



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-NINTH LEGISLATURE

Bill 117

(2011, chapter 1)

An Act giving effect to the Budget Speech delivered on 30 March 2010 and to certain other budget statements

**Introduced 4 November 2010
Passed in principle 25 November 2010
Passed 16 February 2011
Assented to 17 February 2011**

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EXPLANATORY NOTES

This Act amends various legislation to give effect to measures announced in the Budget Speech delivered on 30 March 2010 and in Information Bulletins published by the Ministère des Finances in 2009 and 2010.

It amends the Taxation Act to introduce, amend or abolish fiscal measures specific to Québec. More specifically, the amendments deal with

- (1) the implementation of the solidarity tax credit;*
- (2) the enhancement of the tax credit for home support for elderly persons;*
- (3) an increase in the frequency of advance payments of the tax credit for child care expenses and the tax credit granting a work premium;*
- (4) the implementation of special rules for the transfer, in 2011, of contributions paid into registered education savings plans;*
- (5) the liability for tax in relation to the acquisition of replacement shares of a labour fund;*
- (6) the implementation of the non-taxable status of an indemnity paid to the subject of a clinical trial, up to a limit of \$1,500;*
- (7) the granting of tax relief for non-residents occupying key positions in a foreign production filmed in Québec;*
- (8) adjustments to tax credits in the cultural sector;*
- (9) the introduction of an additional deduction applicable to trucks and tractors designed for hauling freight and fuelled by liquefied natural gas;*
- (10) the extension of the tax credit for the construction and major repair of public access roads and bridges in forest areas;*
- (11) the replacement of the international financial centres regime with a refundable tax credit;*

(12) the relaxation of the refundable tax credit for scientific research and experimental development wages;

(13) the extension, in certain circumstances, of the period for claiming a tax credit pertaining to businesses; and

(14) the temporary increase in the rates of the compensatory tax on financial institutions.

It also amends the Act respecting the Québec sales tax to introduce, amend or abolish fiscal measures specific to Québec. More specifically, the amendments deal with

(1) the improvement to the QST rebate in respect of a new residential unit;

(2) the striking out of the zero-rating measure in respect of the supply of a passenger air transportation service that is part of a continuous journey whose origin is the Gatineau airport and whose termination is in Canada;

(3) a change to the parimutuel tax structure; and

(4) the amendment of the insurance premium tax regime to provide for the collection and remittance of the tax on insurance premiums in respect of replacement insurance.

It also amends the Fuel Tax Act to provide for

(1) a gradual increase in the fuel tax, until the fiscal period 2013-2014, to bridge the gap between the revenues of the Road and Public Transit Infrastructure Fund and the expenditures relating to road and public transit infrastructures;

(2) an increase in the fuel tax rate applicable to gasoline in the territory of the Agence métropolitaine de transport; and

(3) a clarification relating to farm machinery to which certain fuel tax relief measures apply.

This Act further amends the Taxation Act to make amendments similar to those made to the Income Tax Act of Canada by Bill C-10 (Statutes of Canada, 2009, chapter 2), assented to on 12 March 2009. It thus gives effect mainly to harmonization measures announced in Information Bulletins published by the Ministère des Finances in 2009. More specifically, the amendments deal with the rules to determine a taxpayer's head office.

It also amends the Act respecting the Ministère du Revenu to make amendments similar to those made to the Excise Tax Act by Bill C-62 (Statutes of Canada, 2009, chapter 32), assented to on 15 December 2009, and that concern the mandatory electronic filing of tax returns. It thus gives effect to a harmonization measure announced in the Budget Speech delivered on 30 March 2010.

It further amends the Act respecting the Québec sales tax to make amendments similar to those made to federal regulatory provisions concerning place of supply rules and related rules concerning self-assessment and rebate by the New Harmonized Value-added Tax System Regulations (SOR/2010-117) and the New Harmonized Value-added Tax System Regulations, No. 2 (SOR/2010-151), adopted on 31 May 2010 and 17 June 2010, respectively. It thus gives effect to a harmonization measure announced in the Budget Speech delivered on 30 March 2010.

Lastly, this Act amends other legislation to make various technical amendments as well as consequential and terminology-related amendments.

LEGISLATION AMENDED BY THIS ACT:

- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Public Curator Act (R.S.Q., chapter C-81);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);
- Act respecting property tax refund (R.S.Q., chapter R-20.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Fuel Tax Act (R.S.Q., chapter T-1).

REGULATION AMENDED BY THIS ACT:

– Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1).

Bill 117

AN ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 30 MARCH 2010 AND TO CERTAIN OTHER BUDGET STATEMENTS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

1. (1) Section 4 of the Act respecting international financial centres (R.S.Q., chapter C-8.3) is amended

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

““excluded corporation” means

(1) a corporation that is exempt from tax for a taxation year under Book VIII of Part I of the Taxation Act, unless the corporation is 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 because of section 999.0.1 of that Act; or

(2) a corporation that would be exempt from tax for a taxation year under section 985 of the Taxation Act but for section 192 of that Act;”;

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

““financial corporation” means

(1) a bank within the meaning of section 1 of the Taxation Act;

(2) a savings and credit union within the meaning of section 797 of the Taxation Act;

(3) a trust company authorized under the legislation of Canada or of a province to provide trustee services;

(4) a corporation that is a registered securities dealer within the meaning of section 1 of the Taxation Act;

(5) an insurance corporation, within the meaning of the first paragraph of section 1166 of the Taxation Act, that is subject to tax under Part VI of that Act or that would be subject to such tax if it carried on a business in Québec;

(6) any other financial or insurance institution similar to an entity described in any of paragraphs 1 to 5; or

(7) a corporation all the issued capital stock of which, except directors' qualifying shares, belongs to one or more entities referred to in any of paragraphs 1 to 6;”.

(2) Paragraph 1 of subsection 1 has effect from 31 March 2010.

(3) Paragraph 2 of subsection 1 applies from 1 January 2011.

2. (1) Section 6 of the Act is amended

(1) by replacing the portion of the first paragraph before subparagraph 3 by the following:

“6. In this Act, except section 49 and subdivisions 1, 2 and 5 of Division II of Chapter V, an international financial centre means a business

(1) that is carried on by a corporation, except an excluded corporation; and

(2) all the activities of which pertain to qualified international financial transactions and such activities require that the corporation employ at least six eligible employees, within the meaning of section 1029.8.36.166.61 of the Taxation Act (chapter I-3);”;

(2) by striking out “or partnership” in subparagraph 6 of the first paragraph and in the second paragraph;

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

“For the purposes of subparagraph 2 of the first paragraph, an employee of a corporation in respect of whom a certificate recognizing the employee as a foreign specialist is issued to the corporation, for all or part of a calendar year, is deemed to be an eligible employee of the corporation for all or part of the taxation year that includes all or part of the calendar year.”;

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

“If, in respect of a business that is an international financial centre on 30 March 2010, this section applies, in the case where the business is carried on by a corporation, before 1 January 2013 or, if it is earlier, the date on which an election made by the corporation under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act becomes effective, or, in the case

where the business is carried on by a partnership, before 1 January 2014, it is to be read as it read on 30 March 2010.

For the purposes of section 49 and subdivisions 1, 2 and 5 of Division II of Chapter V, the following rules apply:

(1) a business carried on by a corporation after 31 December 2012 or, if it is earlier, the date preceding the date on which an election made by the corporation under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act becomes effective, or by a partnership after 31 December 2013 may not be an international financial centre operated by the corporation or partnership; and

(2) if, in a taxation year, a corporation is a member of a partnership that operates an international financial centre in a fiscal period of the partnership that ends in that year and the corporation begins to benefit from the provisions of Division II.6.14.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act from a given time in the year, the partnership is deemed, in respect of the corporation, to have ceased to operate the international financial centre on the day preceding the given time in the year.”

(2) Subsection 1 has effect from 31 March 2010.

3. (1) Section 15 of the Act is amended

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

“**15.** The Minister shall issue to a corporation or a partnership a qualification certificate recognizing an employee described in the second paragraph as an employee other than a foreign specialist, upon being satisfied that it may reasonably be expected that from the date or for the period specified in the qualification certificate, the employee’s duties with the corporation or partnership are devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation or partnership which constitutes or shall constitute an international financial centre.”;

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

“The employee to whom the first paragraph refers is

(1) an employee who, before 31 March 2010, entered into an employment contract with the corporation or partnership with a view to performing the duties referred to in the first paragraph and who begins to hold the employment before 1 July 2010; or

(2) an employee who, on 30 March 2010, is an individual described in section 66 who holds employment with the corporation or partnership and whose reference period determined under section 69 ends after that date but

before 1 January 2013, if the corporation did not make an election under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act (chapter I-3), or 1 January 2014 in any other case.”

(2) Subsection 1 has effect from 31 March 2010.

4. (1) Section 16 of the Act is repealed.

(2) Subsection 1 has effect from 20 April 2010.

5. (1) Section 22 of the Act is repealed.

(2) Subsection 1 has effect from 20 April 2010.

6. (1) Section 63 of the Act is amended

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

“(1) in the case of an employee in respect of whom subparagraph 1 of the first paragraph applies by reason of a qualification certificate issued in respect of the employee in accordance with section 15 in relation to that employment, or in respect of whom subparagraph 2 of the first paragraph applies by reason of a certificate issued in respect of the employee in accordance with section 20 in relation to that employment, the lesser of

(a) the percentage, specified in the fourth paragraph, of the part of the employee’s wages, within the meaning of section 72, from that employment for the period or part of the period concerned, and

(b) the product obtained by multiplying the amount specified in the fifth paragraph by the proportion that the number of days in the period or part of the period concerned is of 365; or”;

(2) by adding the following paragraphs after the third paragraph:

“The percentage to which subparagraph *a* of subparagraph 1 of the second paragraph refers is

(1) 37.5% for the taxation year 2010;

(2) 30% for the taxation year 2011;

(3) 20% for the taxation year 2012; or

(4) 10% for the taxation year 2013.

The amount to which subparagraph *b* of subparagraph 1 of the second paragraph refers is

- (1) \$50,000 for the taxation year 2010;
 - (2) \$40,000 for the taxation year 2011;
 - (3) \$26,667 for the taxation year 2012; or
 - (4) \$13,333 for the taxation year 2013.”
- (2) Subsection 1 applies from the taxation year 2010.

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

“71. An individual who holds employment with a corporation or partnership operating an international financial centre may deduct, in computing the individual’s taxable income for a taxation year, an amount not exceeding the lesser of

- (1) the total of

(a) the percentage, specified in the second paragraph, of the aggregate of all amounts each of which is the part of the individual’s wages for the year from an employment with a particular corporation or partnership operating an international financial centre, that may reasonably be attributed to the qualifying period established in respect of the individual under subparagraph 1 of the first paragraph of section 73 in relation to the particular corporation or partnership, except, if applicable, the part of that period that is included in the individual’s reference period, established under section 69, in relation to an employment, and

(b) the aggregate of all amounts each of which is the product obtained by multiplying 37.5% by the part of the individual’s wages for the year from an employment with a particular corporation or partnership operating an international financial centre, that may reasonably be attributed to a qualifying period established in respect of the individual under subparagraph 2 of the first paragraph of section 73 in relation to the particular corporation or partnership, except, if applicable, the part of that period that is included in the individual’s reference period, established under section 69, in relation to an employment; and

(2) the product obtained by multiplying the amount specified in the third paragraph by the proportion, not exceeding 1, that the number of days in all the qualifying periods established in respect of the individual under section 73 and to which the aggregate of all the amounts determined in subparagraph 1 relates is of 365.

The percentage to which subparagraph *a* of subparagraph 1 of the first paragraph refers is

- (1) 37.5% for the taxation year 2010;

- (2) 30% for the taxation year 2011;
- (3) 20% for the taxation year 2012; or
- (4) 10% for the taxation year 2013.

The amount to which subparagraph 2 of the first paragraph refers is

- (1) \$50,000 for the taxation year 2010;
- (2) \$40,000 for the taxation year 2011;
- (3) \$26,667 for the taxation year 2012; or
- (4) \$13,333 for the taxation year 2013.”

- (2) Subsection 1 applies from the taxation year 2010.

8. (1) Section 73 of the Act is replaced by the following section:

“73. For the purposes of section 71, any of the following particular periods, except any part of the particular period that is covered by a qualification certificate issued to a particular corporation, in respect of an individual, certifying that the individual qualifies as an eligible employee for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3), is a qualifying period in respect of the individual in relation to the particular corporation or a particular partnership:

(1) the particular period, for which the conditions of the second paragraph are met, that begins on the day provided for in the third paragraph and that ends on the earliest of

(a) the day preceding the day on which any of the conditions of the second paragraph ceases to be met,

(b) 31 December 2012, if the particular corporation did not make an election under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act, and

(c) 31 December 2013; or

(2) a particular period that ends before 30 March 2010 and for which the conditions of the second paragraph are met.

The conditions to which subparagraphs 1 and 2 of the first paragraph refer are as follows:

(1) the individual worked throughout the particular period exclusively or almost exclusively

- (a) for the particular corporation or partnership, or
 - (b) for a group of corporations or partnerships each of which was operating an international financial centre, including the particular corporation or partnership, if all the activities of those international financial centres are conducted in one place within the urban agglomeration of Montréal;
- (2) the whole of the particular period is covered by a valid certificate which was issued in respect of the individual in accordance with section 20 to each corporation or partnership that is the particular corporation or the particular partnership or, if applicable, any of the other corporations or partnerships referred to in subparagraph *b* of subparagraph 1, in relation to the individual's employment with the corporation or partnership; and
- (3) the business to which the certificate referred to in subparagraph 2 relates is, throughout the particular period, an international financial centre of the corporation or partnership referred to in that subparagraph.

The day to which subparagraph 1 of the first paragraph refers is

- (1) if the individual is an employee described in subparagraph 1 of the second paragraph of section 15, the day on which the individual begins to hold the employment referred to in that subparagraph 1;
- (2) if the individual is an employee described in subparagraph 2 of the second paragraph of section 15, the day that follows the day on which the individual's reference period established under section 69 ends; and
- (3) in any other case, 30 March 2010."

(2) Subsection 1 applies from the taxation year 2010.

9. (1) The Act is amended by inserting the following section after section 73:

“73.1. If an individual is absent from an employment the individual holds with a corporation or partnership operating an international financial centre and, but for that absence, the conditions of subparagraphs 1 and 2 of the second paragraph of section 73 would have been met for the individual's period of absence in relation to the employment, the Minister may, if the Minister is of the opinion that the individual is temporarily absent from the employment for reasons the Minister deems reasonable, consider that those conditions are met for the period of absence for the purpose of establishing the particular period described in subparagraph 1 of the first paragraph of section 73 in relation to the employment.”

(2) Subsection 1 applies from the taxation year 2010.

