual for a taxation year is required to make under section 1025 or 1026, the individual is deemed to have paid to the Minister, on account of the individual's tax payable for the year under this Part, 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.

For the purposes of the first paragraph, an eligible individual who was resident in Québec immediately before the eligible individual's death is deemed to be resident in Québec at the end of 31 December of the year in which the eligible individual died.

**“1029.8.116.6.** Where the amounts of \$9,700 and \$14,800 mentioned in subparagraphs i and ii of subparagraphs *b* and *c* of the second paragraph of section 1029.8.116.5 must be used for the purpose of computing the amount deemed to be paid under section 1029.8.116.5 for a taxation year subsequent to the taxation year 2005, each of those amounts must be replaced by the amount determined by the formula

$$A + [(12B - 12C) / (1 - D - E)].$$

In the formula provided for in the first paragraph,

(a) A is

i. where this section applies for the purpose of replacing the amount of \$9,700 for the year,

(1) \$9,700, if this section applies for the purpose of computing the amount deemed to be paid under section 1029.8.116.5 for the taxation year 2006, or

(2) if the taxation year is subsequent to the year 2006, the amount that replaces that amount and that was used for the purpose of computing the

amount deemed to be paid under section 1029.8.116.5 for the preceding taxation year, and

ii. where this section applies for the purpose of replacing the amount of \$14,800 for the year,

(1) \$14,800, if this section applies for the purpose of computing the amount deemed to be paid under section 1029.8.116.5 for the taxation year 2006, or

(2) if the taxation year is subsequent to the year 2006, the amount that replaces that amount and that was used for the purpose of computing the amount deemed to be paid under section 1029.8.116.5 for the preceding taxation year;

(b) B is

i. where this section applies for the purpose of replacing the amount of \$9,700 for the year, the amount of the basic benefit of an adult or of a family comprising one adult that is provided for, for the year, in section 23 of the Regulation respecting income support made by Order in Council 1011-99 dated 1 September 1999, as amended, and

ii. where this section applies for the purpose of replacing the amount of \$14,800 for the year, the amount of the basic benefit of a family comprising two adults that is provided for, for the year, in section 23 of the regulation mentioned in subparagraph i;

(c) C is

i. where this section applies for the purpose of replacing the amount of \$9,700 for the year, the amount of the basic benefit of an adult or of a family comprising one adult that is provided for, for the preceding year, in section 23 of the regulation mentioned in subparagraph i of subparagraph b, and

ii. where this section applies for the purpose of replacing the amount of \$14,800 for the year, the amount of the basic benefit of a family comprising two adults that is provided for, for the preceding year, in section 23 of the regulation mentioned in subparagraph i of subparagraph b;

(d) D is one-half of the rate of contribution determined for the year under the Act respecting the Québec Pension Plan (chapter R-9); and

(e) E is the employee's premium rate determined for the year under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23).

**“1029.8.116.7.** Where an amount that results from the adjustment provided for in section 1029.8.116.6 is not a multiple of \$2, it shall be rounded to the nearest multiple of \$2 or, if it is equidistant from two such multiples, to the higher thereof.

**“1029.8.116.8.** For the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5, an eligible individual for a taxation year has a dependant whom the eligible individual may designate for the year in the prescribed form referred to in that second paragraph, if that person is, during the year, a child of the eligible individual or of the eligible individual’s eligible spouse for the year and

(*a*) the eligible individual or the eligible individual’s eligible spouse for the year receives, for the year and in respect of that person, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable;

(*b*) that person is, during the year, under 18 years of age, ordinarily resides with the eligible individual and is neither the father or the mother of a child with whom the person resides, nor an emancipated minor; or

(*c*) the eligible individual or the eligible individual’s eligible spouse for the year deducts an amount in computing the tax payable for the year in respect of the person under section 752.0.1, as a consequence of the application of any of paragraphs *b* to *d* of that section, or could have deducted such an amount but for the person’s income for the year.

For the purposes of subparagraph *b* of the first paragraph, where custody of a person is shared under an order or judgment of a competent tribunal or under a written agreement, that person is considered to ordinarily reside, during a taxation year, with the eligible individual who has custody of the person, only if, pursuant to the order, judgment or written agreement, as the case may be, the period of the year during which the eligible individual must exercise custody of that person represents at least 30% of the year.

“§3. — *Advance payments and exceptional rules*

**“1029.8.116.9.** Where, on or before 1 September of a taxation year, an individual applies therefor to the Minister, in the prescribed form containing the prescribed information referred to in the first paragraph of section 1029.8.116.5, the Minister may pay in advance, according to the terms and conditions provided for in the second paragraph, an amount, in this section referred to as the “amount of the advance relating to the work premium”, equal to one-half of the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under that first paragraph, on account of the individual’s tax payable for the year, if

(*a*) the individual is resident in Québec at the time of the application;

(*b*) the individual has a dependant who meets the conditions set out in section 1029.8.116.8 to be designated for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5, and is not a person in respect of whom another individual is entitled, for the year, to an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual’s tax payable, unless the individual is 18 years of age or over on the first day of the month of the application;

(c) at the time of the application, the individual is described in any of paragraphs *a* to *d* of section 1029.8.116.2;

(d) at the time of the application, the individual performs the duties of an office or employment, or carries on a business, alone or as a partner actively engaged in the business; and

(e) the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual's tax payable for the year, under the first paragraph of section 1029.8.116.5, is greater than \$500.

The terms and conditions of payment of the amount of the advance relating to the work premium to which the first paragraph refers are the following:

(a) where the Minister receives from the individual the application referred to in the first paragraph not later than 31 December of the preceding year, the amount of the advance relating to the work premium is payable in four equal advance payments made on or before 15 January, 15 April, 15 July and 15 October of the year;

(b) where the Minister receives from the individual the application referred to in the first paragraph after 31 December of the preceding year and not later than 31 March of the year, the amount of the advance relating to the work premium is payable in three equal advance payments made on or before 15 April, 15 July and 15 October of the year;

(c) where the Minister receives from the individual the application referred to in the first paragraph after 31 March and not later than 30 June of the year, the amount of the advance relating to the work premium is payable in two equal advance payments made on or before 15 July and 15 October of the year; and

(d) where the Minister receives from the individual the application referred to in the first paragraph after 30 June and not later than 1 September of the year, the amount of the advance relating to the work premium is payable in one advance payment made on or before 15 October of the year.

The individual shall notify the Minister with dispatch of any event which may affect the amount of the advance relating to the work premium and, if the individual does not so notify the Minister, the Minister may suspend, reduce or cease the payment of the advance.

Where, at the time of the application referred to in the first paragraph, an individual has a spouse, only one of them may make this application for the year.



Where an individual elects to have the provisions provided for in the first paragraph apply, subparagraph *a* of the third paragraph of section 1029.8.116.5 shall be read as follows:

“(a) the amount by which the amount determined under the first paragraph exceeds the aggregate of all amounts each of which is an advance payment referred to in the second paragraph of section 1029.8.116.9, that the eligible individual, or the eligible individual’s eligible spouse for the year, has received, or may reasonably expect to receive, for the year, less the aggregate of all amounts each of which is the portion of that excess 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”.

**1029.8.116.10.** An eligible individual shall not be deemed to have paid an amount to the Minister under section 1029.8.116.5, for a taxation year, if the eligible individual or the eligible individual’s eligible spouse for the year is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).

**1029.8.116.11.** Where an eligible individual is the eligible spouse for a taxation year of another eligible individual, the total of the amounts that each of those individuals is deemed to have paid to the Minister for the year under section 1029.8.116.5 may not exceed the amount that only one of those individuals would, but for this section, be deemed to have paid to the Minister for the year under that section.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine the portion of that amount for the year.”

(2) Subsection 1 applies from the taxation year 2005.

**268.** (1) Section 1029.8.118 of the Act is amended, in the second paragraph,

(1) by replacing “\$500” in subparagraph *a* by “\$535”;

(2) by replacing “\$17,500” in subparagraph *b* by “\$18,600”.

(2) Subsection 1 applies from the taxation year 2005.

**269.** (1) The Act is amended by inserting the following after section 1029.8.121:

**“DIVISION II.20****“CREDIT FOR NEW GRADUATES WORKING IN THE RESOURCE REGIONS**

“§1. — *Interpretation and general*

**“1029.8.122.** In this division,

“base period” of an individual means the first 52 weeks of the aggregate of all periods each of which is a period during which the individual

(a) holds eligible employment; and

(b) ordinarily performs the duties relating to that eligible employment in an establishment of the individual’s employer situated in an eligible region, or is ordinarily attached to such an establishment of the individual’s employer in the course of those duties;

“eligible employment” of an individual means an office or employment that the individual begins to hold in the 24-month period that follows the date on which the individual successfully completes the courses and, where applicable, the internships leading to the awarding of a recognized diploma, or is awarded a recognized diploma that is a master’s or doctoral degree under an educational program requiring the writing of an essay, dissertation or thesis if

(a) the individual begins to perform the duties relating to the office or employment after 11 March 2003;

(b) on taking up employment, the establishment of the individual’s employer at which the individual ordinarily performs the duties relating to that office or employment, or to which the individual is ordinarily attached, is situated in an eligible region; and

(c) the knowledge and skills obtained in the course of that training or program are related to the duties performed by the individual in connection with the office or employment;

“eligible region” means

(a) one of the following administrative regions described in Order in Council 2000-87 dated 22 December 1987 concerning the revision of the boundaries of the administrative regions of Québec, as amended:

- i. administrative region 01 Bas-Saint-Laurent,
- ii. administrative region 02 Saguenay–Lac-Saint-Jean,
- iii. administrative region 08 Abitibi-Témiscamingue,