PUBLIC CURATOR ACT

10. (1) Section 76.1 of the Public Curator Act (R.S.Q., chapter C-81) is amended by striking out “, 58”.

(2) Subsection 1 applies from 1 April 2011.

TAXATION ACT

11. (1) Section 2.2 of the Taxation Act (R.S.Q., chapter I-3) is amended by replacing “II.11.13” by “II.11.3”.

(2) Subsection 1 has effect from 1 January 2006.

12. (1) Section 7.9 of the Act is replaced by the following section:

“**7.9.** For the purposes of this Part and the regulations, the following rules apply in respect of a property that is, at any time, subject to a usufruct, right of use or substitution:

(a) the usufruct, right of use or substitution, as the case may be, is deemed to be at that time a trust or, if the usufruct, right of use or substitution, as the case may be, is created by will, a trust created by will;

(b) the property is deemed

i. if the usufruct, right of use or substitution, as the case may be, arises on the death of a testator, to have been transferred to the trust on and as a consequence of the death of the testator, and not otherwise, and

ii. if the usufruct, right of use or substitution, as the case may be, arises otherwise, to have been transferred — at the time it first became subject to the usufruct, right of use or substitution, as the case may be — to the trust by the person who granted the usufruct, right of use or substitution; and

(c) the property is deemed to be, throughout the period in which it is subject to the usufruct, right of use or substitution, as the case may be, held by the trust, and not otherwise.”

(2) Subsection 1 applies to a taxation year that begins after 30 October 2003.

13. (1) Section 7.9.1 of the Act is amended by replacing “Paragraphs *a* and *b* of section 7.9 do not apply” by “Section 7.9 does not apply”.

(2) Subsection 1 applies to a taxation year that begins after 30 October 2003.

14. (1) Section 7.10 of the Act is replaced by the following section:

“7.10. For the purposes of this Part and the regulations, an arrangement (other than a partnership, a qualifying arrangement or an arrangement that is a trust determined without reference to this section) is deemed to be a trust and property subject to rights and obligations under the arrangement is, if the arrangement is deemed by this section to be a trust, deemed to be held in trust and not otherwise, if the arrangement

(a) is established before 31 October 2003 under a written contract that is governed by the laws of Québec and provides that, for the purposes of this Part and the regulations, the arrangement must be considered to be a trust; and

(b) creates rights and obligations that are substantially similar to the rights and obligations under a trust (determined without reference to this section and sections 7.9, 7.10.1 and 7.11).”

(2) Subsection 1 applies to a taxation year that begins after 30 October 2003. In addition, when section 7.10 of the Act applies to a taxation year that begins after 31 December 1988 and before 31 October 2003, in respect of an arrangement that is entered into between an individual and a corporation licensed or otherwise authorized under the laws of Canada or of a province to carry on in Canada the business of offering its services as trustee and that is accepted by the Minister of National Revenue for registration under section 146 or 146.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), it is to be read

(1) as if “and in which it is provided that, for the purposes of this Part, the arrangement is considered to be a trust” in paragraph *a* was struck out, where the arrangement is presented as a declaration of trust but does not provide that, for the purposes of Part I of that Act, the arrangement must be considered to be a trust; and

(2) without reference to its paragraph *b*.

15. (1) The Act is amended by inserting the following section after section 7.10:

“7.10.1. For the purposes of section 7.10 and this section, an arrangement is a qualifying arrangement if it is

(a) entered into with a corporation that is licensed or otherwise authorized under the laws of Canada or of a province to carry on in Canada the business of offering its services as trustee;

(b) established under a written contract that is governed by the laws of Québec;

(c) presented as a declaration of trust or provides that, for the purposes of this Part and the regulations, it must be considered to be a trust; and

(d) presented as an arrangement in respect of which the corporation is to take action for the arrangement to become a registered disability savings plan, a registered education savings plan, a registered retirement income fund, a registered retirement savings plan or a TFSA.

If the arrangement is a qualifying arrangement, the following rules apply:

(a) the arrangement is deemed to be a trust;

(b) any property contributed at any time to the arrangement by an annuitant, a holder or a subscriber under the arrangement, as the case may be, is deemed to have been transferred, at that time, to the trust by the annuitant, holder or subscriber, as applicable; and

(c) property subject to rights and obligations under the arrangement is deemed to be held in trust and not otherwise.”

(2) Subsection 1 applies to a taxation year that begins after 30 October 2003. However, when section 7.10.1 of the Act applies to a taxation year that ends

(1) before 1 January 2008, it is to be read

(a) as if “a registered disability savings plan, a registered education savings plan, a registered retirement income fund, a registered retirement savings plan or a TFSA” in subparagraph *d* of the first paragraph was replaced by “a registered education savings plan, a registered retirement income fund or a registered retirement savings plan”; and

(b) as if “, a holder” and “, holder” in subparagraph *b* of the second paragraph were struck out; and

(2) in the calendar year 2008, it is to be read as if “a registered disability savings plan, a registered education savings plan, a registered retirement income fund, a registered retirement savings plan or a TFSA” in subparagraph *d* of the first paragraph was replaced by “a registered disability savings plan, a registered education savings plan, a registered retirement income fund or a registered retirement savings plan”.

16. (1) Section 7.11 of the Act is amended

(1) by striking out “referred to in that section” in paragraph *a*;

(2) by replacing “in an emphyteutic lease” in paragraph *b* by “of an emphyteutic lessee”.

(2) Subsection 1 applies to a taxation year that begins after 30 October 2003.

17. (1) Section 7.11.0.1 of the Act is amended by replacing “Sections 7.9, 7.10 and 7.11 do” by “Section 7.9 does”.

(2) Subsection 1 applies in respect of a disposition that occurs after 18 July 2005.

18. (1) Section 7.27 of the Act is amended by replacing “the portion of paragraph *a* of that section before subparagraph *i*” in paragraph *d* by “paragraph *b* of that section”.

(2) Subsection 1 has effect from 19 March 2007.

19. (1) Section 8.1 of the Act is replaced by the following section:

“8.1. In determining whether an individual is, for all or part of a taxation year, a foreign researcher within the meaning of section 737.19, a foreign researcher on a postdoctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, an eligible individual within the meaning of section 737.22.0.9, a foreign professor within the meaning of section 737.22.0.5, a foreign specialist within the meaning of any of sections 737.18.6, 737.18.29 and 737.22.0.1 or a foreign farm worker within the meaning of section 737.22.0.12 and in determining whether the requirement of the definition of “eligible production” in section 737.22.0.9 in relation to a producer’s residence is satisfied, section 8 is to be read without reference to its paragraph *a*.”

(2) Subsection 1 applies from the taxation year 2010.

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

“16.0.1. If, but for this section, a corporation would not have an establishment, the corporation is deemed to have an establishment at the place designated in its articles as its head office.”

(2) Subsection 1 applies from the taxation year 2009.

21. (1) Section 16.1.2 of the Act is replaced by the following section:

“16.1.2. For the purposes of the definition of “Canadian banking business” in section 1, subparagraph *a* of the first paragraph of section 21.32, section 125.1, the second paragraph of section 171, section 217.15, the definition of “goodwill amount” in section 333.4, paragraph *b* of section 333.14, section 740, subparagraph *ii* of subparagraph *b* of the first paragraph of section 785.2 and paragraph *b.1* of section 1029.8.17, if a person is not resident in Canada but is resident in a country with which a tax agreement defining “permanent establishment” has been entered into, the establishment of the person means, despite sections 12 to 16.1, the permanent establishment of the person, within the meaning assigned by the tax agreement.”

(2) Subsection 1, when it inserts “the definition of “Canadian banking business” in section 1,” in section 16.1.2 of the Act, applies to a taxation year that ends after 27 June 1999.

(3) Subsection 1, when it inserts “, subparagraph ii of subparagraph *b* of the first paragraph of section 785.2” in section 16.1.2 of the Act, has effect from 2 October 1996. However, when section 16.1.2 of the Act applies before 20 December 2006, it is to be read as if “subparagraph *b* of the first paragraph of section 785.2” was replaced by “paragraph *b* of section 785.2”.

22. (1) Section 29 of the Act is amended by replacing “358.0.3” in the second paragraph by “358.0.4”.

(2) Subsection 1 applies from the taxation year 2010.

23. (1) The Act is amended by inserting the following after section 156.7:

“DIVISION VIII.2.1

“OTHER DEDUCTION IN RESPECT OF CERTAIN INVESTMENTS

“**156.7.1.** A taxpayer, other than a trust, may deduct, in computing the taxpayer’s income from a business for a taxation year, an amount equal to 85% of the aggregate of all amounts each of which is an amount deducted by the taxpayer in computing the taxpayer’s income for the year under paragraph *a* of section 130 or the second paragraph of section 130.1, in respect of the taxpayer’s prescribed depreciable property.”

(2) Subsection 1 has effect from 31 March 2010.

24. (1) Section 175.6.1 of the Act is amended

(1) by replacing “gross revenue” in subparagraphs i to iii of subparagraph *a* of the first paragraph by “deemed gross revenue”;

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

“For the purposes of subparagraphs i to iii of subparagraph *a* of the first paragraph, the taxpayer’s deemed gross revenue for the year from the business referred to in that subparagraph *a* is the amount determined by the formula

$(A/B) + (C - A)$.”;

(3) by inserting “and in the second paragraph” after “first paragraph” in the portion of the second paragraph before subparagraph *a*;

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

“(a) for the purposes of subparagraphs *a* and *b* of the first paragraph, the taxpayer’s deemed gross revenue or gross revenue for the year from a business or property is deemed to be equal to the amount obtained by multiplying that revenue by the proportion that 365 is of the number of days in the year; and”.

(2) Subsection 1 applies to a taxation year that ends after 30 March 2004. However, it does not apply in respect of cases pending on 3 November 2010 and notices of objection served on the Minister of Revenue on or before that date, if one of the subjects of the contestation on that date, expressly invoked on or before that date in the motion of appeal or in the notice of objection served on the Minister of Revenue, is based on the application of subparagraph *a* of the first paragraph of section 175.6.1 of the Act.

25. (1) Section 230.0.0.4.1 of the Act is amended

(1) by replacing “produise” in the French text by “présente”;

(2) by adding the following paragraph:

“For the purposes of the first paragraph, a taxpayer is deemed to have filed with the Minister the prescribed form containing prescribed information in respect of an expenditure on or before the day that is 12 months after the taxpayer’s filing-due date for a taxation year so that an amount may be deducted by the taxpayer in computing the taxpayer’s income under sections 222 to 224 in respect of the expenditure, if

(a) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, advance ruling, qualification certificate, rate schedule, receipt or report on or before the day that is 12 months after that date so as to be deemed to have paid an amount to the Minister for the year in respect of the expenditure under any of Divisions II.5.1 to II.6.15 of Chapter III.1 of Title III of Book IX; and

(b) the taxpayer files with the Minister the prescribed form containing prescribed information more than 12 months after that date so that an amount may be deducted by the taxpayer in computing the taxpayer’s income under sections 222 to 224 in respect of the expenditure.”

(2) Subsection 1 applies in respect of an application filed by a taxpayer after 30 March 2010 so that an amount may be deducted by the taxpayer under sections 222 to 224 of the Act.

26. Section 232 of the Act is amended by replacing “object” in subparagraph *c* of the third paragraph by “subject”.

27. Section 241.0.1 of the Act is amended by replacing “suite à” in the portion before paragraph *a* in the French text by “à la suite de” and by replacing

“shall be deemed to be” in the portion before paragraph *a* by “is deemed to be”.

28. (1) Section 336 of the Act is amended by replacing paragraph *d.2.1* by the following paragraph:

“(d.2.1) the aggregate of all amounts each of which is an amount that the taxpayer is required to pay for the year as a consequence of the application of section 1129.66.3 in relation to an amount that was included in computing the taxpayer’s income because of section 904 for the year or for a preceding taxation year;”.

(2) Subsection 1 applies from the taxation year 2010.

29. (1) Section 336.5 of the Act is amended, in the definition of “investment expense”,

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

“(a.1) for the purposes of subparagraph *i* of that subparagraph *a.2*, any amount deducted by the individual under paragraph *a* of section 141 in computing the individual’s income for the year from a property were equal to zero;”;

(2) by replacing the portion of subparagraph *ii* of paragraph *c* before subparagraph 1 by the following:

“ii. expenses described in section 336.5.1 that were not renounced in respect of a flow-through share and were incurred after 11 March 2005 by a partnership, or that were renounced in respect of a flow-through share that was”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2009.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 11 March 2005.

30. (1) Section 336.5.1 of the Act is amended by adding the following paragraph after paragraph *e*:

“(f) expenses incurred in Québec that, because of section 726.4.12, are not expenses referred to in subparagraph *i* of paragraph *a* of section 726.4.10.”

(2) Subsection 1 applies to a taxation year that ends after 11 March 2005.

31. (1) The Act is amended by inserting the following after section 358.0.3:

“CHAPTER IX.0.3**“INDEMNITIES RELATING TO CLINICAL TRIALS**

“358.0.4. An individual, other than a trust, may deduct, in computing the individual’s income for a taxation year, the lesser of \$1,500 and the aggregate of all amounts each of which is

(a) the amount of an indemnity described in the second paragraph and included under any of sections 32 to 58.3 in computing the individual’s income for the year from an office or employment; or

(b) the amount of an indemnity described in the second paragraph and included in computing the individual’s income for the year from a business.

The indemnity to which subparagraphs *a* and *b* of the first paragraph refer means an indemnity paid to an individual who participates as a clinical trial subject in such a trial carried on by another person or partnership in accordance with the standards set by the Food and Drug Regulations made under the Food and Drugs Act (Revised Statutes of Canada, 1985, chapter F-27).”

(2) Subsection 1 applies from the taxation year 2010.

32. Section 510.0.1 of the Act is replaced by the following section:

“510.0.1. If the shareholder of a corporation disposes of a share of the capital stock of the corporation as a result of the redemption, acquisition or cancellation of the share by the corporation, the shareholder is, for the purposes of this Part, deemed to dispose of the share to the corporation.”

33. Section 712.0.1 of the Act is amended by replacing “710.2 or 710.4, as the case may be” by “710.2 and, if applicable, section 710.4”.

34. (1) Section 737.18.14 of the Act is amended by replacing the definition of “eligible activities” in the first paragraph by the following definition:

““eligible activities” of a corporation or partnership, in relation to a major investment project, means, subject to section 737.18.16.1, the activities or part of the activities carried on by the corporation or partnership in the course of carrying on the recognized business in connection with which the major investment project is carried out or is in the process of being carried out, that arise from the major investment project, except, in respect of the activities of a corporation, the part of the activities of the corporation that

(a) are carried on under a contract that is an eligible contract for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX;

(b) are eligible activities for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX; or

(c) are qualified international financial transactions within the meaning of section 7 of the Act respecting international financial centres (chapter C-8.3) that are carried out after any of the following dates in the course of the operations of an international financial centre operated by the corporation:

i. 30 March 2010, if the corporation does not operate the international financial centre on that date, or

ii. the date that precedes the date on which an election made by the corporation under the fourth paragraph of section 1029.8.36.166.62 becomes effective, if the corporation operates the international financial centre on 30 March 2010;”.

(2) Subsection 1 has effect from 31 March 2010.

35. Section 737.18.18 of the Act is amended by replacing the portion of paragraph *a* of the definition of “eligible region” in the first paragraph before subparagraph *i* by the following:

“(a) one of the following administrative regions described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1):”.

36. (1) The heading of Title VII.3.3 of Book IV of Part I of the Act is replaced by the following heading:

“TITLE VII.3.3

“DEDUCTION IN RESPECT OF A FOREIGN WORKER HOLDING A KEY POSITION IN A FOREIGN PRODUCTION”.

(2) Subsection 1 applies from the taxation year 2010.

37. (1) Section 737.22.0.9 of the Act is amended by replacing the definition of “eligible production” by the following definition:

““eligible production”, in relation to an individual, means the production specified in the qualification certificate referred to in the definition of “eligible individual” that the Société de développement des entreprises culturelles has issued to the individual, and in respect of which, if the qualification certificate certifies that the individual works on the production otherwise than as a producer, the position of producer has been entrusted to another individual who was not resident in Canada at the time the position was entrusted to the other individual.”

(2) Subsection 1 applies from the taxation year 2010.

38. (1) Section 752.0.7.4 of the Act is amended

(1) by replacing subparagraph 3 of subparagraph i of paragraph *a* by the following subparagraph:

“(3) the individual files with the Minister, for the year, in relation to the self-contained domestic establishment, a copy of the individual’s account of property taxes for the year, or, if the individual is unable to file a copy of that account or if the individual does not own the self-contained domestic establishment, the prescribed form, on or before the individual’s filing-due date for the year;”;

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

“(3) the individual files with the Minister, for the year, in relation to the self-contained domestic establishment, a copy of the account of property taxes, for the year, of the individual’s eligible spouse, or, if the individual is unable to file a copy of that account or if the spouse does not own the self-contained domestic establishment, the prescribed form, on or before the individual’s filing-due date for the year, unless that copy or the form is otherwise filed with the Minister for the year by the spouse;”.

(2) Subsection 1 applies from the taxation year 2011.

39. Section 752.0.10.7 of the Act is amended by replacing “752.0.10.4 or 752.0.10.4.2, as the case may be” by “752.0.10.4 and, if applicable, section 752.0.10.4.2”.

40. Section 766.5 of the Act is amended by replacing “Division IV” in the following provisions of the definition of “split income” by “Division IV of Chapter II”:

— paragraph *a*;

— the portion of subparagraph ii of paragraph *c* before subparagraph 1.

41. Section 776.1.5.0.1 of the Act is amended by replacing the definition of “specified balance” in the first paragraph by the following definition:

““specified balance” of an individual at any time means an amount equal to the amount by which the aggregate of all the individual’s eligible amounts received by the individual at or before that time exceeds the aggregate of all amounts each of which is

(*a*) an amount paid by the individual under section 776.1.5.0.2 or 776.1.5.0.3 on the acquisition of replacement shares in a taxation year that ended before that time;

(*b*) 100/15 of an amount that the individual is required to pay under section 1086.14 or 1086.16 for a taxation year that ended before that time in

respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in paragraph *c*;
or

(c) 400% of an amount that the individual is required to pay under section 1086.14 or 1086.16 for a taxation year that ended before that time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1.”

42. Section 776.1.5.0.2 of the Act is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

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

i. an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year or within 60 days after the end of that preceding year that is included in the particular participation period of the individual,

ii. 100/15 of an amount that the individual is required to pay under section 1086.14 for a taxation year that precedes the particular taxation year and that is included in the particular participation period of the individual in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in subparagraph iii,
or

iii. 400% of an amount that the individual is required to pay under section 1086.14 for a taxation year that precedes the particular taxation year and that is included in the particular participation period of the individual in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1; and”.

43. Sections 776.1.5.0.3 and 776.1.5.0.4 of the Act are replaced by the following sections:

“**776.1.5.0.3.** If at a particular time in a taxation year an individual ceases to be resident in Canada, the individual shall acquire replacement shares, for the period in the year during which the individual was resident in Canada, for an amount equal to the amount by which the aggregate of all amounts each of which is an eligible amount of the individual received by the individual in the year or a preceding taxation year exceeds the aggregate of all amounts each of which is

(a) an amount paid by the individual under section 776.1.5.0.2 on the acquisition of replacement shares not later than 60 days after the particular time and before the individual files a fiscal return for the year;

(b) 100/15 of an amount that the individual is required to pay under section 1086.14 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in paragraph c; or

(c) 400% of an amount that the individual is required to pay under section 1086.14 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph b of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1.

“776.1.5.0.4. If an individual dies at a particular time in a taxation year, replacement shares must be acquired, in the year or within 60 days after the end of the year, for an amount equal to the amount by which the aggregate of all amounts each of which is an eligible amount of the individual received by the individual in the year or a preceding taxation year exceeds the aggregate of all amounts each of which is

(a) an amount paid by the individual under section 776.1.5.0.2 on the acquisition of replacement shares before the particular time;

(b) 100/15 of an amount that the individual is required to pay under section 1086.14 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in paragraph c; or

(c) 400% of an amount that the individual is required to pay under section 1086.14 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph b of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1.”

44. Section 776.1.5.0.6 of the Act is amended by replacing the definition of “specified balance” in the first paragraph by the following definition:

““specified balance” of an individual at any time means an amount equal to the amount by which the aggregate of all the individual’s eligible amounts received by the individual at or before that time exceeds the aggregate of all amounts each of which is

(a) an amount paid by the individual under section 776.1.5.0.7 or 776.1.5.0.8 on the acquisition of replacement shares in a taxation year that ended before that time;

(b) 100/15 of an amount that the individual is required to pay under section 1086.20 or 1086.22 for a taxation year that ended before that time in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in paragraph c; or

(c) 400% of an amount that the individual is required to pay under section 1086.20 or 1086.22 for a taxation year that ended before that time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph b of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1.”

45. Section 776.1.5.0.7 of the Act is amended by replacing subparagraph b of the second paragraph by the following subparagraph:

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

i. an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year or within 60 days after the end of that preceding year, other than a taxation year included in a participation period of the individual that ended before the particular taxation year,

ii. 100/15 of an amount that the individual is required to pay under section 1086.20 for a taxation year preceding the particular taxation year, other than a taxation year included in a participation period of the individual that ended before the particular taxation year, in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in subparagraph iii, or

iii. 400% of an amount that the individual is required to pay under section 1086.20 for a taxation year preceding the particular taxation year, other than a taxation year included in a participation period of the individual that ended before the particular taxation year, in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph b of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1; and”.

46. Sections 776.1.5.0.8 and 776.1.5.0.9 of the Act are replaced by the following sections:

“**776.1.5.0.8.** If at a particular time in a taxation year an individual ceases to be resident in Canada, the individual shall acquire replacement shares, for the period in the year during which the individual was resident in Canada,

for an amount equal to the amount by which the aggregate of all amounts each of which is an eligible amount of the individual received by the individual in the year or a preceding taxation year exceeds the aggregate of all amounts each of which is

(a) an amount paid by the individual under section 776.1.5.0.7 on the acquisition of replacement shares not later than 60 days after the particular time and before the individual files a fiscal return for the year;

(b) 100/15 of an amount that the individual is required to pay under section 1086.20 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in paragraph c; or

(c) 400% of an amount that the individual is required to pay under section 1086.20 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1.

“776.1.5.0.9. If an individual dies at a particular time in a taxation year, replacement shares must be acquired, in the year or within 60 days after the end of the year, for an amount equal to the amount by which the aggregate of all amounts each of which is an eligible amount of the individual received by the individual in the year or a preceding taxation year exceeds the aggregate of all amounts each of which is

(a) an amount paid by the individual under section 776.1.5.0.7 on the acquisition of replacement shares before the particular time;

(b) 100/15 of an amount that the individual is required to pay under section 1086.20 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares other than original shares described in paragraph c; or

(c) 400% of an amount that the individual is required to pay under section 1086.20 for a taxation year that ended before the particular time in respect of replacement shares that were not acquired by the individual and that relate to original shares referred to in paragraph *b* of section 776.1.1 and acquired by the individual in the period specified in the second paragraph of section 776.1.1.1.”

47. (1) Section 895 of the Act is amended by replacing “prescribed educational program” in subparagraph 2 of subparagraph ii of paragraph *f.1* by “prescribed training program”.

(2) Subsection 1 applies from the taxation year 2007.

48. (1) Section 895.0.1.1 of the Act is amended by inserting “or a prescribed training program” after “prescribed educational program”.

(2) Subsection 1 applies from the taxation year 2008. However, it does not apply in respect of a cessation of enrolment that occurs before 1 January 2008.

49. (1) Sections 1000.2 and 1000.3 of the Act are replaced by the following sections:

“1000.2. If a taxpayer has deducted, in respect of a property described in the second paragraph, an amount in computing the taxpayer’s income under paragraph *a* of section 130 or the second paragraph of section 130.1 for a taxation year ending before all the conditions applicable to the property and set out in the third paragraph have been met, and, in a subsequent taxation year, an event occurs that results in any of those conditions not being able to be met, the taxpayer shall, on or before the taxpayer’s filing-due date for that subsequent taxation year, file with the Minister for any taxation year that precedes the subsequent taxation year and for which the taxpayer’s fiscal return was filed by the taxpayer under section 1000, and for which tax consequences under this Part arise from the fact that, in the case of a property described in subparagraph *a* of the second paragraph, the property cannot be included in the class provided for in that subparagraph or, in the case of a property described in subparagraph *b* of the second paragraph, the property does not meet all the conditions prescribed under subparagraph *b* of the third paragraph, an amended fiscal return in which those tax consequences must be taken into account.

The property to which the first paragraph refers is

(*a*) a property in Class 12 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1) because of subparagraph *t* of the first paragraph of that class or of the second or fourth paragraph of that class; or

(*b*) a prescribed property.

The conditions to which the first paragraph refers are

(*a*) in the case of a property described in subparagraph *a* of the second paragraph, the conditions of subparagraph *t* of the first paragraph of Class 12 of Schedule B to the Regulation respecting the Taxation Act or of the second or fourth paragraph of that class; or

(*b*) in the case of a property described in subparagraph *b* of the second paragraph, the prescribed conditions.

“1000.3. If a partnership has deducted, in respect of a property described in the second paragraph, an amount in computing its income under paragraph *a*

of section 130 or the second paragraph of section 130.1 for a particular fiscal period ending before all the conditions applicable to the property and set out in the third paragraph have been met, and, in a subsequent fiscal period, an event occurs that results in any of those conditions not being able to be met, each taxpayer who was a member of the partnership at the end of the particular fiscal period shall, on or before the taxpayer's filing-due date for the taxpayer's taxation year in which that subsequent fiscal period ends or would have ended had the taxpayer been a member of the partnership at the end of that subsequent fiscal period, file with the Minister for any taxation year that precedes that taxation year and for which the taxpayer's fiscal return was filed by the taxpayer under section 1000, and for which tax consequences under this Part arise from the fact that, in the case of a property described in subparagraph *a* of the second paragraph, the property cannot be included in the class provided for in that subparagraph or, in the case of a property described in subparagraph *b* of the second paragraph, the property does not meet all the conditions prescribed under subparagraph *b* of the third paragraph, an amended fiscal return in which those tax consequences must be taken into account.

The property to which the first paragraph refers is

(*a*) a property in Class 12 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1) because of subparagraph *t* of the first paragraph of that class or of the second or fourth paragraph of that class; or

(*b*) a prescribed property.

The conditions to which the first paragraph refers are

(*a*) in the case of a property described in subparagraph *a* of the second paragraph, the conditions of subparagraph *t* of the first paragraph of Class 12 of Schedule B to the Regulation respecting the Taxation Act or of the second or fourth paragraph of that class; or

(*b*) in the case of a property described in subparagraph *b* of the second paragraph, the prescribed conditions.”

(2) Subsection 1 has effect from 31 March 2010.

50. (1) Section 1010.0.0.1 of the Act is amended

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

“1010.0.0.1. Despite the expiry of the time limits provided for in section 1010, if a taxpayer has deducted, or is a member of a partnership that has deducted, in respect of a property described in the second paragraph, an amount in computing income under paragraph *a* of section 130 or the second paragraph of section 130.1 for a taxation year or a fiscal period, as the case may be, ending before all the conditions applicable to the property and set out

in the third paragraph have been met, and, in a subsequent taxation year or fiscal period, an event occurs that results in any of those conditions not being able to be met, the following rules apply:

(a) the Minister may, at any time, but for the amended fiscal return that the taxpayer is required to file under section 1000.2 or 1000.3, redetermine the tax, interest and penalties payable under this Part by the taxpayer for any taxation year for which tax consequences under this Part arise from the fact that, in the case of a property described in subparagraph *a* of the second paragraph, the property cannot be included in the class provided for in that subparagraph or, in the case of a property described in subparagraph *b* of the second paragraph, the property does not meet all the conditions prescribed for the purposes of subparagraph *b* of the third paragraph; and”;

(2) by inserting the following paragraphs after the first paragraph:

“The property to which the first paragraph refers is

(a) a property in Class 12 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1) because of subparagraph *t* of the first paragraph of that class or of the second or fourth paragraph of that class; or

(b) a prescribed property.

The conditions to which the first paragraph refers are

(a) in the case of a property described in subparagraph *a* of the second paragraph, the conditions of subparagraph *t* of the first paragraph of Class 12 of Schedule B to the Regulation respecting the Taxation Act or of the second or fourth paragraph of that class; or

(b) in the case of a property described in subparagraph *b* of the second paragraph, the prescribed conditions.”

(2) Subsection 1 has effect from 31 March 2010.

51. (1) Section 1029.6.0.0.1 of the Act is amended, in the second paragraph,

(1) by replacing “and II.6.6.1 to II.6.14.1” in subparagraph *b* by “, II.6.6.1 to II.6.14.1 and II.6.14.3”;

(2) by inserting the following subparagraph after subparagraph *v* of subparagraph *c*:

“v.1. the amount of financial assistance granted by the Canada Media Fund;”;

(3) by inserting the following subparagraphs after subparagraph viii.1 of subparagraph *c*:

“viii.2. the amount of financial assistance granted by the Fonds francophone d’aide au développement cinématographique,

“viii.3. the amount of financial assistance granted under the Mesure régionale d’aide au démarrage de productions cinématographiques et télévisuelles implemented by the Ministère de la Culture, des Communications et de la Condition féminine, Ville de Québec and the Bureau de la Capitale-Nationale, or”.