- iv. administrative region 09 Côte-Nord,
  - v. administrative region 10 Nord-du-Québec, or
  - vi. administrative region 11 Gaspésie–Îles-de-la-Madeleine; or
- (b) one of the following regional county municipalities:
- i. Municipalité régionale de comté d’Antoine-Labelle,
  - ii. Municipalité régionale de comté du Haut-Saint-Maurice,
  - iii. Municipalité régionale de comté de La Vallée-de-la-Gatineau,
  - iv. Municipalité régionale de comté de Mékinac, or
  - v. Municipalité régionale de comté de Pontiac;

“recognized diploma” means

(a) an attestation of vocational education, a diploma of vocational studies or an attestation of vocational specialization, awarded by the Minister of Education;

(b) a diploma of college studies in technical training awarded by the Minister of Education or by a college-level educational institution to which the Minister of Education has delegated the responsibility of awarding such a diploma;

(c) an attestation of college studies in technical training awarded by a college-level educational institution of Québec;

(d) an undergraduate or graduate diploma or degree awarded by a Québec university;

(e) a diploma awarded by an educational institution situated outside Québec, in respect of which the Minister of Relations with the Citizens and Immigration has issued an equivalence for one of the diplomas referred to in paragraphs *a* to *d*; or

(f) an attestation of studies for a post-secondary educational program of the Conservatoire de musique et d’art dramatique du Québec, the École du Barreau du Québec, the École nationale de police du Québec or the National Theatre School of Canada.

**1029.8.123.** For the purposes of the definition of “eligible employment” in section 1029.8.122, in relation to an individual, where, at a particular time, an employer of the individual, in this paragraph referred to as the “new employer”, immediately succeeds another employer of the individual,

in this paragraph referred to as the “former employer”, as a consequence of the formation or winding-up of a corporation or of the acquisition of a major portion of the property of a business or of a separate part of a business, without there being an interruption of the services provided by the individual, the new employer is deemed to be the same as the former employer.

“§2. — *Credit*

“**1029.8.124.** An individual who, at the end of 31 December of a taxation year, is resident in Québec in an eligible region and encloses with the fiscal return the individual is required to file under section 1000 for the year, or would be required to so file if tax were payable by the individual for that year under this Part, the prescribed form containing the prescribed information is deemed to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for that year under this Part, an amount equal to the lesser of

(a) 40% of the aggregate of all amounts each of which is the salary or wages of the individual for the year from an eligible employment and attributable to the individual’s base period; and

(b) the amount by which \$8,000 exceeds the aggregate of all amounts each of which is an amount that the individual is deemed to have paid to the Minister, under this section, for a preceding taxation year.

For the purposes of the first paragraph, an individual who was resident in Québec in an eligible region immediately before the individual’s death is deemed to be resident in Québec in an eligible region at the end of 31 December of the year in which the individual died.

“**1029.8.125.** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.124 for a taxation year if the individual is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).”

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

**270.** (1) Section 1033.12 of the Act, enacted by section 180 of chapter 8 of the statutes of 2004, is amended by inserting “mortgage” after “hypothec,” in the English text.

(2) Subsection 1 has effect from 14 June 2001.

**271.** (1) Section 1038 of the Act is amended

(1) by replacing “1028” in the first paragraph by “1027”;

(2) by replacing “II.6.5.1 and II.6.5.2” by “II.6.5.1, II.6.5.2 and II.6.5.4” 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) Paragraph 1 of subsection 1 applies to taxation years that begin after 30 March 2004.

(3) Paragraph 2 of subsection 1 applies in respect of payments to be made after 11 March 2003.

**272.** (1) Section 1040 of the Act is amended by replacing “1028” in the first paragraph by “1027”.

(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**273.** (1) The Act is amended by inserting the following section after section 1045.0.1:

**“1045.0.2.** Where, under section 36 of the Act respecting the Ministère du Revenu (chapter M-31), the Minister extends the time limit fixed to file a return under this Part or the regulations and the return is not filed within the extended time limit, no account shall be taken of the extension for the purpose of computing a penalty provided for in section 59 of that Act or in section 1045.”

(2) Subsection 1 applies in respect of time limit extensions granted after 30 March 2004.

**274.** (1) Section 1049 of the Act is amended by striking out “, or that would be, were it not for the application of the provisions of Book V.2.1,” in subparagraph *a* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**275.** (1) Section 1079.1 of the Act is amended

(1) by replacing the definition of “tax shelter” in the first paragraph by the following definition:

““tax shelter” means

(*a*) a gifting arrangement described in paragraph *b* of the definition of “gifting arrangement”; and

(b) a gifting arrangement described in paragraph *a* of the definition of “gifting arrangement”, or a property, including any right to income, other than a flow-through share or a prescribed property, in respect of which it may reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the gifting arrangement or the property, that, if a person were to enter into the gifting arrangement or acquire an interest in the property, the amount referred to in the second paragraph would, at the end of a particular taxation year that ends within four years after the day on which the gifting arrangement is entered into or the interest is acquired, equal or exceed the amount by which the cost to the person of the property acquired under the gifting arrangement, or of the interest in the property at the end of the particular year, determined without reference to Title VIII of Book VI, would exceed the aggregate of all amounts each of which is the amount of any prescribed benefit that is expected to be received or enjoyed, directly or indirectly, in respect of the property acquired under the gifting arrangement, or of the interest in the property, by the person or any person with whom the person does not deal at arm’s length.”;

(2) by inserting the following definitions in alphabetical order:

““gifting arrangement” means any arrangement under which it may reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the arrangement, that if a person were to enter into the arrangement, the person would

(a) make a gift to a qualified donee, or a contribution referred to in the first paragraph of section 776, of property acquired by the person under the arrangement; or

(b) incur a limited-recourse amount that may reasonably be considered to relate to a gift to a qualified donee or a contribution referred to in the first paragraph of section 776;

““limited-recourse amount” has the meaning assigned by Title VIII of Book VI.”;

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

“(a) an amount, or a loss in the case of a partnership interest, represented to be deductible in computing the person’s income for the particular year or any preceding taxation year in respect of the gifting arrangement or the interest in the property, including, if the property is a right to income, an amount or loss in respect of that right that is stated or represented to be so deductible; or

“(b) any other amount stated or represented to be deemed under this Part to be paid on account of the person’s tax payable, or to be deductible in computing the person’s income, taxable income or tax payable under this Part, for the

particular year or any preceding taxation year in respect of the gifting arrangement or the interest in the property, other than an amount so stated or represented that is included in computing a loss described in subparagraph *a*.”

(2) Subsection 1 applies in respect of property acquired after 18 February 2003, or gifts, contributions, statements or representations made after that date.

**276.** Section 1082.3 of the Act, amended by section 183 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” in paragraphs *a* and *b* of the definition of “transfer pricing capital adjustment” in the first paragraph by “incorporeal”.

**277.** (1) Part I.2 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2005.

**278.** (1) The Act is amended by inserting the following after section 1086.12:

#### “PART I.3.1

#### “TAX RELATING TO ADVANCE PAYMENTS OF THE CREDIT GRANTING A WORK PREMIUM

“**1086.12.1.** In this Part,

“balance-due day” has the meaning assigned by section 1;

“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;

“individual” has the meaning assigned by section 1;

“Minister” means the Minister of Revenue;

“taxation year” has the meaning that would be assigned by Part I if it were read without reference to section 779.

“**1086.12.2.** An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is an amount paid in advance by the Minister to the individual for that year under section 1029.8.116.9.

Where applicable, the individual and the individual’s eligible spouse for the year are solidarily liable for the payment of the tax payable under the first paragraph and, in that respect, a payment by the individual affects the liability

of the eligible spouse only to the extent that the payment operates to reduce the individual's liability to an amount less than the amount in respect of which the eligible spouse is solidarily liable under this paragraph.

**“1086.12.3.** An individual shall pay to the Minister, for a taxation year, on or before the individual's balance-due day for the year, the individual's tax under this Part as estimated for the year under section 1004.

**“1086.12.4.** Except where inconsistent with this Part, sections 1000 to 1014, 1035 and 1037 to 1079.16 apply to this Part, with the necessary modifications.

### **“PART I.3.2**

#### **“TAX IN RESPECT OF ADVANCE PAYMENTS OF THE CREDIT FOR CHILD CARE EXPENSES**

**“1086.12.5.** In this Part,

“balance-due day” has the meaning assigned by section 1;

“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;

“individual” has the meaning assigned by section 1;

“Minister” means the Minister of Revenue;

“taxation year” has the meaning that would be assigned by Part I if it were read without reference to section 779.

**“1086.12.6.** An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is an amount paid in advance by the Minister to the individual for that year under section 1029.8.80.2.

Where applicable, the individual and the individual's eligible spouse for the year are solidarily liable for the payment of the tax payable under the first paragraph and, in that respect, a payment by the individual affects the liability of the eligible spouse only to the extent that the payment operates to reduce the individual's liability to an amount less than the amount in respect of which the eligible spouse is solidarily liable under this paragraph.

**“1086.12.7.** An individual shall pay to the Minister, for a taxation year, on or before the individual's balance-due day for the year, the individual's tax under this Part as estimated for the year under section 1004.



“**1036.12.3.** Except where inconsistent with this Part, sections 1000 to 1014, 1035 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies from the taxation year 2005.

**279.** Section 1094 of the Act, amended by section 191 of chapter 8 of the statutes of 2004, is again amended by replacing “intangible” in the portion of paragraph *b* before subparagraph *i* by “incorporeal”.