(2) Paragraph 1 of subsection 1 has effect from 31 March 2010.

(3) Paragraph 2 of subsection 1 has effect from 1 April 2010.

(4) Paragraph 3 of subsection 1 has effect from 1 January 2009.

52. (1) Section 1029.6.0.1 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) a taxpayer who is a corporation operating an international financial centre in a taxation year or a member of a partnership at the end of a fiscal period of the partnership ending in the year and in which the partnership operates such a centre shall not be deemed to have paid to the Minister any amount for the year under this chapter other than an amount that the taxpayer is deemed to have so paid for the year under Division II.6.0.1.8, in respect of a cost, an expenditure or any costs, incurred by the taxpayer or the partnership in the course of the operations of the international financial centre before,

i. if the international financial centre is operated by the taxpayer on 30 March 2010, 1 January 2013, or, if it is earlier, the date on which an election made by the taxpayer under the fourth paragraph of section 1029.8.36.166.62 becomes effective, or

ii. if the international financial centre is operated by the partnership, 1 January 2014;”.

(2) Subsection 1 has effect from 31 March 2010.

53. (1) Section 1029.6.0.1.2 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the first paragraph, a taxpayer is deemed to have filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph on or before the day that is 12 months after the taxpayer’s filing-due date for a taxation year so as to be deemed to have paid an amount to the Minister for the year in

respect of a cost, an expenditure or any costs under any of Divisions II to II.6.15 (in this paragraph referred to as the “particular division”), if

(a) the taxpayer files with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph more than 12 months after that date so as to be deemed to have paid an amount to the Minister for the year in respect of the cost, expenditure or costs under the particular division; and

(b) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph on or before the day that is 12 months after that date so as to be deemed to have paid an amount to the Minister for the year in respect of the cost, expenditure or costs under any of Divisions II to II.6.15 other than the particular division.”

(2) Subsection 1 applies in respect of an application filed by a taxpayer after 30 March 2010 so as to be deemed to have paid an amount to the Minister of Revenue under any of Divisions II to II.6.15 of Chapter III.1 of Title III of Book IX of Part I of the Act.

54. (1) Section 1029.6.0.6 of the Act is amended

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

“The amounts to which the first paragraph refers are”;

(2) by inserting the following subparagraphs after subparagraph *h* of the fourth paragraph:

“(h.1) the amounts of \$110, \$128, \$265, \$339, \$515, \$625 and \$790, wherever they are mentioned in section 1029.8.116.16;

“(h.2) the amount of \$30,875 mentioned in section 1029.8.116.16;”.

(2) Subsection 1, except paragraph 2 when it enacts subparagraph *h.1* of the fourth paragraph of section 1029.6.0.6 of the Act, applies from the taxation year 2012.

(3) Paragraph 2 of subsection 1, when it enacts subparagraph *h.1* of the fourth paragraph of section 1029.6.0.6 of the Act, applies from the taxation year 2013.

55. (1) Section 1029.6.0.7 of the Act is amended

(1) by inserting “h.2,” after “f,” in the first paragraph;

(2) by inserting “h.1,” after “h,” in the second paragraph.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2011.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2013.

56. (1) Section 1029.7 of the Act is amended, in the first paragraph,

(1) by replacing “with whom or with which” and “who or which” wherever they appear in the following provisions by “with whom” and “who”, respectively:

— subparagraphs *b* and *b.1*;

— subparagraphs *d* and *d.1*;

— subparagraphs *f* and *f.1*;

— subparagraphs *h* and *h.1*;

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

“(c) one-half of that portion of the consideration paid under the contract by the taxpayer to a person or partnership who has an establishment situated in Québec and with whom the taxpayer was dealing at arm’s length at the time the contract was entered into,

i. that may reasonably be attributed to such research and development undertaken on the taxpayer’s behalf in the year by the 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, or

ii. that may reasonably be attributed to such research and development undertaken on the taxpayer’s behalf in Québec in the year by an individual, other than a trust, who is, if that person is a corporation, a shareholder of that person or who is a member of that partnership;”;

(3) by replacing subparagraph *e* by the following subparagraph:

“(e) one-half of 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 relating to such research and development undertaken in any taxation year, to a person or partnership who has an establishment situated in Québec and with whom the taxpayer was dealing at arm’s length at the time the particular contract was entered into,

i. that may reasonably be attributed to work undertaken in the year by the 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, or

ii. that may reasonably be attributed to work undertaken in Québec in the year by an individual, other than a trust, who is, if that person is a corporation, a shareholder of that person or who is a member of that partnership;”;

(4) by replacing subparagraph *g* by the following subparagraph:

“(g) one-half of that portion of the consideration paid under the contract by the taxpayer to a person or partnership with whom the taxpayer was not dealing at arm’s length at the time the contract was entered into, and paid again by that person or partnership, under a particular contract, to another person or partnership who has an establishment situated in Québec and with whom the taxpayer was dealing at arm’s length at the time the particular contract was entered into,

i. that may reasonably be attributed to such research and development undertaken on the taxpayer’s behalf in the year by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees, or

ii. that may reasonably be attributed to such research and development undertaken on the taxpayer’s behalf in Québec in the year by an individual, other than a trust, who is, if that other person is a corporation, a shareholder of that other person or who is a member of that other partnership;”;

(5) by replacing subparagraph *i* by the following subparagraph:

“(i) one-half of 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 relating to such research and development undertaken in any taxation year, to a person or partnership with whom 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 who has an establishment situated in Québec and with whom the taxpayer was dealing at arm’s length at the time the other particular contract was entered into,

i. that may reasonably be attributed to the work undertaken in the year by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees, or

ii. that may reasonably be attributed to the work undertaken in Québec in the year by an individual, other than a trust, who is, if that other person is a corporation, a shareholder of that other person or who is a member of that other partnership.”

(2) Paragraphs 2 to 5 of subsection 1 apply in respect of an expenditure incurred by a taxpayer in a taxation year

(1) that ends after 29 March 2010; or

(2) that ends before 30 March 2010 and in respect of which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on that date.

57. (1) Section 1029.8 of the Act is amended, in the first paragraph,

(1) by replacing “with whom or with which” and “who or which” wherever they appear in the following provisions by “with whom” and “who”, respectively:

— subparagraphs *b* and *b.1*;

— subparagraphs *d* and *d.1*;

— subparagraphs *f* and *f.1*;

— subparagraphs *h* and *h.1*;

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

“(c) one-half of that portion of the consideration paid under the contract by the partnership to a person or another partnership who has an establishment situated in Québec and with whom all the members of the partnership were dealing at arm’s length at the time the contract was entered into,

i. that may reasonably be attributed to such research and development undertaken on its behalf in that fiscal period by the employees of an establishment of that person or other partnership situated in Québec or that could be so attributed if that person or other partnership had such employees, or

ii. that may reasonably be attributed to such research and development undertaken on its behalf in Québec in that fiscal period by an individual, other than a trust, who is, if that person is a corporation, a shareholder of that person or who is a member of that other partnership;”;

(3) by replacing subparagraph *e* by the following subparagraph:

“(e) one-half of 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 relating to such research and development undertaken in any fiscal period, to a person or another partnership who has an establishment situated in Québec and with whom all the members of the partnership were dealing at arm’s length at the time the particular contract was entered into,

i. that may reasonably be attributed to work undertaken in that fiscal period by the employees of an establishment of that person or other partnership situated in Québec or that could be so attributed if that person or other partnership had such employees, or

ii. that may reasonably be attributed to work undertaken in Québec in that fiscal period by an individual, other than a trust, who is, if that person is a corporation, a shareholder of that person or who is a member of that other partnership;”;

(4) by replacing subparagraph *g* by the following subparagraph:

“(g) one-half of that portion of the consideration paid under the contract by the partnership to a person or another partnership with whom a member of the partnership was not dealing at arm’s length at the time the contract was entered into, and paid again by that person or that other partnership, under a particular contract, to another person or partnership who has an establishment situated in Québec and with whom all the members of the partnership were dealing at arm’s length at the time the particular contract was entered into,

i. that may reasonably be attributed to such research and development undertaken on its behalf in that fiscal period by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees, or

ii. that may reasonably be attributed to such research and development undertaken on its behalf in Québec in the year by an individual, other than a trust, who is, if that other person is a corporation, a shareholder of that other person or who is a member of that other partnership;”;

(5) by replacing subparagraph *i* by the following subparagraph:

“(i) one-half of 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 relating to such research and development undertaken in any fiscal period, to a person or another partnership with whom 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 who has an establishment situated in Québec and with whom all the members of the partnership were dealing at arm’s length at the time the other particular contract was entered into,

i. that may reasonably be attributed to the work undertaken in that fiscal period by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees, or

ii. that may reasonably be attributed to the work undertaken in Québec in that fiscal period by an individual, other than a trust, who is, if that other person is a corporation, a shareholder of that other person or who is a member of that other partnership.”

(2) Paragraphs 2 to 5 of subsection 1 apply in respect of an expenditure incurred by a partnership in a fiscal period of the partnership that ends in a taxation year of a taxpayer

(1) that ends after 29 March 2010; or

(2) that ends before 30 March 2010 and in respect of which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on that date.

58. (1) The Act is amended by inserting the following section after section 1029.8.0.0.1:

“**1029.8.0.0.2.** For the purposes of this division, the following rules apply:

(a) an individual who participates as a clinical trial subject in such a trial carried on by another person or partnership, in accordance with the standards set by the Food and Drug Regulations made under the Food and Drugs Act (Revised Statutes of Canada, 1985, chapter F-27), is deemed to be carrying on work relating to scientific research and experimental development; and

(b) the portion of a consideration paid under a contract, that is referred to in any of subparagraphs *c*, *e*, *g* and *i* of the first paragraph of section 1029.7 or 1029.8, must not be reduced by the amount of an indemnity described in the second paragraph that is attributable to the portion of the consideration.

The indemnity to which subparagraph *b* of the first paragraph refers means an indemnity paid to an individual who participates as a clinical trial subject in such a trial carried on by another person or partnership, in accordance with the standards set by the Food and Drug Regulations made under the Food and Drugs Act, and who is not an employee of

(a) in the case of a portion of a consideration paid under a contract or particular contract referred to in subparagraph *c* or *e* of the first paragraph of section 1029.7 or 1029.8 to a person or partnership with whom the taxpayer was dealing at arm’s length at the time the contract or particular contract was entered into, that person or partnership; and

(b) in the case of a portion of a consideration that has been paid again under a particular contract referred to in subparagraph *g* or *i* of the first paragraph of section 1029.7 or 1029.8 to another person or partnership with whom the taxpayer was dealing at arm’s length at the time the particular contract was entered into, that other person or partnership.”

(2) Subsection 1 applies in respect of the following expenditures:

(1) an expenditure incurred by a taxpayer in a taxation year

(a) that ends after 29 March 2010; or

(b) that ends before 30 March 2010 and in respect of which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on that date; and

(2) an expenditure incurred by a partnership in a fiscal period of the partnership that ends in a taxation year of a taxpayer

(a) that ends after 29 March 2010; or

(b) that ends before 30 March 2010 and in respect of which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on that date.

59. (1) Section 1029.8.9 of the Act is amended

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

“Where an amount has been paid to an eligible university entity pursuant to a university research contract, or to an eligible public research centre or an eligible research consortium, as the case may be, pursuant to an eligible research contract, before a favourable advance ruling is given by the Ministère du Revenu regarding the contract, the amount so paid is, for the purposes of the first paragraph, deemed to have been paid after a favourable advance ruling was given by the Ministère du Revenu regarding the contract, if

(a) an application for an advance ruling regarding the contract has been filed with the Ministère du Revenu

i. on or before the ninetieth day following the date on which the contract was entered into,

ii. where the conditions of the fourth paragraph in respect of the application for an advance ruling are met, within three years following the date on which the contract was entered into, or

iii. where the conditions of the fifth paragraph in respect of the application for an advance ruling are met, more than three years following the date on which the contract was entered into; and”;

(2) by replacing “subparagraph *a*” in the portion of the fourth paragraph before subparagraph *a* by “subparagraph ii of subparagraph *a*”;

(3) by inserting the following paragraph after the fourth paragraph:

“The conditions to which subparagraph iii of subparagraph *a* of the third paragraph refers in respect of an application for an advance ruling regarding a university research contract or an eligible research contract entered into by a taxpayer are as follows:

(*a*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, advance ruling, qualification certificate, rate schedule, receipt or report on or before the day that is 12 months after the taxpayer’s filing-due date for a taxation year so as to be deemed to have paid an amount to the Minister for the year under any of Divisions II.5.1 to II.6.15 in respect of an expenditure incurred under the contract; and

(*b*) the Minister considers that the reasons put forward justify granting the application.”

(2) Subsection 1 applies in respect of an application for an advance ruling filed after 30 March 2010.

60. (1) Section 1029.8.21.17 of the Act is amended by adding the following subparagraph after subparagraph *b* of the second paragraph:

“(c) no expenditure may be taken into account for the purpose of determining the expenditure in respect of an eligible liaison and transfer service of a corporation or partnership if it is

i. a consideration described in the third paragraph of section 1029.7 or 1029.8,

ii. an expenditure described in paragraph *d.1* of section 1029.8.1, or

iii. a qualified expenditure, within the meaning of the first paragraph of section 1029.8.16.1.1.”

(2) Subsection 1 applies in respect of an expenditure incurred after 30 March 2010.

61. (1) Section 1029.8.34 of the Act is amended by replacing “subparagraphs ii to viii.1” in subparagraph *d* of the ninth paragraph by “subparagraphs ii to viii.3”.

(2) Subsection 1 has effect from 27 October 2010. In addition, when section 1029.8.34 of the Act applies after 31 December 2008, it is to be read as if “subparagraphs ii to viii.1” in subparagraphs iii and iv of subparagraph *c* of the ninth paragraph was replaced by “subparagraphs ii to viii.3”.

62. (1) Section 1029.8.35 of the Act is amended by replacing “subparagraphs ii to viii.1” in subparagraph *c* of the first paragraph by “subparagraphs ii to viii.3”.

(2) Subsection 1 has effect from 1 January 2009.