**280.** (1) Section 1102.4 of the Act, amended by section 195 of chapter 8 of the statutes of 2004, is again amended by replacing “obligation secured by mortgage” in paragraph *d* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**281.** (1) Section 1122 of the Act is amended by replacing “obligations secured by mortgage” in subparagraph *i* of paragraph *b* by “hypothecary claims, mortgages”.

(2) Subsection 1 has effect from 14 June 2001.

**282.** (1) The Act is amended by inserting the following after section 1129.45.3.5:

**“PART III.10.1.1.1**

**“SPECIAL TAX RELATING TO THE CREDIT FOR THE  
CONSTRUCTION OF PUBLIC ACCESS ROADS AND BRIDGES IN  
FOREST AREAS**

**“1129.45.3.5.1.** In this Part,

“eligible access road or bridge” has the meaning assigned by section 1029.8.36.59.12;

“eligible expenses” has the meaning assigned by section 1029.8.36.59.12;

“fiscal period” has the meaning assigned by Part I;

“Minister” means the Minister of Revenue;

“taxation year” has the meaning assigned by Part I.

**“1129.45.3.5.2.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.59.13, on account of its tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the corporation 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 “repayment year”, in which an amount relating to the eligible 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 for the particular year under section 1029.8.36.59.13 or 1029.8.36.59.16, in relation to the eligible 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 1029.8.36.59.13 or 1029.8.36.59.16, in relation to the eligible 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 expenses, were refunded, paid or allocated in the particular 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, in relation to the eligible expenses.

**“1129.45.3.5.3.** Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.59.14, on account of its tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the partnership for the partnership’s particular fiscal period that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or 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 would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.59.14, 1029.8.36.59.17 and 1029.8.36.59.18, in relation to the eligible expenses, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment, 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 sections 1029.8.36.59.14, 1029.8.36.59.17 and 1029.8.36.59.18, in relation to the eligible expenses, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular fiscal period, and

ii. the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the corporation's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the eligible expenses, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the corporation's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated, otherwise determined, by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the corporation's share of that income or loss, on the assumption that, if the partnership's income and loss for the fiscal period are nil, the partnership's income is equal to \$1,000,000.

**“1129.45.3.5.4.** For the purposes of sections 1129.45.3.5.2 and 1129.45.3.5.3, the amount determined in the second paragraph, in relation to eligible expenses of a corporation for a particular taxation year or of a partnership for a particular fiscal period, in respect of an eligible access road or bridge of the corporation or partnership, is deemed to be refunded to the corporation in a subsequent taxation year, in this section referred to as the “repayment year”, or to the partnership in a subsequent fiscal period, in this section referred to as the “fiscal period of repayment”, where the Minister of Natural Resources, Wildlife and Parks revokes, in the repayment year or in the fiscal period of repayment, the certificate that was issued in respect of the eligible access road or bridge.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of the eligible expenses of the corporation for the particular year, or of the partnership for the particular fiscal period, exceeds the aggregate of all amounts each of which is an amount relating to those expenses that, in a taxation year preceding the repayment year but subsequent to the particular year, or in a fiscal period preceding the fiscal period of repayment but subsequent to the particular fiscal period, was refunded, otherwise paid or allocated to a payment to be made by the corporation or partnership.

No tax is payable for a taxation year under section 1129.45.3.5.2 or 1129.45.3.5.3, in respect of any amount that is refunded or otherwise paid to the corporation, the partnership or another corporation that is a member of the partnership, or is allocated to a payment to be made by the corporation, the partnership or the other corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in that taxation year or a preceding taxation year or in a fiscal period that ends in that taxation year or in a preceding taxation year.

**“1129.45.3.5.5.** For the purposes of Part I, except for Division II.6.5.3 of Chapter III.1 of Title III of Book IX, the following rules apply:

(a) tax paid to the Minister by a corporation at any time, under section 1129.45.3.5.2, in relation to eligible expenses is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenses, pursuant to a legal obligation; and

(b) tax paid to the Minister by a corporation at any time, under section 1129.45.3.5.3, in relation to eligible expenses is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of the expenses, pursuant to a legal obligation.

**“1129.45.3.5.6.** Except where inconsistent with this Part, section 6, 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.

#### **“PART III.10.1.1.2**

#### **“SPECIAL TAX RELATING TO THE CREDIT TO PROMOTE THE HIRING OF NEW GRADUATES IN THE RESOURCE REGIONS**

**“1129.45.3.5.7.** In this Part,

“eligible employee” has the meaning assigned by section 1029.8.36.59.21;

“fiscal period” has the meaning assigned by Part I;

“Minister” means the Minister of Revenue;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.59.21;

“taxation year” has the meaning assigned by Part I;

“taxpayer” has the meaning assigned by section 1;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.59.21.

**“1129.45.3.5.8.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.36.59.24, on account of the taxpayer’s tax payable under Part I for a particular taxation year, in relation to qualified wages incurred in the particular year in respect of an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

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 taxpayer is deemed to have paid to the Minister for the particular year under section 1029.8.36.59.24 or 1029.8.36.59.27, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.24 or 1029.8.36.59.27, in relation to wages included in computing the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.

**“1129.45.3.5.9.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.36.59.25, on account of the taxpayer’s tax payable under Part I for a particular taxation year, in relation to qualified wages incurred by the partnership, in respect of an eligible employee, in a particular fiscal period of the partnership that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

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 taxpayer would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.59.25, 1029.8.36.59.28 and 1029.8.36.59.29, in relation to the qualified wages, if the taxpayer’s share of the income or loss of the

partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under any of sections 1029.8.36.59.25, 1029.8.36.59.28 and 1029.8.36.59.29, for a taxation year, in relation to the qualified wages if,

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the qualified wages, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer, or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated, otherwise determined, by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000.

**“1129.45.3.5.10.** For the purposes of Part I, except for Division II.6.5.4 of Chapter III.1 of Title III of Book IX, the following rules apply:

(a) tax paid to the Minister by a taxpayer at any time, under section 1129.45.3.5.8, in relation to qualified wages is deemed to be an amount of assistance repaid at that time by the taxpayer in respect of the wages pursuant to a legal obligation; and

(b) tax paid to the Minister by a taxpayer at any time, under section 1129.45.3.5.9, in relation to qualified wages is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of the wages pursuant to a legal obligation.

**“1129.45.3.5.11.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024 and 1026.0.1, 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 has effect from 12 March 2003. However, where the first paragraph of section 1129.45.3.5.4 of the Act applies before 29 April 2003, the reference therein to “Minister of Natural Resources, Wildlife and Parks” shall be read as a reference to “Minister of Natural Resources”.

**283.** (1) Section 1130 of the Act, amended by section 135 of chapter 29 of the statutes of 2003, by section 205 of chapter 8 of the statutes of 2004 and by section 488 of chapter 21 of the statutes of 2004, is again amended by replacing the portion of the definition of “qualified corporation” before paragraph *a* by the following:

““qualified corporation” for a taxation year means a corporation, other than a prescribed corporation for the purposes of subparagraph *a* of the first paragraph of section 1143, that”.

(2) Subsection 1 is declaratory.

**284.** Section 1141.1.1 of the Act is amended

(1) by replacing “tangible” in the English text of subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph and the second paragraph by “corporeal”;

(2) by replacing “est en défaut à l’égard d’une dette due à la société ou que l’on peut raisonnablement prévoir qu’elle le deviendra” in the French text of subparagraph *i* of subparagraph *b* of the first paragraph by “était en défaut à l’égard d’une dette due à la société ou que l’on pouvait raisonnablement prévoir qu’elle le deviendrait”.

**285.** (1) The Act is amended by inserting the following section after section 1141.1.1:

**“1141.1.2.** A corporation referred to in section 1140.1 shall also include, in computing its paid-up capital for a taxation year, an amount equal to 50% of the total of all amounts each of which is

(a) the value at the end of the year of an asset of the corporation, other than property held by the corporation primarily for the purpose of resale that was acquired by the corporation in the year or the preceding taxation year, as a

consequence of another person's default, or anticipated default, in respect of a debt owed to the corporation, that is corporeal property; or

(b) the corporation's share, in respect of a partnership of which the corporation is a member at the end of the year, of the value of an asset of the partnership, at the end of the partnership's last fiscal period ending at or before the end of the year, that is corporeal property.

For the purposes of subparagraph *b* of the first paragraph, the corporation's share of the value of corporeal property of a partnership is equal to the proportion of the value that the corporation's share of the income or loss of the partnership, for the fiscal period referred to in that subparagraph *b*, is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000."

(2) Subsection 1 has effect from 28 June 1999.

**286.** Section 1141.2.3 of the Act, amended by section 496 of chapter 21 of the statutes of 2004, is again amended by replacing "tangible" in the English text by "corporeal".

**287.** (1) The Act is amended by inserting the following section after section 1143:

**"1143.0.1.** No prescribed corporation for the purposes of subparagraph *a* of the first paragraph of section 1143 may deduct an amount under section 1138.2.2, 1138.2.4 or 1141.8.

However, the first paragraph does not apply in respect of a deduction provided for in section 1138.2.2 or 1141.8 in relation to a major investment project in respect of which an application to obtain that deduction, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003."

(2) Subsection 1 is declaratory.

**288.** (1) Section 1145 of the Act is amended by replacing "1028" by "1027".

(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**289.** (1) Section 1159.7 of the Act is amended by replacing "1028" in the first paragraph by "1027".

(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**290.** (1) Section 1173.4 of the Act is amended by replacing "1028" by "1027".



(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**291.** (1) The Act is amended by inserting the following section after section 1174.0.2:

“**1174.0.3.** No prescribed corporation for the purposes of subparagraph *a* of the first paragraph of section 1143 may deduct an amount under section 1170.1 in relation to a major investment project, unless such a project is one in respect of which an application to obtain that deduction, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003.”

(2) Subsection 1 is declaratory.

**292.** (1) Section 1175 of the Act is amended by replacing “1028” by “1027”.

(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**293.** (1) Section 1175.4.2 of the Act is amended by adding the following paragraph:

“In addition, a corporation that is exempt from tax for a taxation year under Book VIII of Part I, other than an insurer described in paragraph *k* of section 998 that is not so exempt from tax on the totality of its taxable income for the year by reason of section 999.0.1, shall not make any deduction for the year under section 1175.4.1 in relation to a major investment project, unless such a project is one in respect of which an application to obtain that deduction, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003.”

(2) Subsection 1 is declaratory.

**294.** (1) Section 1175.19 of the Act is amended by replacing “and 1000 to 1028” by “, 1000 to 1027”.

(2) Subsection 1 applies to taxation years that begin after 30 March 2004.

**295.** (1) Section 1183 of the Act is amended by replacing “Subject to section 1184.1, every” by “Every”.

(2) Subsection 1 applies from the taxation year 2005.

**296.** (1) Section 1184 of the Act is amended by striking out “subject to section 1184.1,” in paragraph *b*.

(2) Subsection 1 applies from the taxation year 2005.

**297.** (1) Section 1184.1 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2005.

#### ACT RESPECTING THE APPLICATION OF THE TAXATION ACT

**298.** The heading of Chapter V of the Act respecting the application of the Taxation Act (R.S.Q., chapter I-4) is replaced by the following heading:

“INCORPOREAL PROPERTY AND INTERESTS”.

**299.** Section 37 of the Act is amended by replacing “intangible” in subparagraphs i and ii of paragraph *b* by “incorporeal”.

**300.** (1) Section 52 of the Act is amended by replacing “obligation secured by mortgage” in paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**301.** Section 84 of the Act is amended by replacing “intangible” in paragraphs *b* and *g* by “incorporeal”.

**302.** Section 85 of the Act is amended by replacing “intangible capital amount” wherever it appears in paragraph *b* by “incorporeal capital amount”.

**303.** (1) Section 86 of the Act is amended by replacing “obligation secured by mortgage” wherever it appears in the portion before paragraph *a* by “hypothecary claim, mortgage”.

(2) Subsection 1 has effect from 14 June 2001.

**304.** (1) Section 95 of the Act is amended by replacing “obligations secured by mortgage” by “hypothecary claims, mortgages”.

(2) Subsection 1 has effect from 14 June 2001.

#### ACT RESPECTING ADMINISTRATIVE JUSTICE

**305.** (1) Section 21 of the Act respecting administrative justice (R.S.Q., chapter J-3) is amended by adding the following subparagraph after subparagraph 3 of the second paragraph:

“(4) under section 1029.8.61.41 of the Taxation Act (chapter I-3), to contest a decision determining, pursuant to section 1029.8.61.19 of that Act, whether a child has, according to the rules set out in the regulation made under that section, an impairment or a developmental disability that substantially limits the child in the activities of daily living during a foreseeable period of at least one year.”

(2) Subsection 1 applies from 1 January 2005.

**306.** (1) Schedule I to the Act is amended by adding the following paragraph after paragraph 6 of section 1:

“(7) proceedings against decisions pertaining to the entitlement to receive an amount in respect of a child assistance payment under Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3), brought under section 1029.8.61.41 of that Act.”

(2) Subsection 1 applies from 1 January 2005.

#### LICENSES ACT

**307.** The Licenses Act (R.S.Q., chapter L-3) is amended by adding the following section after section 143:

“**144.** This Act ceases to apply in respect of

(1) a duty provided for in subparagraph *a* of the first paragraph of section 79.11 for the period following 31 August 2004;

(2) an alcoholic beverage acquired by a retailer after 31 August 2004;

(3) an alcoholic beverage made by a retailer at any time and disposed of by the retailer for consumption in the retailer’s establishment after 31 August 2004; and

(4) an alcoholic beverage disposed of by a supplier after 31 August 2004.”

#### ACT RESPECTING THE MINISTÈRE DU REVENU

**308.** (1) The Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by inserting the following section after section 1.3:

“**1.4.** Notwithstanding any general or special Act, the provisions of any fiscal law or the regulations made thereunder that provide for the payment of interest or of a penalty are binding on a mandatary and a body of the State.”

(2) Subsection 1 applies in respect of failures to fulfil a tax obligation that occur after 31 December 2004.

**309.** (1) Section 27.0.1 of the Act, amended by section 21 of chapter 4 of the statutes of 2004 and by section 508 of chapter 21 of the statutes of 2004, is again amended by replacing “payable to the Minister as soon as that notice is sent” by “payable without delay to the Minister upon the sending of the notice”.

(2) Subsection 1 applies in respect of notices of assessment sent after 31 October 2004.

**310.** (1) Section 27.3 of the Act, amended by section 510 of chapter 21 of the statutes of 2004, is replaced by the following section:

**“27.3.** The recovery of an amount owed under a fiscal law is prescribed by ten years after the day on which the notice of assessment was sent or, in the case of charges or fees, from the time the charges or fees are applied. However, where that amount is owed under section 1029.8.61.34 of the Taxation Act (chapter I-3), prescription runs from the date of the formal notice provided for in that section.

In addition to the other cases of suspension provided for by law, prescription is suspended for the period during which

(a) the Minister cannot recover an unpaid amount by reason of section 12.0.3;

(b) the Minister has a security in guarantee of the payment of the debt; or

(c) the person is not resident in Québec.

In addition to the other cases of interruption provided for by law, the prescription is interrupted where

(a) the Minister takes a measure under any of sections 15, 15.2, 15.3, 31, 31.1.1 and 39; or

(b) the Minister made an assessment, under any of sections 14, 14.5 and 24.0.1 or under sections 1029.8.61.46 and 1035 of the Taxation Act, in respect of another person concerning the debt.”

(2) The prescription period introduced in subsection 1 applies in respect of situations existing on 30 March 2004, account being taken of the time already elapsed. However, where subsection 1 replaces section 27.3 of the said Act to add the sentence “However, where that amount is owed under section 1029.8.61.34 of the Taxation Act (chapter I-3), prescription runs from the date of the formal notice provided for in that section.” in the first paragraph of that section, that sentence has effect from 1 January 2005.

**311.** (1) Section 28.2 of the Act, amended by section 22 of chapter 4 of the statutes of 2004 and by section 511 of chapter 21 of the statutes of 2004, is again amended by replacing the first paragraph by the following paragraph:

**“28.2.** For the purpose of determining the interest payable, where a person pays to the Minister or to a financial institution all or part of the amount that the person is required to pay following a notice of assessment or a notice sent by the Minister under section 1029.8.61.43 of the Taxation Act

(chapter I-3), the date of the payment is deemed to be the day of sending of the notice of assessment or the day of sending of the notice of the Minister provided for in section 1029.8.61.43 of the Taxation Act if the payment is made within the time limit determined by the Minister and mentioned in the notice of assessment or in the notice of the Minister.”

(2) Subsection 1 has effect from 1 January 2005.

**312.** Section 59.2 of the Act is amended by replacing “any sections 1018, 1025 to 1029 or 1159.11” in the third paragraph by “sections 1025 to 1029”.

**313.** (1) Section 59.3 of the Act is amended

(1) by inserting “wilfully or” after “who,”;

(2) by replacing “25%” by “50%”.

(2) Subsection 1 applies in respect of statements or omissions in documents made or filed after 16 March 2005.

**314.** (1) Section 59.5 of the Act is repealed.

(2) Subsection 1 applies in respect of statements or omissions in documents made or filed after 16 March 2005.

**315.** Section 59.5.9 of the Act is repealed.

**316.** Section 59.6 of the Act is replaced by the following section:

**“59.6.** However, no person shall incur, in respect of the same statement or omission, both the penalty provided for in section 59.3 or section 1049 of the Taxation Act (chapter I-3) and the penalty provided for in section 59.4. In addition, no person shall incur, in respect of the same statement or omission, both a penalty provided for in any of those sections or section 59.5.3 or section 1049.0.5 of the Taxation Act and the payment of a fine provided for in a fiscal law unless, in the latter case, the penalty was imposed before the proceedings giving rise to the fine were brought.”

**317.** Section 64 of the Act is amended by replacing “59.5” by “59.5.3”.

**318.** (1) Section 93 of the Act, amended by section 35 of chapter 4 of the statutes of 2004, is again amended by adding “, except where the recourse is exercised as a consequence of the application by the Board of Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3)” at the end of the first paragraph.

(2) Subsection 1 has effect from 1 January 2005.

**319.** Section 93.1.8 of the Act, amended by section 213 of chapter 8 of the statutes of 2004, is again amended by replacing “578.7,” in the first paragraph by “442, 444, 450, 455.0.1, 520.2, 578.7, 620.1, 659.1,”.

**320.** Section 93.1.12 of the Act, amended by section 214 of chapter 8 of the statutes of 2004, is again amended by replacing “578.7,” in the first paragraph by “442, 444, 450, 455.0.1, 520.2, 578.7, 620.1, 659.1,”.

**321.** (1) Section 94.0.3.2 of the Act, amended by section 514 of chapter 21 of the statutes of 2004, is again amended by inserting the following paragraph after the third paragraph:

“In addition, a corporation that is exempt from tax under Book VIII of Part I of the Taxation Act, other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income by reason of section 999.0.1 of that Act, shall not obtain the payment to which the first paragraph refers in relation to a major investment project, unless such a project is one in respect of which an application to obtain that payment, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003.”