63. (1) Section 1029.8.36.0.0.1 of the Act is amended

(1) by replacing “300%” in subparagraph 3 of subparagraph *i* of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph and subparagraph *ii* of paragraph *b* of that definition by “285.71%”;

(2) by replacing “40.5%” in subparagraph *i* of paragraph *b* of the definition of “qualified film dubbing expenditure” in the first paragraph by “45%”;

(3) by inserting the following subparagraphs after subparagraph *v* of paragraph *a* of the definition of “eligible dubbing service” in the first paragraph:

“v.1. the audition, that is, the test session intended to establish the dubbing cast,

“v.2. the preparation of texts, that is, the work relating to computer-assisted detection including the preparation and formatting of the original text according to the standards of the detection software used, preparation of markers, verification and correction of adapted texts,”;

(4) by replacing paragraph *b* of the definition of “eligible dubbing service” in the first paragraph by the following paragraph:

“(b) in any other case, any of the following services:

i. a service referred to in any of subparagraphs *i* to *v.2* of paragraph *a*, or

ii. the production of video titles for a version in a language other than the original language, that is, the marking and adaptation of the text for subtitles, preparation of the electronic title files, their computer graphic production and their incorporation in the video montage and, in that respect, titles include subtitles, inter-titles, supers and credits and video includes any medium other than celluloid film;”;

(5) by replacing subparagraphs *a* and *b* of the fifth paragraph by the following subparagraphs:

“(a) “285.71%” were replaced wherever it appears by “333 1/3%”, in the case of a production referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.2; and

“(b) “285.71%” were replaced wherever it appears by “342.85%”, in the case of a production referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.0.2.”

(2) Subsection 1 applies in respect of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 30 March 2010.

64. (1) Section 1029.8.36.0.0.2 of the Act is amended by replacing subparagraphs *a* to *b* of the first paragraph by the following subparagraphs:

“(a) in the case of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 30 March 2010, 35% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production;

“(a.1) in the case of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009 and before 31 March 2010, 30% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production; and

“(b) in any other case, 29.1667% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production.”

(2) Subsection 1 has effect from 31 March 2010.

65. (1) Section 1029.8.36.0.0.4 of the Act is amended, in the definition of “production costs” in the first paragraph,

(1) by inserting “, except the costs related to the financing of the property” at the end of paragraph *c*;

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

“(d.1) the travel expenses that are incurred by the corporation in the year in relation to the stages of production of the property that are referred to in paragraph *a* and, where the year is the taxation year in which the corporation files an application for an advance ruling, that are incurred by the corporation in that respect in a year preceding that year, that are directly attributable to the production of the property, if any of the following conditions is met in respect of those expenses:

i. the point of departure and the point of arrival are situated in Québec, and

ii. if either the point of departure or the point of arrival is situated in Québec, the expenses are incurred with a travel agent who is an individual resident in Québec at the time the travel agent services are rendered, or who is a corporation

or partnership that carries on a business in Québec and has an establishment in Québec at that time;

“(d.2) the expenses that are incurred by the corporation in the year with the Société de développement des entreprises culturelles in relation to the issue of a certificate by the Société de développement des entreprises culturelles in respect of the property for the purposes of this division;

“(d.3) the cost that is incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling, that is incurred by the corporation in a year preceding that year, in respect of an insurance contract or a performance bond contract, that is directly attributable to the production of the property, to the extent that

i. the contract is entered into in relation to the stages of production of the property that are referred to in paragraph *a*, and

ii. the issuer of the contract carries on a business in Québec and has an establishment in Québec at the time the contract is entered into; and”;

(3) by replacing “paragraphs *a* to *d*” in paragraph *e* by “paragraphs *a* to *d.3*”.

(2) Subsection 1 has effect from 13 June 2009.

66. Section 1029.8.36.0.0.7 of the Act is amended by replacing “285.7143%” in subparagraph *a* of the seventh paragraph by “285.71%”.

67. (1) Section 1029.8.36.0.0.10 of the Act is amended

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

“(b.1) despite subparagraph *a*, in relation to a property that is a circus show, an aquatic show or an ice show in respect of which any of the periods specified in paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph began before 14 March 2008 and had not ended on 13 March 2008, a salary or wages or another remuneration does not include an expenditure that the corporation incurs in respect of the property before

i. 14 March 2008, or

ii. if it is later, the date included in a period for which a favourable advance ruling has been given or a certificate has been issued by the Société de développement des entreprises culturelles in respect of the property, that is the date from which the Société de développement des entreprises culturelles recognizes the performance as qualifying for the purposes of this division;”;

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

“(b.1) despite subparagraphs *a* and *b*, the production costs directly attributable to the production of a property that is a circus show, an aquatic show or an ice show referred to in subparagraph *b.1* of the second paragraph do not include an expenditure that the corporation incurred in respect of the property before the date determined in accordance with that subparagraph *b.1* and the portion of the cost of acquisition of a particular property referred to in subparagraph *b* is determined without taking into account the use of the particular property by the corporation before that date; and”;

(3) by replacing “285.7143%” in subparagraph *b* of the seventh paragraph by “285.71%”.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of a property for which a favourable advance ruling has been given, or a certificate has been issued, by the Société de développement des entreprises culturelles after 13 March 2008.

68. Section 1029.8.36.0.0.13 of the Act is amended by replacing “285.7143%” in subparagraphs *a* and *b* of the tenth paragraph by “285.71%”.

69. (1) Section 1029.8.36.0.3.8 of the Act is amended by replacing “an organized set of numerical information” in the definition of “multimedia title” in the first paragraph by “a title”.

(2) Subsection 1 has effect from 31 March 2010.

70. (1) Section 1029.8.36.0.3.18 of the Act is amended by replacing “an organized set of numerical information” in the definition of “eligible multimedia title” in the first paragraph by “a title”.

(2) Subsection 1 has effect from 31 March 2010.

71. (1) The heading of subdivision 1 of Division II.6.5.3 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

“§1. — *Definitions and general*”.

(2) Subsection 1 has effect from 1 January 2010.

72. (1) Section 1029.8.36.59.12 of the Act is amended

(1) by replacing subparagraph *i* of paragraph *b* of the definition of “eligible expenses” by the following subparagraph:

“i. the expenses are incurred after 23 March 2006 and before 1 April 2013 in accordance with an annual forest management plan approved by the Minister of Natural Resources and Wildlife or a special forest management plan implemented by that Minister, and”;

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

““special forest management plan” means a plan referred to in section 79 of the Forest Act;”.

(2) Subsection 1 applies in respect of expenses incurred after 23 March 2006. However, when subparagraph i of paragraph b of the definition of “eligible expenses” in section 1029.8.36.59.12 of the Act applies before 19 April 2006, it is to be read as if “Minister of Natural Resources and Wildlife” was replaced by “Minister of Natural Resources, Wildlife and Parks”.

73. (1) The Act is amended by inserting the following section after section 1029.8.36.59.12:

“1029.8.36.59.12.1. For the purposes of subparagraph i of paragraph b of the definition of “eligible expenses” in section 1029.8.36.59.12 and of section 1029.8.36.59.14.1, the following rules apply:

(a) if expenses incurred in a calendar year are reasonably attributable to the carrying out of eligible construction and major repair work in a subsequent calendar year, the expenses are deemed to be incurred in the subsequent calendar year; and

(b) if expenses incurred or deemed to be incurred in the calendar year 2013 are reasonably attributable to the carrying out of eligible construction and major repair work after 31 March 2013, the expenses are deemed to be incurred after 31 March 2013.”

(2) Subsection 1 applies in respect of expenses incurred after 31 December 2009.

74. (1) Sections 1029.8.36.59.13 and 1029.8.36.59.14 of the Act are amended by replacing “to 90% of” in the portion of the first paragraph before subparagraph a by “to the result obtained by applying the percentage specified in section 1029.8.36.59.14.1 to”.

(2) Subsection 1 applies in respect of expenses incurred after 31 December 2009.

75. (1) The Act is amended by inserting the following section after section 1029.8.36.59.14:

“1029.8.36.59.14.1. The specified percentage that applies to eligible expenses and to which the first paragraph of sections 1029.8.36.59.13 and 1029.8.36.59.14 refers is

- (a) 90%, if the eligible expenses are incurred in the calendar year 2010;
- (b) 80%, if the eligible expenses are incurred in the calendar year 2011;
- (c) 70%, if the eligible expenses are incurred in the calendar year 2012;
or
- (d) 60%, if the eligible expenses are incurred after 31 December 2012 and before 1 April 2013.”

(2) Subsection 1 applies in respect of expenses incurred after 31 December 2009.

76. Section 1029.8.36.72.82.4.1 of the Act is amended by striking out “of the employee” in the portion of paragraph *a* before subparagraph i and in subparagraph ii of paragraph *a*.

77. Section 1029.8.36.72.82.10 of the Act is amended by striking out “of the employee” in subparagraph i.1 of subparagraph *a* of the first paragraph.

78. Section 1029.8.36.72.82.10.1 of the Act is amended, in subparagraph *a* of the first paragraph,

- (1) by striking out “of the employee” in subparagraphs ii and iv;
- (2) by striking out “a given activity of the employee that is” in subparagraph iv.1.

79. (1) Section 1029.8.36.72.82.23 of the Act is amended by replacing “the vendor’s base period” in subparagraph ii of subparagraph *b* of the first paragraph and in subparagraph 2 of subparagraph ii of subparagraph *d* of that paragraph by “the particular corporation’s base period”.

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

80. (1) The Act is amended by inserting the following after section 1029.8.36.166.60:

“DIVISION II.6.14.3

“CREDIT FOR INTERNATIONAL FINANCIAL CENTRES

“1029.8.36.166.61. In this division,

“eligible employee” of a corporation for all or part of a taxation year means an employee of the corporation in respect of whom a qualification certificate to the effect that the employee is an eligible employee for all or part of the year is issued to the corporation for the year by the Minister of Finance for the purposes of this division;

“qualified wages” incurred by a corporation in a taxation year in respect of an eligible employee for all or part of the taxation year means the lesser of

(a) the amount obtained by multiplying \$66,667 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee of the corporation is of 365; and

(b) the amount by which the amount of the wages incurred in the year by the corporation in respect of the employee, while the employee qualifies as an eligible employee of the corporation, to the extent that that amount is paid, exceeds the aggregate of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for the taxation year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to the duties performed by the employee in the course of the operations of the business carried on by the corporation in the taxation year that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the corporation’s filing-due date for that taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner;

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

“1029.8.36.166.62. A corporation operating an international financial centre in a taxation year that holds for that year a valid qualification certificate issued by the Minister of Finance for the purposes of this division and that encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the third paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 30% of the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year.

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 if 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 documents to which the first paragraph refers are the following:

(*a*) the prescribed form containing prescribed information;

(*b*) a copy of any qualification certificate that has been issued to the corporation for the taxation year by the Minister of Finance for the purposes of this division.

Despite the first paragraph, a corporation may be deemed to have paid an amount to the Minister under this section for a taxation year only if

(*a*) the corporation elects irrevocably in the manner and within the time specified in the fifth paragraph to avail itself, as of any time in the year, of this division in respect of all the international financial centres it operates on 30 March 2010; or

(*b*) the corporation makes an election under subparagraph *a* in respect of a preceding taxation year.

A corporation makes an election under subparagraph *a* of the fourth paragraph, in respect of a taxation year, by filing the prescribed form containing prescribed information with the Minister on or before the corporation's filing-due date for the year.

“1029.8.36.166.63. If 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 was taken into account for the purpose of computing qualified wages incurred in a particular taxation year by

the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.166.62 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance due-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year in respect of the qualified wages under section 1029.8.36.166.62 if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph *i* of paragraph *b* of the definition of “qualified wages” in section 1029.8.36.166.61, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.62 for the particular year in respect of the qualified wages; 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.

“1029.8.36.166.64. For the purposes of section 1029.8.36.166.63, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of subparagraph *i* of paragraph *b* of the definition of “qualified wages” in section 1029.8.36.166.61, the amount of the wages referred to in that paragraph *b*, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.166.62;

(b) was not received by the corporation; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.”

(2) Subsection 1 has effect from 31 March 2010.

81. (1) Section 1029.8.61.2.2 of the Act is amended, in the second paragraph,

(1) by replacing “a week” in the portion of subparagraph *c* before subparagraph *i* by “every two weeks”;

(2) by replacing “seven” in the portion of subparagraph *e* before subparagraph *i* by “three”.

(2) Subsection 1 applies from the taxation year 2010.

82. (1) Sections 1029.8.61.2.3 and 1029.8.61.2.4 of the Act are amended, in the second paragraph,

(1) by replacing “a week” in subparagraph *c* by “every two weeks”;

(2) by replacing “seven” in subparagraph *e* by “three”.

(2) Subsection 1 applies from the taxation year 2010.

83. (1) Section 1029.8.80.2 of the Act is amended, in the second paragraph,

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

“(a) if the Minister receives from the individual the application referred to in the first paragraph not later than 1 December of the preceding year, the amount of the advance relating to child care expenses is payable in 12 equal advance payments made on or before the fifteenth day of each month of the year; and

“(b) if the Minister receives from the individual the application referred to in the first paragraph after 1 December of the preceding year and not later than 1 September of the year, the amount of the advance relating to child care expenses is payable in equal advance payments made on or before the fifteenth day of each month of the year that is subsequent to the particular month in which the application is received, if the application is received on the first day of that month, or, in any other case, that is subsequent to the month that follows the particular month.”;

(2) by striking out subparagraphs *c* and *d*.

(2) Subsection 1 applies in respect of an amount paid in advance for a taxation year subsequent to the taxation year 2010.

84. (1) Section 1029.8.105 of the Act is amended by inserting “preceding the taxation year 2010” after “for a taxation year” in the portion before paragraph *a*.

(2) Subsection 1 has effect from 1 January 2010.

85. (1) Section 1029.8.105.3 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2011.

86. (1) The Act is amended by inserting the following after section 1029.8.109.1:

“DIVISION II.16.1**“TRANSITIONAL CREDIT FOR RECIPIENTS OF LAST RESORT
FINANCIAL ASSISTANCE****“§1. — Interpretation**

“1029.8.109.2. In this division,

“adult” has the meaning assigned by section 24 of the Individual and Family Assistance Act (chapter A-13.1.1);

“dwelling unit” has the meaning assigned by section 43 of the Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1);

“excluded adult” means an adult referred to in section 67 of the Individual and Family Assistance Regulation, as it read before being repealed;

“family” has the meaning assigned by section 25 of the Individual and Family Assistance Act;

“ineligible student” means an adult described in paragraph 1 of section 27 of the Individual and Family Assistance Act;

“spouse” has, despite section 2.2.1, the meaning assigned by section 22 of the Individual and Family Assistance Act.

For the purposes of this division, sections 41 and 42 of the Individual and Family Assistance Regulation must be taken into consideration to determine whether an adult occupies the same dwelling unit as another independent adult or a family.

“§2. — Credit

“1029.8.109.3. If an adult, other than an excluded adult, and, if applicable, the adult’s spouse is, for a particular month that is in a taxation year and is included in the period beginning on 1 January 2010 and ending on 30 June 2011, a recipient under a financial assistance program provided for in Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1), the aggregate of the following amounts is deemed for the particular month to be an overpayment of the adult’s tax payable under this Part for that year:

(a) \$14.92, if the financial assistance is paid for an independent adult or for a family composed of only one adult;

(b) \$29.83, if the financial assistance is paid for a family composed of two adults; and

(c) \$10.16, if the adult referred to in paragraph *a*, other than the spouse of an ineligible student, does not reside in the same dwelling unit as another independent adult or another family.