(2) Subsection 1 is declaratory.

**322.** (1) Section 94.0.3.3 of the Act is amended by inserting the following paragraph after the second paragraph:

“In addition, no partnership may obtain, in relation to a major investment project, the portion of the payment to which the first paragraph refers and that may reasonably be attributed to any of its members that is a corporation that is exempt from tax under Book VIII of Part I of the Taxation Act (chapter I-3), other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income by reason of section 999.0.1 of that Act, unless such a project is one in respect of which an application to obtain that payment, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003.”

(2) Subsection 1 is declaratory.

#### ACT RESPECTING FAMILY BENEFITS

**323.** (1) The Act respecting family benefits (R.S.Q., chapter P-19.1) is repealed.

(2) Subsection 1 applies from 1 January 2005. However, the Act respecting family benefits shall continue to have effect in respect of applications for family benefits filed with the Régie des rentes du Québec in connection with situations existing prior to 1 December 2004 or with a child who was born in December 2004 and died in that month.

(3) Any application for review pending on 31 December 2004 and any contestation pending on that date of a decision made under the Act respecting family benefits, and any application for review and any contestation filed after that date in respect of a decision made under the said Act shall be dealt with in accordance with the said Act.

(4) The Régie des rentes du Québec may, after 31 December 2004, review of its own initiative, in accordance with the Act respecting family benefits, a decision it made under the said Act.

(5) Any amount that a person has received under the Act respecting family benefits or under the Act respecting family assistance allowances (R.S.Q., chapter A-17) without entitlement shall remain due, after 31 December 2004, under the Act.

If a balance remains after the allocation provided for in section 1029.8.61.36 of the Taxation Act, enacted by section 257 of this Act, was made, the balance shall be recovered in accordance with the repayment agreement previously entered into by the individual and the Régie des rentes du Québec, where applicable.

(6) The second paragraph of section 22 of the Act respecting family benefits shall continue to have effect in respect of an amount repayable under section 102 of the Act respecting income support, employment assistance and social solidarity (R.S.Q., chapter S-32.001) for a period preceding 1 January 2005.

(7) Any prescription that has begun to run in respect of an amount of family benefits shall continue to run, after 31 December 2004, in accordance with the provisions of the Act respecting family benefits.

(8) Agreements in force on 31 December 2004 that have been entered into in connection with the Act respecting family benefits shall remain in force after that date. Those agreements, except those entered into with the Minister of Revenue, are also in force, as if they had been entered into under Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (R.S.Q., chapter I-3), enacted by section 257 of this Act, until amended or replaced.

(9) Sums borrowed out of the financing fund of the Ministère des Finances by the Régie des rentes du Québec in accordance with the Act respecting family benefits are deemed, after 31 December 2004, to have been borrowed by the Board as a body responsible for the payment of an amount in respect of a child assistance payment under Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, enacted by section 257 of this Act.

(10) The appropriations granted to the Ministère de l'Emploi, de la Solidarité sociale et de la Famille for expenditures relating to the administration of the Act respecting family benefits shall, to the extent determined by the Government, be applied by the Minister of Employment, Social Solidarity and

Family Welfare to the payment of expenditures relating to the administration of Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, enacted by section 257 of this Act.

(11) The Regulation respecting the allowance for handicapped children made by Order in Council 1480-99 dated 17 December 1999 pertaining to allowances for handicapped children shall continue to have effect until the coming into force of the regulatory provisions made under section 1029.8.61.19 of the Taxation Act, enacted by section 257 of this Act, with the necessary modifications, and to the extent that they are consistent with Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, enacted by section 257 of this Act.

#### ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

**324.** (1) Section 33 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5), amended by section 517 of chapter 21 of the statutes of 2004, is again amended by inserting the following definition in alphabetical order in the first paragraph:

““excluded employer” means an employer that is a corporation that is exempt from tax under Book VIII of Part I of the Taxation Act, other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income by reason of section 999.0.1 of that Act;”.

(2) Subsection 1 is declaratory.

**325.** (1) Section 33.0.2 of the Act is amended, in the second paragraph,

(1) by replacing “any discretionary power” by “a power to appoint” in the English text of the following provisions:

— subparagraph 1 of subparagraph i of subparagraph *c*;

— subparagraph ii of subparagraph *c*;

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

“(d) a partnership that has no fiscal period ending on or before that time is deemed, for the purposes of subparagraph *b*, to have a fiscal period ending at that time for which it has an income equal to \$1,000,000.”

(2) Paragraph 2 of subsection 1 applies from the year 2005.

**326.** (1) Section 33.0.4 of the Act is amended

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



**“33.0.4.** The rules set out in the second paragraph apply where, in a particular year, there is

(a) a merger of two or more corporations that are replaced to form one corporation; or

(b) a transfer of property belonging or having belonged to a particular corporation or partnership made, as part of the winding-up or dissolution of the particular corporation or partnership or of a series of transactions or events including the winding-up or dissolution, in favour of a person who or a partnership that, immediately after the transfer, would be associated with the particular corporation or partnership according to the rules set out in the second paragraph of section 33.0.2, with the necessary modifications, if any relevant factor to consider for that purpose, with respect to the ownership of a share of the capital stock of the particular corporation or of an interest in the particular partnership or with respect to the holding of a right relating to such a share or to such an interest, were established on the basis of the situation existing immediately before the beginning of the winding-up or dissolution or of the series of transactions or events and, where applicable, if the particular corporation or partnership existed immediately after the transfer.”;

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

“*i.* the total payroll for the particular year of any employer and, for the purposes of subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph of section 34.0.0.1 in respect of a period provided for in that subparagraph *a* that is the period in which the transfer occurs or a subsequent period of the particular year, the total payroll for the preceding year of the person who or the partnership that is the transferee shall be established as if the particular corporation or partnership and the person who or the partnership that is the transferee were the same person or partnership, and”.

(2) Paragraph 1 of subsection 1 applies from the year 2005.

(3) Paragraph 2 of subsection 1 applies from the year 1999.

**327.** (1) Section 34 of the Act, amended by section 518 of chapter 21 of the statutes of 2004, is again amended by adding the following paragraph after the tenth paragraph:

“However, the seventh paragraph does not apply in respect of wages or an amount paid or deemed to be paid by an excluded employer, except where, in the case of such wages or such an amount referred to in subparagraph *d* of that paragraph in relation to a major investment project, an application in respect of the project, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003 so that no contribution would be payable under this section in respect of the wages or amount because of that subparagraph *d*.”

(2) Subsection 1 is declaratory.

**328.** (1) Section 34.1.6 of the Act, amended by section 520 of chapter 21 of the statutes of 2004, is again amended by replacing “\$11,500” and “\$40,000” wherever they appear in subparagraphs *a* and *b* of the first paragraph by “\$11,905” and “\$41,400”, respectively.

(2) Subsection 1 applies from the year 2005.

**329.** (1) Section 34.1.6.1 of the Act, enacted by section 521 of chapter 21 of the statutes of 2004, is amended

(1) by replacing “2002” and “percentage” in the portion before the formula provided for in the first paragraph by “2004” and “factor”, respectively;

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

“(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the year preceding that for which an amount is to be adjusted; and

“(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the year next before the year preceding that for which the amount is to be adjusted.”;

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

“The amounts to which the first and sixth paragraphs refer are

(a) the amount of \$11,905 mentioned in subparagraph *a* of the first paragraph of section 34.1.6; and

(b) the amount of \$41,400, wherever it is mentioned in the first paragraph of section 34.1.6.”;

(4) by inserting the following paragraph after the third paragraph:

“For the purposes of the first paragraph, where the factor determined by the formula provided for in that paragraph is less than zero, it is deemed to be equal to zero.”;

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

“For the purposes of the first paragraph in respect of an amount to be used for the year 2005, each of the amounts referred to in the third paragraph is deemed to be the amount used for the year 2004.”

(2) Subsection 1 applies from the year 2005.

**330.** (1) Section 34.1.6.2 of the Act, enacted by section 521 of chapter 21 of the statutes of 2004, is repealed.

(2) Subsection 1 applies from the year 2005.

**331.** (1) Section 37.1 of the Act is amended by replacing the definition of “dependent child” by the following definition:

““dependent child” of an individual for a year means a child in respect of whom the individual or the individual’s eligible spouse for the year has received, for the year, an amount deemed under section 1029.8.61.18 of the Taxation Act to be an overpayment of tax payable, or a child in respect of whom the individual or the individual’s eligible spouse for the year has deducted, for the year, an amount under section 752.0.1 of that Act as a consequence of the application of paragraph *b* or *c* thereof, or could have deducted such an amount if the individual had been resident in Québec for the purposes of that Act, throughout the year or, if the individual died in the year, throughout the period of the year preceding the time of death;”.

(2) Subsection 1 applies from the year 2005.

#### ACT RESPECTING THE QUÉBEC PENSION PLAN

**332.** (1) Section 1 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is amended, in paragraph *v*,

(1) by inserting the following subparagraph after subparagraph 2:

“(2.1) receives an amount in respect of a child assistance payment under Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3); and”;

(2) by replacing “subparagraph 1 or 2” in subparagraph 3 by “subparagraphs 1 to 2.1”.

(2) Subsection 1 applies from 1 January 2005.

**333.** Section 23.5 of the Act is amended by replacing “powers resulting from this Act” by “powers under the law”.

**334.** (1) Section 50 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**50.** Every employee who is employed in pensionable employment for an employer shall, by deduction at source, make a contribution equal to the product of one-half of the rate of contribution for the year and the lesser of the following amounts:”.

(2) Subsection 1 applies from the year 2005.