“1029.8.109.4. If, in a particular month, an adult is the spouse of another adult, only one of them may benefit, for the particular month, from an amount deemed under section 1029.8.109.3 to be an overpayment of tax payable for a taxation year.

The amount that, for a particular month, is deemed under section 1029.8.109.3 to be an overpayment of an adult’s tax payable for the taxation year that includes the particular month is included in the computation of the social assistance benefit or social solidarity allowance paid by the Minister of Employment and Social Solidarity to the adult for that month under the Individual and Family Assistance Act (chapter A-13.1.1).

The amount that, for any of the months of January, February and March 2010, has been included in the computation of the social assistance benefit or social solidarity allowance paid by the Minister of Employment and Social Solidarity to an adult for that month to account for the advance Québec sales tax credit, in accordance with section 66 of the Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1), is deemed to have been included in that computation in accordance with the second paragraph and not to account for the advance sales tax credit.

If the second paragraph applies to any of the first six months of the taxation year 2011, the amount that, in accordance with that paragraph, is included in the computation of the social assistance benefit or social solidarity allowance paid by the Minister of Employment and Social Solidarity to an adult for that month accounts for an advance payment of an amount deemed under section 1029.8.116.16 to be an overpayment of the adult’s tax payable for the year.

However, the following presumptions must be taken into consideration for the purposes of the fourth paragraph if the social assistance benefit or social solidarity allowance is paid for a family composed of two adults:

(a) the Minister of Employment and Social Solidarity is deemed to pay an amount equal to 50% of the benefit or allowance to each of those adults for the particular month; and

(b) the amount that, in accordance with the second paragraph, is included in the computation of the benefit or allowance paid to each of those adults is deemed to be equal to 50% of the amount that, for the particular month, is deemed, under section 1029.8.109.3, to be an overpayment of the tax payable by either of those adults for the taxation year 2011.

“1029.8.109.5. Despite section 1007 and Chapter III of the Act respecting the Ministère du Revenu (chapter M-31), Chapters II and III of

Title III of the Individual and Family Assistance Act (chapter A-13.1.1) apply to this division, with the necessary modifications.

“1029.8.109.6. On behalf of the Minister of Revenue, the Minister of Employment and Social Solidarity administers the payment of an amount deemed under section 1029.8.109.3 to be an overpayment of an adult’s tax payable for a taxation year.”

(2) Subsection 1 has effect from 1 January 2010. However, when the definition of “excluded adult” in the first paragraph of section 1029.8.109.2 of the Act applies in respect of a month before 1 April 2010, it is to be read without reference to “, as it read before being repealed”.

87. (1) Section 1029.8.114 of the Act is amended by inserting “preceding the taxation year 2010” after “for a taxation year” in the portion before paragraph *a*.

(2) Subsection 1 has effect from 1 January 2010.

88. (1) Section 1029.8.116.9 of the Act is amended, in the second paragraph,

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

“(a) if the Minister receives from the individual the application referred to in the first paragraph not later than 1 December of the preceding year, the amount of the advance relating to the work premium is payable in 12 equal advance payments made on or before the fifteenth day of each month of the year; and

“(b) if the Minister receives from the individual the application referred to in the first paragraph after 1 December of the preceding year and not later than 1 September of the year, the amount of the advance relating to the work premium is payable in equal advance payments made on or before the fifteenth day of each month of the year that is subsequent to the particular month in which the application is received, if the application is received on the first day of that month, or, in any other case, that is subsequent to the month that follows the particular month.”;

(2) by striking out subparagraphs *c* and *d*.

(2) Subsection 1 applies in respect of an amount paid in advance for a taxation year subsequent to the taxation year 2010.

89. (1) The Act is amended by inserting the following after section 1029.8.116.11:

“DIVISION II.17.2**“SOLIDARITY CREDIT**

“§1. — *Interpretation and general*

“1029.8.116.12. In this division,

“base year” in relation to a particular month means

(a) if 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) if 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;

“cohabiting spouse” of an individual at any time means, subject to the second paragraph, the person who at that time is the individual’s spouse and is not living separate and apart from the individual;

“eligible dwelling” of an eligible individual means a dwelling situated in Québec in which the individual ordinarily lives and that is the individual’s principal place of residence, except

(a) a dwelling in low-rental housing within the meaning of article 1984 of the Civil Code;

(b) a dwelling situated in a facility maintained by a public institution or a private institution which is party to an agreement under the Act respecting health services and social services (chapter S-4.2) that operates a hospital centre, a residential and long-term care centre or a rehabilitation centre referred to in that Act;

(c) a dwelling situated in a facility maintained by a hospital centre or a reception centre that is a public institution for the purposes of the Act respecting health services and social services for Cree Native persons (chapter S-5) or that entered into a contract or an agreement in accordance with section 176 or 177 of that Act;

(d) a dwelling situated in an immovable or residential facility where are offered the services of an intermediate resource or a family-type resource within the meaning of the Act respecting health services and social services or those of a foster family within the meaning of the Act respecting health services and social services for Cree Native persons;

(e) a dwelling for which an amount is paid in discharge of rent under the National Housing Act (Revised Statutes of Canada, 1985, chapter N-11);

(f) a room situated in the principal residence of the lessor, if less than three rooms are rented or offered for rent and if the room has neither a separate

entrance from the outside nor sanitary facilities separate from those used by the lessor; and

(g) a room situated in a hotel establishment or rooming house, that is leased or subleased for a period of less than 60 consecutive days;

“eligible individual” in respect of a particular month means an individual who, at the beginning of that month,

(a) is either 18 years of age or over, or an emancipated minor, the spouse of another individual, or the father or mother of a child with whom the individual resides;

(b) is resident in Québec or, if 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* and *f* 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;

(c) 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. a protected person within the meaning of the Immigration and Refugee Protection Act; and

(d) is not an excluded individual;

“excluded individual” in respect of a particular month means

(a) a person in respect of whom another individual receives, for the particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual’s tax payable;

(b) a person confined to a prison or a similar institution at the beginning of the particular month; or

(c) a person who would be exempt from tax for the particular month under section 982 or 983 or any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu if that month were a taxation year, or the cohabiting spouse of such a person at the beginning of that month;

“family income” of an individual for the base year relating to a particular month means the aggregate of the income of the individual for the base year and the income, for that year, of the individual’s cohabiting spouse at the beginning of the particular month;

“northern village” means a municipality established in accordance with the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1).

If an individual receives, for a particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of the individual’s tax payable in respect of a person who ordinarily lives with the individual, the individual and the person who is the individual’s cohabiting spouse at any time in that month for the purposes of Division II.11.2 are each the cohabiting spouse of the other at that time for the purposes of this Division.

“1029.8.116.13. For the purposes of the definition of “cohabiting spouse” in the first paragraph of section 1029.8.116.12, a person is not to 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.

“1029.8.116.14. For the purposes of this division, a person who has been allowed, on a particular day, to be temporarily absent from a prison or similar institution to which the person has been confined is deemed to be confined to that prison or similar institution throughout that day.

“1029.8.116.15. For the purposes of the definition of “family income” in the first paragraph of section 1029.8.116.12, the following rules apply:

(a) if 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;

(b) if 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;

(c) if an individual who was not resident in Québec on 31 December of a particular base year was resident in Canada throughout that year, the individual’s income for the year is deemed to be equal to the individual’s income for that year for the purposes of Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(d) if, for a particular month, an individual is, for the purposes of the Individual and Family Assistance Act (chapter A-13.1.1), eligible for a last resort financial assistance benefit under Chapter I or II of Title II of that Act,

the individual's income for the base year relating to the particular month is deemed to be equal to zero.

If, in respect of a child, an individual receives for a particular month an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable and a person who is the individual or, if applicable, the individual's cohabiting spouse at the beginning of the particular month was not resident in Québec on 31 December of the base year relating to the particular month, for the purpose of determining for that base year the family income of the individual or of the cohabiting spouse, the person's income for the base year is, despite subparagraph *b* or *c* of the first paragraph but subject to subparagraph *d* of that paragraph, the person's income for that year for the purposes of Division II.11.2.

“§2. — *Credit*

“**1029.8.116.16.** The amount determined by the following formula is deemed, for a particular month that is subsequent to the month of June 2011, to be an overpayment of tax payable under this Part for a taxation year by an eligible individual in respect of the particular month, if the eligible individual makes an application to that effect in accordance with section 1029.8.116.18, if the individual has filed a document in which the individual agrees that the payment of the amount be made by direct deposit in a bank account held at a financial institution having an establishment situated in Québec and if the individual and, if applicable, the individual's cohabiting spouse at the beginning of the particular month file the document specified in section 1029.8.116.19 for the base year relating to the particular month:

$$1/12 (A + B + C - D).$$

In the formula in the first paragraph,

(a) A is the aggregate of

i. \$265,

ii. \$265 if, at the beginning of the particular month, the eligible individual has a cohabiting spouse resident in Québec who ordinarily lives with the individual and is not confined to a prison or a similar institution, and

iii. \$128 if, at the beginning of the particular month, the eligible individual ordinarily lives in a self-contained domestic establishment in which no other eligible individual ordinarily lives;

(b) B is an amount equal to zero, unless, at the beginning of the particular month, the eligible individual, or the individual's cohabiting spouse with whom the individual ordinarily lives, owns, leases or subleases the individual's eligible dwelling, in which case B is the aggregate of

i. \$515 if, at the beginning of the particular month, the eligible individual owns, leases or subleases the eligible dwelling and, at that time, neither the individual's cohabiting spouse, nor another eligible individual who owns, leases

or subleases the dwelling with the individual, ordinarily lives in the dwelling,

ii. \$625 if, at the beginning of the particular month, the eligible individual ordinarily lives in the eligible dwelling with the individual's cohabiting spouse and, at that time, no other eligible individual who owns, leases or subleases the dwelling with the individual or with the individual's cohabiting spouse ordinarily lives in the dwelling,

iii. if, at the beginning of the particular month, the eligible individual is not referred to in subparagraph i or ii, but owns, leases or subleases the eligible dwelling with one or more other persons who ordinarily live in the dwelling, the amount that results from multiplying the quotient obtained by dividing \$625 by the number of such persons who own, lease or sublease the dwelling by the amount specified in the fourth paragraph,

iv. the product obtained by multiplying \$110 by the number of persons each of whom is a child, other than a child referred to in section 1029.8.61.18.2, in respect of whom the individual, or the person who at that time is the individual's cohabiting spouse with whom the individual ordinarily lives, receives, for the particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable, and

v. 50% of the product obtained by multiplying \$110 by the number of persons each of whom is a child referred to in section 1029.8.61.18.2 in respect of whom the individual, or the person who at that time is the individual's cohabiting spouse with whom the individual ordinarily lives, receives, for the particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable;

(c) C is an amount equal to zero, unless, at the beginning of the particular month, the eligible individual ordinarily lives in the territory of a northern village in which the individual's principal place of residence is situated, in which case C is the aggregate of

i. \$790,

ii. \$790 if, at the beginning of the particular month, the eligible individual has a cohabiting spouse

(1) who ordinarily lives in that territory with the eligible individual,

(2) whose principal place of residence is situated in that territory, and

(3) who is not confined to a prison or a similar institution,

iii. the product obtained by multiplying \$339 by the number of persons each of whom is a child in respect of whom the following conditions are met at the beginning of the particular month:

- (1) the child is not referred to in section 1029.8.61.18.2,
- (2) the child ordinarily lives in that territory in which the child's principal place of residence is situated, and
- (3) the eligible individual or the individual's cohabiting spouse receives in relation to that child, for the particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable, and

iv. 50% of the product obtained by multiplying \$339 by the number of persons each of whom is a child in respect of whom the following conditions are met at the beginning of the particular month:

- (1) the child is referred to in section 1029.8.61.18.2,
- (2) the child ordinarily lives in that territory in which the child's principal place of residence is situated, and
- (3) the eligible individual or the individual's cohabiting spouse receives in relation to that child, for the particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable; and

(d) D is the amount determined by the formula

$$E \times (F - G).$$

In the formula in subparagraph *d* of the second paragraph,

(a) E is

i. 3%, if B and C in the formula in the first paragraph have a value equal to zero in respect of the eligible individual for the particular month, or

ii. 6%, in any other case;

(b) F is the eligible individual's family income for the base year relating to the particular month; and

(c) G is an amount of \$30,875.

The amount to which subparagraph iii of subparagraph *b* of the second paragraph refers is equal to

(a) 2, if, at the beginning of the particular month, the cohabiting spouse of the eligible individual with whom the spouse ordinarily lives in the eligible dwelling is one of its owners, lessees or sublessees; and

(b) 1, in any other case.

“1029.8.116.17. If section 1029.8.116.16 applies in respect of a particular month included in the taxation year 2011, it is to be read

(a) as if “1/12” in the formula in the first paragraph were replaced by “1/6”;

(b) as if “\$265” and “\$128” wherever they appear in subparagraph *a* of the second paragraph were replaced by “\$220” and “\$125”, respectively;

(c) as if “\$515”, “\$625” and “\$110” wherever they appear in subparagraph *b* of the second paragraph were replaced by “\$75”, “\$100” and “\$25”, respectively; and

(d) as if “\$790” and “\$339” wherever they appear in subparagraph *c* of the second paragraph were replaced by “\$775” and “\$332”, respectively.

“1029.8.116.18. The application referred to in the first paragraph of section 1029.8.116.16 must be filed with the Minister no later than 11 months after the end of the particular month in respect of which the application is made, by means of

(a) if the eligible individual is resident in Québec on the 31 December preceding the 12-month period that includes the particular month and that begins on 1 July of a calendar year, the fiscal return the individual is required to file under section 1000 for the taxation year that ends on that 31 December, or would be required to file if the individual had tax payable for that taxation year under this Part; and

(b) in any other case, the prescribed form containing prescribed information.

If, at the beginning of a particular month, an eligible individual ordinarily lives with another eligible individual who is the individual’s cohabiting spouse, the application of only one of them may be considered to be valid in respect of the particular month.

The Minister may, at any time, extend the time for filing the application to which the first paragraph refers.

“1029.8.116.19. The document to which the first paragraph of section 1029.8.116.16 refers is

(a) if the individual is resident in Québec on 31 December of the base year, the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if the individual had tax payable for the year under this Part;

(b) if the individual is not resident in Québec on 31 December of the base year but is resident in Canada throughout that year, the return of income 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 that the individual files by means of the prescribed form containing prescribed information; and

(c) in any other case, a statement of income for the base year that the individual files by means of the prescribed form containing prescribed information.