**335.** (1) Section 50.0.1 of the Act is replaced by the following section:

**“50.0.1.** Where, during a year, an employer immediately succeeds another employer as a consequence of the formation or winding-up of a legal person or of the acquisition of a major portion of the property of an undertaking or of a separate part of an undertaking, without there being an interruption of the services furnished by an employee, the employer is deemed, for the purposes of section 50, to be the preceding employer.”

(2) Subsection 1 has effect from 1 January 2004.

**336.** (1) Section 52.1 of the Act is repealed.

(2) Subsection 1 applies in respect of wages paid or deemed to be paid after 30 March 1998.

**337.** (1) Section 63 of the Act is replaced by the following section:

**“63.** On the dates, for the periods and according to the terms and conditions prescribed in section 1015 of the Taxation Act (chapter I-3), every employer shall pay to the Minister an amount equal to the amount the employer was required to deduct, together with an amount in respect of each employee, equal to the prescribed amount referred to in section 59, as or on account of the contribution referred to in section 52 that the employer is required to pay in respect of that employee.”

(2) Subsection 1 applies from the year 2005.

**338.** (1) The Act is amended by inserting the following section after section 78:

**“78.0.1.** For the purposes of section 78, no portion of the amount that an employer has paid for a year in respect of a particular employee as or on account of the contribution referred to in section 52, that is attributable to the aggregate of all the contributions that the employer was required to deduct for the year from the employee’s pensionable salary and wages in accordance with the regulations made under section 59, may be considered to be an amount that the employer has paid for the year in respect of the employee as or on account of a contribution exceeding the contribution required.”

(2) Subsection 1 is declaratory. However, where section 78.0.1 of the Act applies to a year that precedes the year 2004, it shall be read as follows:

**“78.0.1.** For the purposes of section 78, the following shall not be considered to be an amount that a particular employer has paid for a year in respect of a particular employee as or on account of a contribution exceeding the contribution required:

(a) where the particular employer is an employer who, in the year, immediately succeeded another employer as a consequence of the formation or winding-up of a legal person or of the acquisition of a major portion of the property of an undertaking or of a separate part of an undertaking, without there being an interruption of the services furnished by the particular employee, and the total of the pensionable salary and wages of the particular employee for the year that the particular employer has paid and the particular employee's pensionable salary and wages for the year that the other employer has paid does not exceed the particular employee's maximum pensionable earnings for the year, any portion of the amount that the particular employer has paid for the year in respect of the particular employee as or on account of the contribution referred to in section 52, that is attributable to the aggregate of all the contributions that the particular employer was required to deduct for the year from the particular employee's pensionable salary and wages in accordance with the regulations made under section 59; and

(b) in any other case, the portion of the amount that the particular employer has paid for the year in respect of the particular employee as or on account of the contribution referred to in section 52, that is attributable to the aggregate of all the contributions the particular employer was required to deduct from the particular employee's pensionable salary and wages in accordance with the regulations made under section 59."

**339.** (1) Section 78.1 of the Act is repealed.

(2) Subsection 1 applies in respect of wages paid or deemed to be paid after 30 March 1998.

#### ACT RESPECTING PROPERTY TAX REFUND

**340.** (1) Section 1 of the Act respecting property tax refund (R.S.Q., chapter R-20.1) is amended by replacing "\$26,000" in paragraph *f* by "\$27,635".

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

**341.** (1) Section 1.3 of the Act is amended

(1) by replacing "2001" and "percentage" in the portion before the formula provided for in the first paragraph by "2004" and "factor", respectively;

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

"(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the year preceding that for which an amount is to be adjusted; and

“(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the year next before the year preceding that for which the amount is to be adjusted.”;

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

“The amounts to which the first and fifth paragraphs refer are

(a) the amount of \$27,635 mentioned in section 1;

(b) the amount of \$1,365 mentioned in section 7; and

(c) the amount of \$455, wherever it is mentioned in section 7.1.”;

(4) by adding the following paragraphs after the third paragraph:

“For the purposes of the first paragraph, where the factor determined by the formula provided for in that paragraph is less than zero, it is deemed to be equal to zero.

“In addition, for the purposes of the first paragraph in respect of an amount to be used for the year 2005, each of the amounts referred to in the third paragraph is deemed to be the amount used for the year 2004.”

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

**342.** (1) Section 1.3.1 of the Act, enacted by section 523 of chapter 21 of the statutes of 2004, is repealed.

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

**343.** (1) Section 1.4 of the Act, replaced by section 524 of chapter 21 of the statutes of 2004, is amended by replacing “section 1.3 or 1.3.1” by “section 1.3”.

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

**344.** (1) Section 2 of the Act is replaced by the following section:

**“2.** A person who, for the purposes of the Taxation Act (chapter I-3), is resident in Québec at the end of 31 December in a year is entitled to a property tax refund for the year in respect of the dwelling in which the person lives on 31 December of that year and of which the person or the person’s eligible spouse for the year with whom the person lives on that date is the owner, lessee or sub-lessee.”

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

**345.** (1) Section 7 of the Act is amended by replacing “\$1,285” in subparagraph ii of paragraph *a* by “\$1,365”.

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

**346.** (1) Section 7.1 of the Act is amended by replacing “\$430” in paragraphs *a* and *b* by “\$455”.

(2) Subsection 1 applies in respect of computing property tax refunds for the year 2005 and subsequent years.

#### ACT RESPECTING THE QUÉBEC SALES TAX

**347.** Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 90 of chapter 37 of the statutes of 2004, is again amended by striking out the definition of “spouse”.

**348.** The Act is amended by inserting the following section after section 1.1:

“**1.2.** For the purposes of this Title and the regulations made thereunder, any reference to the spouse of an individual or to marriage shall be interpreted as if the rules set out in section 2.2.1 of the Taxation Act (chapter I-3) applied, with the necessary modifications.”

**349.** Section 79.1 of the Act is amended by striking out “or civil union”.

**350.** Section 80.1 of the Act is amended by striking out “or civil union” in the second paragraph.

**351.** (1) Section 108 of the Act is amended by replacing paragraph 1.1 in the definition of “health care institution” by the following paragraph:

“(1.1) a centre referred to in paragraph 1 that is primarily for persons with mental health problems, or any other institution primarily for persons with mental health problems;”.

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

**352.** (1) Section 128 of the Act is amended

(1) by striking out “to an individual” in the portion before paragraph 1;

(2) by replacing “à lui donner” in the French text of paragraphs 1 and 2 by “à donner à un particulier”;

(3) by replacing “au particulier” in the French text of paragraph 3 by “à un particulier”;

(4) by replacing “the individual” in the English text of paragraphs 1, 2 and 3 by “an individual”.

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

**353.** (1) Section 162.1 of the Act is replaced by the following section:

“**162.1.** A supply made to a government or a municipality, or to a commission or other body established by a government or a municipality, of a service of receiving and processing telephone calls through a 9-1-1 emergency centre is exempt.”

(2) Subsection 1 applies in respect of supplies made after 30 March 2004.

**354.** (1) Section 167 of the Act is replaced by the following section:

“**167.** A supply of a municipal transit service or of a public passenger transportation service designated by the Minister to be a municipal transit service is exempt if it is made to

(1) a member of the public;

(2) a government;

(3) a prescribed agency or mandatary for the purposes of section 678; or

(4) an agency of a government other than the Government of Québec, except where the agency is mentioned in Schedule I to the Federal-Provincial Fiscal Arrangements Act (Revised Statutes of Canada, 1985, chapter F-8).”

(2) Subsection 1 applies in respect of supplies all the consideration for which becomes due after 23 April 1996 or is paid after that date without having become due.

**355.** (1) The Act is amended by inserting the following sections after section 198.2:

“**198.3.** For the purposes of section 198.4,

“item used for bottle-feeding” means feeding bottles or their components, including the disposable bags required for certain types of bottles;

“item used for breast-feeding” means nursing bras, breast pumps or their components, nursing pads, nipple shields and other similar items designed specially to facilitate breast-feeding.



“**198.4.** A supply of an item used for bottle-feeding or of an item used for breast-feeding is a zero-rated supply.

“**198.5.** The following supplies are zero-rated supplies:

- (1) a supply of diapers or training pants designed specially for children;
- (2) a supply of waterproof pants designed specially to be worn over the diapers referred to in paragraph 1, where such diapers are washable; and
- (3) a supply of absorbent linings or biodegradable paper products designed specially as accessories for the diapers referred to in paragraph 1, where such diapers are washable.”

(2) Subsection 1 applies in respect of supplies made after 30 March 2004.

**356.** Division XVIII of Chapter VI of Title I of the Act is repealed.

**357.** (1) Section 358 of the Act is amended by striking out “and Book V.2.1 of Part I of that Act” in subparagraph 3 of the second paragraph.

(2) Subsection 1 applies from the taxation year 2005.

**358.** (1) Section 486 of the Act is amended

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

““consumption on the premises” means

(1) the use or consumption of an alcoholic beverage in an establishment in respect of which the person operating it is required to hold

(a) a permit authorizing the sale of alcoholic beverages for consumption on the premises issued under the Act respecting liquor permits (chapter P-9.1),

(b) a reunion permit issued under the Act respecting liquor permits,

(c) a permit described in section 2.0.1 of the Act respecting offences relating to alcoholic beverages (chapter I-8.1) that corresponds to a permit provided for in subparagraph *a* or *b* of this paragraph,

(d) a small-scale production permit issued under the Act respecting the Société des alcools du Québec (chapter S-13), or

(e) a brewer’s permit issued under the Act respecting the Société des alcools du Québec; and

(2) the use or consumption of an alcoholic beverage with a meal for take out or delivery, sold by a person who is required to hold

(a) a restaurant sales permit issued under section 28 of the Act respecting liquor permits, or

(b) a permit described in section 2.0.1 of the Act respecting offences relating to alcoholic beverages that corresponds to a permit provided for in subparagraph *a* of this paragraph;”;

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

““reporting period” of a person is the reporting period of the person for the purposes of Title I or the reporting period of the person specified under section 499.4;”.

(2) Subsection 1 has effect from 1 September 2004.

**359.** (1) Section 487 of the Act is replaced by the following section:

“**487.** Every person shall, at the time of making a purchase at a retail sale in Québec of any alcoholic beverage, pay a specific tax equal to

(1) 0.065 of a cent per millilitre of beer or 0.197 of a cent per millilitre of any other alcoholic beverage the person purchases for consumption on the premises; and

(2) 0.040 of a cent per millilitre of beer or 0.089 of a cent per millilitre of any other alcoholic beverage the person purchases otherwise than for consumption on the premises.”

(2) Subsection 1 has effect from 1 September 2004.

**360.** (1) Section 488 of the Act is replaced by the following section:

“**488.** Every person who carries on business or ordinarily resides in Québec and brings or causes to be brought into Québec any alcoholic beverage for use or consumption by the person or by another person at the person’s expense or purchases by way of a retail sale made outside Québec, an alcoholic beverage that is in Québec shall, on the date the use or consumption of the alcoholic beverage begins in Québec, pay to the Minister a specific tax equal to

(1) 0.065 of a cent per millilitre of beer or 0.197 of a cent per millilitre of any other alcoholic beverage so brought in or purchased for consumption on the premises; and

(2) 0.040 of a cent per millilitre of beer or 0.089 of a cent per millilitre of any other alcoholic beverage so brought in or purchased otherwise than for consumption on the premises.”

(2) Subsection 1 has effect from 1 September 2004.

**361.** (1) Section 489 of the Act is amended

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

“**489.** Every person who has purchased or produced an alcoholic beverage intended for sale or as a component of a movable property intended for sale shall, on the date the person begins to use or consume the alcoholic beverage in Québec for another purpose or arranges for it to be used or consumed in Québec at the person’s expense by another person, pay to the Minister a specific tax equal to

(1) 0.065 of a cent per millilitre of beer or 0.197 of a cent per millilitre of any other alcoholic beverage so purchased or produced, where the use or consumption made thereof constitutes consumption on the premises; and

(2) 0.040 of a cent per millilitre of beer or 0.089 of a cent per millilitre of any other alcoholic beverage so purchased or produced, where the use or consumption made thereof does not constitute consumption on the premises.”;

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

“In addition, where the person has paid an amount equal to the specific tax for the purposes of section 497 in respect of an alcoholic beverage described in the first paragraph, the following rules apply:

(1) if the amount equal to the specific tax paid corresponds to the tax the person is required to pay under the first paragraph, the person is deemed to have paid that tax;

(2) if the amount equal to the specific tax paid is greater than the tax the person is required to pay under the first paragraph, the person is deemed to have paid that tax up to the amount of the tax; and

(3) if the amount equal to the specific tax paid is less than the tax the person is required to pay under the first paragraph, the person is deemed to have paid that tax up to the amount equal to the specific tax paid and must pay the difference to the Minister in accordance with the first paragraph.”

(2) Subsection 1 has effect from 1 September 2004.

**362.** (1) Section 490 of the Act is amended by striking out subparagraphs 1 and 2 in the first paragraph.

(2) Subsection 1 has effect from 1 September 2004.

**363.** (1) Section 494 of the Act is amended by replacing the first paragraph by the following paragraph:

“**494.** Every vendor shall keep an account of the specific tax the vendor has collected and shall, for each reporting period, where the vendor is required to file a return under Division IV of Chapter VIII of Title I, or within the time period provided for in section 468, if the vendor so elects under section 499.4, render an account to the Minister, in prescribed form containing the prescribed information, of the specific tax the vendor has collected or should have collected during the particular reporting period, file the account with and as prescribed by the Minister and, at the same time, remit to the Minister the amount of that tax.”

(2) Subsection 1 applies in respect of fiscal years that begin after 31 December 2004.

**364.** (1) The Act is amended by inserting the following section after section 494:

“**494.1.** A vendor holding a reunion permit issued under the Act respecting liquor permits (chapter P-9.1) who is not required to be registered under Title I shall keep an account of the specific tax the vendor has collected and shall, on or before the last day of the month that follows that in which the vendor sold an alcoholic beverage, render an account to the Minister, in prescribed form containing the prescribed information, of the specific tax the vendor has collected or should have collected during the preceding month, file the account with and as prescribed by the Minister and, at the same time, remit to the Minister the amount of that tax.

The third and fourth paragraphs of section 494 apply, with the necessary modifications, to a vendor holding a reunion permit issued under the Act respecting liquor permits.”

(2) Subsection 1 has effect from 1 September 2004.

**365.** (1) Section 496 of the Act is amended, in the second paragraph,

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

(2) by striking out subparagraph *a* of subparagraph 4;

(3) by striking out subparagraph *b* of subparagraph 5.

(2) Subsection 1 has effect from 1 September 2004.

**366.** (1) Section 497 of the Act is amended by replacing the first paragraph by the following paragraph:

“**497.** Every collection officer holding a registration certificate shall, as mandatary of the Minister, collect

(1) an amount equal to the specific tax provided for in paragraph 1 of section 487 in respect of beer or any other alcoholic beverage from every person to whom the collection officer sells an alcoholic beverage in Québec, which person is required to hold

(a) a permit authorizing the sale of alcoholic beverages for consumption on the premises issued under the Act respecting liquor permits (chapter P-9.1),

(b) a reunion permit issued under the Act respecting liquor permits,

(c) a permit described in section 2.0.1 of the Act respecting offences relating to alcoholic beverages (chapter I-8.1) that corresponds to a permit provided for in subparagraph *a* or *b* of this paragraph,

(d) a small-scale production permit issued under the Act respecting the Société des alcools du Québec (chapter S-13), or

(e) a brewer's permit issued under the Act respecting the Société des alcools du Québec; and

(2) an amount equal to the specific tax provided for in paragraph 2 of section 487 in respect of beer or any other alcoholic beverage from every person to whom the collection officer sells an alcoholic beverage in Québec, which person is not required to hold any of the permits provided for in subparagraph 1.”

(2) Subsection 1 has effect from 1 September 2004.

**367.** (1) Section 498 of the Act is amended by replacing the first paragraph by the following paragraph:

“**498.** Every collection officer holding a registration certificate shall keep an account of the amounts the collection officer has collected and shall, for each reporting period, where the collection officer is required to file a return under Division IV of Chapter VIII of Title I, or within the time period provided for in section 468, if the collection officer so elects under section 499.4, render an account to the Minister, in prescribed form containing the prescribed information, of the amounts the collection officer has collected or should have collected under section 497 during the particular reporting period, file the account with and as prescribed by the Minister and, at the same time, remit the amounts to the Minister.”

(2) Subsection 1 applies in respect of fiscal years that begin after 31 December 2004.

**368.** (1) Section 499.1 of the Act is amended

(1) by striking out “Subject to the third paragraph,” in the first paragraph;

(2) by striking out the third paragraph.

(2) Where a vendor or collection officer has complied with the obligation imposed under section 79.15.0.1 of the Licenses Act (R.S.Q., chapter L-3) for a fiscal quarter deemed to end on 31 August 2004, in accordance with section 381 of this Act, the first paragraph of section 499.1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as amended by paragraph 1 of subsection 1, does not apply to the vendor or collection officer in respect of the fiscal quarter that extends beyond 31 August 2004 to which that first paragraph applies.

(3) Subsections 1 and 2 have effect from 1 September 2004.

**369.** (1) Section 499.2 of the Act is amended

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

“(b) in any other case, the total of the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected for the particular reporting period; and”;

(2) in the second paragraph,

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

“(1) A is the total of the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected for the particular reporting period;”;

(b) by replacing subparagraph 3 by the following subparagraph:

“(3) C is the total of all amounts each of which is the total of the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected for a reporting period ending in the 12-month period immediately preceding the particular reporting period; and”.

(2) In performing the calculations provided for in subparagraph *b* of subparagraph 1 of the first paragraph and in subparagraphs 1 and 3 of the second paragraph of section 499.2 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as amended by subsection 1, there must be added the total of the duties provided for in section 79.11 of the Licenses Act (R.S.Q., chapter L-3) that the person referred to in section 499.1 of the Act respecting the Québec sales tax has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of section 79.11 of the Licenses Act and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of section 79.11 of the Licenses Act during the period in respect of which the calculations are performed.

(3) Subsections 1 and 2 have effect from 1 September 2004.

**370.** (1) The Act is amended by inserting the following after section 499.3:

**“CHAPTER V.2**

**“REPORTING PERIOD**

**“499.4.** A vendor who ordinarily renders an account of the specific tax the vendor has collected, in accordance with section 494, or a collection officer may elect to have a reporting period that corresponds to

(1) the fiscal year of the vendor or collection officer, within the meaning of section 458.1, if

(a) the reporting period of the vendor or collection officer under Division IV of Chapter VIII of Title I corresponds to the fiscal month or fiscal quarter of the vendor or collection officer, and

(b) the total of the specific tax and the amount equal to the specific tax, if any, that the vendor or collection officer remitted to the Minister, in accordance with section 494 or section 498, during the fiscal year that precedes that in which the election is made, is less than \$1,500; or

(2) the fiscal month or fiscal quarter of the vendor or collection officer, within the meaning of section 458.1, if

(a) the reporting period of the vendor or collection officer under Division IV of Chapter VIII of Title I corresponds to the fiscal year of the vendor or collection officer, and

(b) the total of the specific tax and the amount equal to the specific tax, if any, that the vendor or collection officer remitted to the Minister, in accordance with section 494 or section 498, during the fiscal year that precedes that in which the election is made, is equal to or greater than \$1,500.