If, in respect of a child, an individual receives for a particular month an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable and, for the base year relating to the particular month, the document that a person who is the individual, or, if applicable, the individual's cohabiting spouse at the beginning of that month, is required to file is any of the documents specified in subparagraphs *b* and *c* of the first paragraph, the document is deemed to be filed by the person if the corresponding document referred to in paragraph *b* or *c* of section 1029.8.61.23 has been sent to the Régie des rentes du Québec.

“1029.8.116.20. If, at the beginning of a particular month, an eligible individual is not the owner, lessee or sublessee of the individual's eligible dwelling and the particular person who is the owner, lessee or sublessee of the dwelling is confined to a prison or a similar institution at that time and was, immediately before being confined, the cohabiting spouse of the individual with whom the particular person ordinarily lived, the eligible individual rather than the particular person is, for the purposes of subparagraph *b* of the second paragraph of section 1029.8.116.16, deemed, at the beginning of the particular month, to be the owner, lessee or sublessee, as applicable, of the dwelling.

“1029.8.116.21. If, at the beginning of a particular month, an eligible individual is not the owner, lessee or sublessee of the individual's eligible dwelling and one or more particular persons who are the owners of the dwelling at that time are children in respect of whom the individual receives, for the particular month, an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable, the eligible individual rather than each of the particular persons is, for the purposes of subparagraph *b* of the second paragraph of section 1029.8.116.16, deemed, at the beginning of the particular month, to be the owner of the dwelling.

“1029.8.116.22. An individual who receives, in a particular month, an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable for a taxation year and who ceases to be an eligible individual in that month shall notify the Minister to that effect before the end of the first month that follows the particular month.

“1029.8.116.23. An eligible individual shall notify the Minister of any change in circumstances that may affect the individual's entitlement to receive an amount deemed under section 1029.8.116.16 to be an overpayment

of the individual's tax payable for a taxation year, and shall do so before the end of the month that follows the month in which the change occurs.

If information is communicated by the Régie des rentes du Québec in relation to information referred to in the first paragraph of section 1029.8.116.35 or by the Minister of Employment and Social Solidarity in relation to information referred to in the second paragraph of that section, the Minister may consider that a notice of change in circumstances has been communicated to the Minister.

“1029.8.116.24. If a change in circumstances has the effect of increasing the amount that an individual is entitled to receive in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable for a taxation year, the amount is revised from the beginning of the particular month that follows the month in which the change in circumstances occurs, unless the Minister is notified of the change only after the end of the eleventh month that follows the particular month, in which case the amount is revised from the beginning of the eleventh month that precedes the month in which the Minister is notified of the change.

“1029.8.116.25. The Minister shall determine the set of amounts that an eligible individual is entitled to receive for each 12-month period that begins on 1 July of each calendar year in respect of the amounts each of which is deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable for a taxation year and shall send the individual a notice of determination in that respect.

The set of amounts determined under the first paragraph is revised during the year if a change in circumstances has the effect of changing it and a new notice is sent by the Minister to the eligible individual.

If, before 1 January of a particular taxation year, the Minister sends a notice of determination concerning a set of amounts for the period described in the first paragraph that includes that date, the amount determined by the Minister that is specified in the notice for each of the months following the month of December is deemed to be equal to the amount that would have been determined if, at the time of the determination, section 1029.6.0.6 had been applied for that year in respect of each of the amounts referred to in subparagraphs *h.1* and *h.2* of the fourth paragraph of that section.

“§3. — *Payment*

“1029.8.116.26. The Minister shall pay to an eligible individual who is entitled to receive, for a particular month of a taxation year, an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable for that year, in the first five days of the particular month, the amount determined in respect of the individual for that month.

However, for a particular month of the year 2011, the amount paid by the Minister to an eligible individual may not exceed the amount by which the amount, to which the first paragraph refers, that is determined in respect of the eligible individual for the particular month exceeds the amount determined, subject to the fourth paragraph, by the formula

A – B.

In the formula in the second paragraph,

(a) A is the aggregate of all amounts each of which is the portion of a social assistance benefit or of a social solidarity allowance that is received for any of the months of January through June 2011 by the eligible individual or the person who, at the beginning of the particular month, is the cohabiting spouse of the individual and ordinarily lives with that individual, under the Individual and Family Assistance Act (chapter A-13.1.1), and that is attributable to the amount referred to in the fourth paragraph of section 1029.8.109.4; and

(b) B is

- i. if the particular month is July 2011, an amount equal to zero, or
- ii. in any other case, the aggregate of all amounts each of which is the amount by which the amount, to which the first paragraph refers, that is determined in respect of the eligible individual for a month preceding the particular month exceeds the excess amount determined in respect of the individual for the preceding month in accordance with the second paragraph.

The amount determined by the formula in the second paragraph may not exceed 50% of the amount, to which the first paragraph refers, that is determined in respect of the eligible individual for the particular month if

(a) the eligible individual is, for the particular month, a recipient under a financial assistance program provided for in Chapter I or II of Title II of the Individual and Family Assistance Act; and

(b) the eligible individual's status as a recipient under such a program has been brought to the attention of the Minister at least 21 days before the date provided for the payment of the amount, to which the first paragraph refers, that is determined in respect of the individual for the particular month.

For the purposes of subparagraph *a* of the third paragraph, the social assistance benefit or social solidarity allowance that the Minister of Employment and Social Solidarity is deemed to pay to the individual because of the application of subparagraph *a* of the fifth paragraph of section 1029.8.109.4 is deemed to be received by the individual or the person under the Individual and Family Assistance Act.

“1029.8.116.27. In exceptional circumstances and if convinced that it is in the family’s interest, the Minister may pay to the cohabiting spouse of an eligible individual an amount that the individual is entitled to receive in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable, if that spouse is also an eligible individual.

“1029.8.116.28. The Minister may require that an individual who applies for or receives an amount deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable for a taxation year provide the Minister with documents or information so that the Minister may ascertain whether the individual is entitled to receive that amount.

The Minister may suspend the payment of an amount referred to in the first paragraph until the Minister has been provided with the required documents or information if the individual fails to provide the required documents or information before the expiry of 45 days after the date of the request.

The Minister may suspend the payment of an amount referred to in the first paragraph for the duration of an inquiry on the individual’s eligibility. The Minister shall conduct the inquiry diligently.

“1029.8.116.29. The Minister is not bound to pay the amount that is determined in respect of an eligible individual for a particular month in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable for a taxation year, if the amount is less than \$20.

However, the aggregate of all amounts each of which is the amount referred to in the first paragraph or an amount determined in respect of the eligible individual in respect of such a deemed amount for a subsequent month that is included in the 12-month period (in this section referred to as the “payment period”) that begins on 1 July of a calendar year and includes the particular month, must be paid to the individual in the first subsequent month included in the payment period for which the aggregate reaches or exceeds \$20.

In addition, an aggregate of amounts, determined in accordance with the second paragraph, that is less than \$20 must be paid to the eligible individual in the last month of the payment period if it reaches or exceeds \$2.

“§4. — Administrative provisions

“1029.8.116.30. If an amount is refunded to an individual, or allocated to another of the individual’s liabilities, in respect of an amount that, for a particular month, is deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable for a taxation year, interest is to be paid to the individual on the amount for the period ending on the day the overpayment is refunded or allocated and beginning on the day that is the latest of

(a) the sixth day of the particular month;

(b) the forty-sixth day following the day on which the application referred to in the first paragraph of section 1029.8.116.16 has been filed with the Minister for the 12-month period that begins on 1 July of a calendar year and that includes the particular month;

(c) in the case of an additional amount determined for the particular month following a change in circumstances, the forty-sixth day following the day on which the Minister has been notified of the change;

(d) in the case of an additional amount determined for the particular month following a written application to amend the fiscal return filed under this Part for the base year relating to the particular month, the forty-sixth day following the day on which the Minister received the application; and

(e) in the case of an additional amount determined for the particular month following an amendment of the return of income filed under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for the base year relating to the particular month or of the income statement filed by means of the prescribed form for that base year, the forty-sixth day following the day on which the amendment has been brought to the attention of the Minister.

However, if the total of the amounts of interest determined under the first paragraph in respect of an individual for any month included in a 12-month period that begins on 1 July of a calendar year is less than \$1, the Minister is not bound to pay that amount to the individual.

“1029.8.116.31. The amount by which the amount that is paid to an individual in respect of an amount that, for a particular month, is deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable for a taxation year, exceeds the amount that should have been paid to the individual for that month, is deemed to be tax payable by the individual under this Part from the date of that payment and bears interest from that date to the day of payment at the rate set under section 28 of the Act respecting the Ministère du Revenu (chapter M-31).

“1029.8.116.32. If, for a particular month, the Minister has refunded to an individual, or allocated to another of the individual’s liabilities, an amount exceeding that to which the individual was entitled in respect of an amount that, for that month, is deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable for a taxation year, the individual and the person who at the beginning of the particular month is the individual’s cohabiting spouse with whom the individual ordinarily lives are solidarily liable for the payment of the excess amount.

However, nothing in this section limits the liability of the individual or of that person under any other provision of this Act.

“1029.8.116.33. The Minister may at any time assess the cohabiting spouse of an individual in respect of an amount payable under section 1029.8.116.32, and this Book applies, with the necessary modifications, to that assessment as if it had been made under Title II.

“1029.8.116.34. If 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, referred to in a regulation made under the second paragraph of section 31 of the Act respecting the Ministère du Revenu (chapter M-31) and the person is, for a particular month, a recipient under a financial assistance program provided for in Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1), the Minister may not, despite that section 31, allocate to the payment of the debt of that person more than 50% of the amount to be paid to the person for the particular month in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the person’s tax payable for a taxation year, if the person’s status as a recipient under such a program has been brought to the attention of the Minister at least 21 days before the date provided for the payment of that amount.

“1029.8.116.35. Any contestation in respect of the accuracy of information that is communicated to the Minister by the Régie des rentes du Québec in relation to a cohabiting spouse, to an individual who receives an amount deemed under section 1029.8.61.18 to be an overpayment of the individual’s tax payable, to the person in respect of whom an individual receives the deemed amount or to the custody, shared or not, of that person, and that is used by the Minister for the purposes of this division, must be brought in accordance with sections 1029.8.61.39 to 1029.8.61.41.

Any contestation in respect of the accuracy of information that is communicated to the Minister by the Minister of Employment and Social Solidarity in relation to an individual’s eligibility to either of the financial assistance programs provided for in Chapters I and II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) and that is used by the Minister for the purposes of this division, must be brought in accordance with Chapter III of Title III of that Act.”

(2) Subsection 1 applies from the taxation year 2011.

90. (1) Section 1029.8.128 of the Act is amended by adding the following subparagraph after subparagraph ii of subparagraph *a* of the second paragraph:

“iii. on or before 31 March 2012, if the application is made in respect of contributions deemed to have been made in the year in respect of the beneficiary as a consequence of the application of section 1029.8.136.1; and”.

(2) Subsection 1 applies from 1 January 2011.

91. (1) Section 1029.8.129 of the Act is amended by replacing “of section 1029.8.128” in the portion before paragraph *a* by “of sections 1029.8.128 and 1029.8.136.1”.

(2) Subsection 1 applies from 1 January 2011.

92. (1) Section 1029.8.136 of the Act is amended

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

“1029.8.136. If, in a taxation year, a property held by a trust governed by a registered education savings plan (in this section and section 1029.8.137 referred to as the “transferor plan”) is the subject of an authorized transfer to a trust governed by another registered education savings plan (in this section and section 1029.8.137 referred to as the “transferee plan”), the contributions that were made in the year to the transferor plan before the time of the authorized transfer and after 20 February 2007, are deemed to have been made in the year to the transferee plan by or on behalf of the subscriber under the plan in respect of a particular beneficiary, up to”;

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

“(d) an education savings incentive agreement is applicable at the time of the transfer in respect of the transferee plan.”

(2) Paragraph 2 of subsection 1 applies in respect of a transfer made after 29 June 2010.

93. (1) The Act is amended by inserting the following section after section 1029.8.136:

“1029.8.136.1. If, in the calendar year 2011, all the property held by a trust that is resident in Québec and that is governed by a registered education savings plan (in this section referred to as the “transferor plan”) is the subject of an authorized transfer, within the meaning of the second paragraph of section 1029.8.136, to a trust governed by another registered education savings plan (in this section referred to as the “transferee plan”), and if the conditions of the second paragraph are met, the contributions that were made in a taxation year preceding the year 2011 and after 20 February 2007 to the transferor plan are deemed to have been made in that taxation year to the transferee plan by or on behalf of the subscriber under the plan in respect of a particular beneficiary, up to

(a) if the particular beneficiary is the only beneficiary under the transferee plan at the time of the authorized transfer, the aggregate of the contributions made in that taxation year and after 20 February 2007, in respect of any beneficiary under the transferor plan; and

(b) if the transferee plan has more than one beneficiary at the time of the authorized transfer, the particular beneficiary's share, established according to the apportionment provided for in the transferee plan, of the aggregate of the contributions made in that taxation year and after 20 February 2007, in respect of any beneficiary under the transferor plan.

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

(a) the trustee under the transferor plan did not file with the Minister, before 1 January 2011, an application for the education savings incentive in the manner described in an education savings incentive agreement in respect of a beneficiary under a registered education savings plan in respect of which the trustee under the transferor plan acted as a trustee; and

(b) an education savings incentive agreement has been entered into between the Minister and the trustee under the transferee plan before 1 January 2011 and the trustee under the transferee plan filed with the Minister, before that date, at least one application for the education savings incentive in the manner described in the agreement in respect of a beneficiary under a registered education savings plan in respect of which the trustee under the transferee plan acted as a trustee.

For the purposes of the first paragraph, the contributions made in a year to the transferor plan do not include the contributions that have been withdrawn from the plan in the year.”

(2) Subsection 1 applies from 1 January 2011.

94. (1) Section 1029.8.144.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“1029.8.144.1. Despite any inconsistent provision of any law, a trust governed by a registered education savings plan (in this section referred to as the “transferor plan”) may, in a taxation year, assign the right to apply for an amount payable to it under this division for a preceding taxation year to a trust governed by another registered education savings plan (in this section referred to as the “transferee plan”), if the assignment is made in the course of an authorized transfer, within the meaning of the second paragraph of section 1029.8.136, of the aggregate of the properties held by the trust governed by the transferor plan to the trust governed by the transferee plan.”

(2) Subsection 1 applies in respect of a transfer made after 29 June 2010.