**“499.5.** A person may make the election provided for in section 499.4 by sending, on or before the day on which it takes effect, a notice in writing to the Minister specifying the fiscal year, fiscal quarter or fiscal month to which the reporting period must correspond.

The election provided for in the first paragraph takes effect on the first day of the reporting period in respect of which it is made.

**“499.6.** The election made by a person under section 499.4 remains in effect until the earliest of

(1) the beginning of the day on which a new election made under section 499.4 takes effect;

(2) the beginning of the day on which an election made by the person under Division IV of Chapter VIII of Title I in respect of the reporting period provided for in that Division takes effect, where that election causes that reporting period to differ from the one elected by the person under paragraph 2 of section 499.4; and

(3) if the person made an election under paragraph 1 of section 499.4, the first day of the reporting period during which the total of the specific tax and the amount equal to the specific tax, if any, that the person remitted to the Minister reaches \$1,500.

**“499.7.** A person may revoke the election made under section 499.4 by sending to the Minister a notice in writing.

For the purposes of the first paragraph, the following rules apply:

(1) the revocation must specify the day on which it is to take effect and the reporting period concerned; and

(2) the revocation must be filed with the Minister on or before the day on which it is to take effect.”

(2) In determining the eligibility of a vendor or collection officer to make the election provided for in section 499.4, as enacted by subsection 1, there must be added to the amount computed, in accordance with subparagraph *b* of paragraph 1 or subparagraph *b* of paragraph 2 of section 499.4, the total of the duties provided for in any of subparagraphs *b*, *c*, *d* and *e* of the first paragraph of section 79.11 of the Licenses Act (R.S.Q., chapter L-3) that the person remitted to the Minister, in accordance with section 79.14 or section 79.15 of that Act, during the fiscal year in respect of which the computation is performed.

(3) Subsections 1 and 2 apply in respect of fiscal years that begin after 31 December 2004.

**371.** (1) Section 517 of the Act is repealed.

(2) Subsection 1 applies in respect of contracts of insurance encompassing personal insurance and damage insurance entered into after 28 February 2005.

**372.** (1) Section 522 of the Act is amended by replacing the second paragraph by the following paragraph:

“The reimbursement is computed pro rata to the reimbursed premium and is deducted from the amount of the tax collected by the person in respect of the period provided for in any of sections 527, 527.1 and 527.2 in which the person makes the reimbursement.”

(2) Subsection 1 has effect from 1 June 2004.



**373.** (1) The Act is amended by inserting the following section after section 522:

**“522.1.** Where a person collects from another person an amount as or on account of the tax provided for in this Title in excess of the tax that the person was required to collect, renders an account of and remits the amount to the Minister, the person may, within four years after the day the amount was collected, reimburse the excess amount to the other person.

The reimbursement is deducted from the amount of the tax collected by the person in respect of the period provided for in any of sections 527, 527.1 and 527.2 in which the person makes the reimbursement.”

(2) Subsection 1 has effect from 31 March 2004.

**374.** (1) Section 525 of the Act is amended

(1) by striking out “, except in respect of any premium remitted to him by a travel agent” in paragraph 1;

(2) by striking out “a travel agent or” in paragraph 2;

(3) by striking out paragraph 3;

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

“In addition, the tax in respect of a damage insurance premium shall be collected by the travel agent at the same time as the premium and remitted to the Minister by the travel agent only where the travel agent is required to remit that premium to a person who does not hold a registration certificate.”

(2) Subsection 1 applies in respect of the tax on insurance premiums collected or that must be collected by travel agents after 31 May 2004.

**375.** (1) Section 527 of the Act is amended by replacing “On or before” by “Subject to sections 527.1 and 527.2, on or before”.

(2) Subsection 1 has effect from 1 June 2004.

**376.** (1) The Act is amended by inserting the following sections after section 527:

**“527.1.** The holder of a registration certificate may elect to render an account to the Minister, on or before the last day of each month that follows the end of a period of three calendar months, of the tax provided for in this Title, in accordance with section 527, in respect of the preceding period of three calendar months, even if no payment of any insurance premium subject to the tax has been received during the period if

(1) during the 12 calendar months preceding the month in which the election took effect, the tax the holder has collected or should have collected is less than \$12,000; and

(2) the holder informs the Minister of the election.

The election provided for in the first paragraph takes effect on the day selected by the holder of the registration certificate, which day must correspond to the first day of a calendar month.

The election provided for in the first paragraph ceases to be in effect on the earlier of

(1) the first day of the calendar month following that on which the holder of the registration certificate revokes the election; and

(2) the day of the anniversary of the day on which the election took effect if, during the 12 calendar months that precede that anniversary day, the tax the holder has collected or should have collected is equal to or greater than \$12,000.

**“527.2.** The holder of a registration certificate may elect to render an account to the Minister, on or before the last day of each third month that follows the end of a period of 12 calendar months, of the tax provided for in this Title, in accordance with section 527, in respect of the preceding period of 12 calendar months, even if no payment of any insurance premium subject to the tax has been received during the period if

(1) during the 12 calendar months preceding the month in which the election took effect, the tax the holder has collected or should have collected is less than \$1,500; and

(2) the holder informs the Minister of the election.

The election provided for in the first paragraph takes effect on the day selected by the holder of the registration certificate, which day must correspond to the first day of a calendar month.

The election provided for in the first paragraph ceases to be in effect on the earlier of

(1) the first day of the calendar month following that on which the holder of the registration certificate revokes the election; and

(2) the day of the anniversary of the day on which the election took effect if, during the 12 calendar months that precede that anniversary day, the tax the holder has collected or should have collected is equal to or greater than \$1,500.

**“527.3.** For the purposes of sections 527.1 and 527.2, the holder of a registration certificate who, for the first time, determines the amount of tax collectible may use estimates.”

(2) Subsection 1 has effect from 1 June 2004.

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

**377.** (1) Section 551.1 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63), enacted by section 770 of chapter 85 of the statutes of 1997, is repealed.

(2) Subsection 1 applies in respect of acquisitions of control that occur after 30 June 2004.

#### TRANSITIONAL AND FINAL PROVISIONS

**378.** A person who, on 17 March 2005, is, in respect of raw tobacco, a storer, importer or carrier within the meaning of section 2 of the Tobacco Tax Act (R.S.Q., chapter I-2), as amended by section 9 of this Act, shall, before 17 May 2005, send to the Minister a permit application under section 6.1 of the Tobacco Tax Act if the person does not already hold the appropriate permit.

The person is deemed to hold the permit applied for until the date on which the Minister issues the permit or sends the Minister’s decision on the refusal to issue the permit.

**379.** A person who, on 17 March 2005, holds a storer, importer or carrier permit, in accordance with section 6 of the Tobacco Tax Act (R.S.Q., chapter I-2), shall, if the person uses the permit on that date in respect of raw tobacco, inform the Minister thereof by registered or certified mail before 17 May 2005 and provide, where applicable, the address of the establishment where the person uses the permit in respect of raw tobacco as well as the address of any other establishment the person causes to be so operated by a third person.

In addition, a person who, on 17 March 2005, holds a permit referred to in the first paragraph shall, before the person begins to use the permit in respect of raw tobacco after that date, inform the Minister thereof by registered or certified mail and provide, where applicable, the address of the establishment where the person intends to use the permit in respect of raw tobacco as well as the address of any other establishment the person intends to cause to be so operated by a third person.

**380.** The duties that a retailer paid or should have paid under subparagraph *b* or *d* of the first paragraph of section 79.11 of the Licenses Act (R.S.Q., chapter L-3), in respect of an alcoholic beverage that the retailer has in stock

at 24 p.m. on 31 August 2004, are deemed to have been collected or to be collectible by a collection officer, as an amount equal to the specific tax, in accordance with subparagraph 1 of the first paragraph of section 497 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as amended by section 366 of this Act, and correspond to the totality of that amount.

For the purposes of the first paragraph, the alcoholic beverages that a retailer has in stock at 24 p.m. on 31 August 2004 include the alcoholic beverages that were acquired by the retailer but that had not been delivered to the retailer at that time.

**381.** The reporting period of a retailer, determined in accordance with the fourth paragraph of section 79.14 of the Licenses Act (R.S.Q., chapter L-3), or of a supplier, determined in accordance with the second paragraph of section 79.15 of that Act, that has not ended on 31 August 2004 is deemed to end on that date.

The retailer must, in respect of the retailer's reporting period deemed to have ended on 31 August 2004, remit to the Minister the duties provided for in subparagraphs *c* and *e* of the first paragraph of section 79.11 of the Licenses Act within the time period provided for in section 468 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) and, at the same time, render an account thereof to the Minister in prescribed form containing the prescribed information and file the account with and as prescribed by the Minister, even if no duties are owed in respect of that reporting period.

Similarly, the supplier must, in respect of the supplier's reporting period deemed to have ended on 31 August 2004, remit to the Minister the duties provided for in subparagraphs *b* and *d* of the first paragraph of section 79.11 of the Licenses Act the supplier has collected or should have collected during that reporting period within the time period provided for in section 468 of the Act respecting the Québec sales tax and, at the same time, render an account thereof to the Minister in prescribed form containing the prescribed information and file the account with and as prescribed by the Minister, even if no sale giving rise to those duties was made during that reporting period.

**382.** This Act comes into force on 17 March 2005.