95. Section 1049.0.5 of the Act is replaced by the following section:

“1049.0.5. Every person who makes a statement to another person or assents to, acquiesces in or participates in the making of a statement by or on behalf of the other person, that the person knows, or would reasonably be expected to know but for circumstances amounting to culpable conduct, is a

false statement that could be used by or on behalf of the other person for a purpose of this Act, except sections 965.39.1 to 965.39.7 incurs a penalty in respect of the false statement equal to the greater of \$1,000 and the lesser of

(a) the penalty that the other person would incur under section 1049 if the other person had made the statement in a return filed for the purposes of this Act, except sections 965.39.1 to 965.39.7, and had known that the statement was false; and

(b) the aggregate of \$100,000 and the person's gross compensation, at the time the notice of assessment of the penalty is sent to the person, in respect of the false statement that could be used by or on behalf of the other person."

96. Section 1049.0.5.1 of the Act is amended by replacing the portion before paragraph *b* by the following:

"1049.0.5.1. Every person who makes a statement to another person or assents to, acquiesces in or participates in the making of a statement by or on behalf of the other person, that the person knows, or would reasonably be expected to know but for circumstances amounting to culpable conduct, is a false statement that could be used by or on behalf of the other person for a purpose of the Cooperative Investment Plan Act (chapter R-8.1.1) or of sections 965.39.1 to 965.39.7 incurs a penalty in respect of the false statement equal to,

(a) if the statement is made in the course of planning, selling or promoting an arrangement in relation to the application of the Cooperative Investment Plan Act, the greater of \$1,000 and the person's gross compensation, at the time the notice of assessment of the penalty is sent to the person, in respect of the false statement that could be used by or on behalf of the other person; and"

97. Section 1049.0.6 of the Act is replaced by the following section:

"1049.0.6. For the purposes of sections 1049.0.5 and 1049.0.5.1, a person (in this section referred to as the "advisor") who acts on behalf of the other person referred to in either of those sections is not considered to have acted in circumstances amounting to culpable conduct in respect of the false statement referred to in either of those sections solely because the advisor relied, in good faith, on information provided to the advisor by or on behalf of the other person or, because of such reliance, failed to verify, correct or investigate the information."

98. Section 1049.0.8 of the Act is replaced by the following section:

"1049.0.8. For the purposes of this chapter, if a person is assessed a penalty that is referred to in section 1049.0.5 or 1049.0.5.1, the person's gross compensation at any time in respect of the false statement that could be used by or on behalf of the other person referred to in that section does not include

the aggregate of all amounts each of which is the amount of a penalty, other than a penalty the assessment of which is deemed to be null because of section 1049.0.9, determined under section 1049.0.5 or 1049.0.5.1, to the extent that the false statement was used by or on behalf of that other person, and for which a notice of assessment was sent to the person before that time.”

99. Section 1049.0.10 of the Act is replaced by the following section:

“1049.0.10. If an employee, other than a specified employee, works for the other person referred to in section 1049.0.5 or 1049.0.5.1, the following rules apply:

(a) sections 1049.0.5 and 1049.0.5.1 do not apply to the employee to the extent that the false statement could be used by or on behalf of the other person for a purpose of this Act; and

(b) the conduct of the employee is deemed to be that of the other person for the purpose of applying section 1049 to the other person.”

100. (1) Section 1052 of the Act is amended by inserting “, II.17.2” after “II.17” in the portion before paragraph *a*.

(2) Subsection 1 applies from 1 July 2011.

101. Section 1086.15 of the Act is amended

(1) by replacing “réfère l’article 1086.14” in the portion of the first paragraph before the formula in the French text by “l’article 1086.14 fait référence”;

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

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

i. an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year referred to in section 1086.14 or within 60 days after the end of that preceding year that is included in the particular participation period referred to in section 1086.14, or

ii. 100/15 of an amount that the individual is required to pay under section 1086.14 for a taxation year that precedes the particular taxation year referred to in section 1086.14 and that is included in the particular participation period referred to in section 1086.14 in respect of replacement shares that have not been acquired by the individual;”.

102. Section 1086.17.1 of the Act is amended, in paragraph *a*,

(1) by replacing “for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.15” in subparagraph 2 of subparagraph *i* by “for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph of section 1086.15 and subparagraph *d* of that second paragraph”;

(2) by adding the following subparagraph after subparagraph 2 of subparagraph *i*:

“(3) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph of section 1086.15 were the replacement shares that may reasonably be considered to relate to shares other than such original shares, and”;

(3) by replacing “for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.15” in subparagraph 2 of subparagraph *ii* by “for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph of section 1086.15 and subparagraph *d* of that second paragraph”;

(4) by inserting the following subparagraphs after subparagraph 2 of subparagraph *ii*:

“(2.1) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph of section 1086.15 were the replacement shares that may reasonably be considered to relate to such original shares,

“(2.2) the fraction “100/15” provided for in subparagraph *ii* of subparagraph *b* of the second paragraph of section 1086.15 were replaced by a percentage of 400%, and”.

103. (1) Section 1086.18 of the Act is replaced by the following section:

“1086.18. Sections 1086.14, 1086.16 and 1086.17 do not apply in respect of an individual for a particular taxation year other than a taxation year described in the second paragraph if, not later than 60 days after the end of the particular year, the individual may make a request for the redemption of original shares issued to the individual, otherwise than under Division II of Chapter III of Title III of Book V of Part I.

The taxation year to which the first paragraph refers is a taxation year for which the individual may deduct an amount from the individual’s tax otherwise payable under section 776.1.1 or section 776.1.2 in relation to an amount paid in a preceding taxation year of the individual, or within 60 days after the end of that preceding taxation year, in which the individual had to acquire replacement shares for an amount at least equal to the amount determined under section 776.1.5.0.2 for the preceding year in respect of the individual.”

(2) Subsection 1 applies from the taxation year 2010.

104. Section 1086.21 of the Act is amended

(1) by replacing “réfère l’article 1086.20” in the portion of the first paragraph before the formula in the French text by “l’article 1086.20 fait référence”;

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

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

i. an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year referred to in section 1086.20 or within 60 days after the end of that preceding year, other than a taxation year included in a participation period of the individual that ended before the particular taxation year referred to in section 1086.20, or

ii. 100/15 of an amount that the individual is required to pay under section 1086.20 for a taxation year preceding the particular taxation year referred to in section 1086.20 in respect of replacement shares that have not been acquired by the individual, other than a taxation year included in a participation period of the individual that ended before the particular taxation year referred to in section 1086.20;”.

105. Section 1086.23.1 of the Act is amended, in paragraph *a*,

(1) by replacing “for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.21” in subparagraph 2 of subparagraph *i* by “for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph of section 1086.21 and subparagraph *d* of that second paragraph”;

(2) by adding the following subparagraph after subparagraph 2 of subparagraph *i*:

“(3) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph of section 1086.21 were the replacement shares that may reasonably be considered to relate to shares other than such original shares, and”;

(3) by replacing “for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.21” in subparagraph 2 of subparagraph *ii* by “for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph of section 1086.21 and subparagraph *d* of that second paragraph”;

(4) by inserting the following subparagraphs after subparagraph 2 of subparagraph *ii*:

“(2.1) the only replacement shares whose non-acquisition is considered for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph of

section 1086.21 were the replacement shares that may reasonably be considered to relate to such original shares,

“(2.2) the fraction “100/15” provided for in subparagraph ii of subparagraph *b* of the second paragraph of section 1086.21 were replaced by a percentage of 400%, and”.

106. (1) Section 1086.24 of the Act is replaced by the following section:

“1086.24. Sections 1086.20, 1086.22 and 1086.23 do not apply in respect of an individual for a particular taxation year other than a taxation year described in the second paragraph if, not later than 60 days after the end of the particular year, the individual may make a request for the redemption of original shares issued to the individual, otherwise than under Division III of Chapter III of Title III of Book V of Part I.

The taxation year to which the first paragraph refers is a taxation year for which the individual may deduct an amount from the individual’s tax otherwise payable under section 776.1.1 or section 776.1.2 in relation to an amount paid in a preceding taxation year of the individual, or within 60 days after the end of that preceding taxation year, in which the individual had to acquire replacement shares for an amount at least equal to the amount determined under section 776.1.5.0.7 for the preceding year in respect of the individual.”

(2) Subsection 1 applies from the taxation year 2010.

107. (1) Section 1129.2 of the Act is amended by replacing “subparagraphs ii to viii.1” in subparagraph vi of subparagraph *c* of the first paragraph by “subparagraphs ii to viii.3”.

(2) Subsection 1 has effect from 1 January 2009.

108. (1) The Act is amended by inserting the following after section 1129.45.41.18:

“PART III.10.9.3

“SPECIAL TAX RELATING TO THE CREDIT FOR INTERNATIONAL FINANCIAL CENTRES

“1129.45.41.19. In this Part, “eligible employee”, “qualified wages” and “wages” have the meaning assigned by section 1029.8.36.166.61.

“1129.45.41.20. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.166.62, on account of its tax payable for a particular taxation year under Part I, in relation to qualified wages incurred in the particular taxation year in respect of an eligible employee, shall pay the tax computed under 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 corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.62 or 1029.8.36.166.63, in relation to the qualified wages, 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 1029.8.36.166.62 or 1029.8.36.166.63, in relation to 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 wages included in computing 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 corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.

“1129.45.41.21. For the purposes of Part I, except Division II.6.14.3 of Chapter III.1 of Title III of Book IX, tax paid at any time by a corporation to the Minister under section 1129.45.41.20, in relation to qualified wages, is deemed to be an amount of assistance repaid at that time by the corporation in respect of the wages, pursuant to a legal obligation.

“1129.45.41.22. Unless otherwise provided in this Part, the first paragraph of section 549, section 564 if 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 to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 31 March 2010.

109. (1) Section 1159.1 of the Act is amended

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

““bank” means a bank, within the meaning of section 1, that has an establishment in Québec in a taxation year;”;

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

““trust corporation” means a corporation that is authorized under the legislation of Canada or of a province to provide trustee services and that has an establishment in Québec in a taxation year;”;

(3) by replacing the definition of “loan corporation” by the following definition:

““loan corporation” means a corporation that has an establishment in Québec in a taxation year and that is

(a) a corporation, other than a trust corporation, authorized by the legislation of Canada or of a province to accept deposits from the public;

(b) a corporation all or substantially all of the assets of which are shares or debts of corporations referred to in Title II of Book III of Part IV to which it is related for the purposes of that Part; or

(c) a corporation recognized by the Minister in accordance with section 1143.1 and whose recognition is in force;”;

(4) by replacing the definition of “corporation trading in securities” by the following definition:

““corporation trading in securities” means a corporation that is a registered securities dealer within the meaning of section 1 and that has an establishment in Québec in a taxation year;”.

(2) Subsection 1 applies from 1 January 2011.

110. (1) Section 1159.3 of the Act is amended

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

“1159.3. Subject to the first paragraph of section 1159.3.1, the compensation tax a person referred to in section 1159.2 is required to pay for a taxation year is equal to;”;

(2) by replacing “Notwithstanding the foregoing, where” in the portion of the second paragraph before subparagraph *a* by “However, subject to the second paragraph of section 1159.3.1, if”.

(2) Subsection 1 has effect from 31 March 2010.

111. (1) The Act is amended by inserting the following section after section 1159.3:

“1159.3.1. If the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 is included, in whole or in part, in the period beginning on 31 March 2010 and ending on 31 March 2014 (in this section referred to as the “rate increase period”), the following rules apply:

(a) subparagraph ii of subparagraph *a* of the first paragraph of section 1159.3 is to be read as follows:

“ii. the aggregate of 3.9% of the amount paid as wages in the part of the year that is included in the rate increase period and 2% of the amount paid as wages in the part of the year that is not included in that period;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b*, in subparagraph ii of subparagraph *d* and in subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate equal to the total of

i. the proportion of 0.55% that the number of days in the taxation year that are included in the rate increase period is of the number of days in the taxation year, and

ii. the proportion of 0.35% that the number of days in the taxation year that are not included in the rate increase period is of the number of days in the taxation year;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.8% of the amount paid as wages in the part of the year that is included in the rate increase period and 2.5% of the amount paid as wages in the part of the year that is not included in that period;” and

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:

“(e) in the case of any other person, the aggregate of 1.5% of the amount paid as wages in the part of the year that is included in the rate increase period and 1% of the amount paid as wages in the part of the year that is not included in that period.”

If the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 is included, in whole or in part, in the rate increase period, the following rules apply:

(a) subparagraph ii of subparagraph *a* of the second paragraph of section 1159.3 is to be read as follows:

“ii. the aggregate of 3.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the rate increase period and 2% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are not included in that period;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b* and in subparagraph ii of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate equal to the total of

i. the proportion of 0.55% that the number of days in the taxation year, included in the rate increase period, during which the person was a financial institution is of the number of days in the taxation year during which the person was a financial institution, and

ii. the proportion of 0.35% that the number of days in the taxation year, not included in the rate increase period, during which the person was a financial institution is of the number of days in the taxation year during which the person was a financial institution;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.8% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the rate increase period and 2% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are not included in that period;” and

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:

“(e) in the case of any other person, except a professional order that has set up an insurance fund, in accordance with section 86.1 of the Professional Code, the aggregate of 1.5% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the rate increase period and 1% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are not included in that period.”

(2) Subsection 1 has effect from 31 March 2010.

ACT RESPECTING THE MINISTÈRE DU REVENU

112. (1) Section 28.2 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by replacing the first paragraph by the following paragraph:

“**28.2.** For the purpose of determining the interest payable, if 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, a notice of determination 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, of the notice of determination or 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, in the notice of determination or in the notice of the Minister.”

(2) Subsection 1 applies from 1 July 2011.

113. (1) The Act is amended by inserting the following section after section 37.1.2:

“**37.1.3.** A person who, for a reporting period, is a prescribed person or a member of a prescribed class of persons shall send the return the person is required to file under section 468 of the Act respecting the Québec sales tax (chapter T-0.1) for the reporting period to the Minister by way of electronic filing according to the terms and conditions specified by the Minister.”

(2) Subsection 1 applies in respect of a reporting period ending after 30 June 2010.

114. Section 59.5.3 of the Act is amended

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

“**59.5.3.** Every person who makes a statement to another person or assents to, acquiesces in or participates in the making of a statement by or on behalf of the other person, that the person knows, or would reasonably be expected to know but for circumstances amounting to culpable conduct, is a false statement that could be used by or on behalf of the other person for a purpose of Title I of the Act respecting the Québec sales tax (chapter T-0.1) incurs a penalty in respect of the false statement equal to the greater of \$1,000 and the lesser of

(a) the aggregate of \$100,000 and the person’s gross compensation, at the time the notice of assessment of the penalty is sent to the person, in respect of the false statement that could be used by or on behalf of the other person; and”;

(2) by replacing “la personne donnée” wherever it appears in subparagraphs i to iii of paragraph *b* in the French text by “l’autre personne”.

115. Section 59.5.4 of the Act is replaced by the following section:

“**59.5.4.** For the purposes of section 59.5.3, a person (in this section referred to as the “advisor”) who acts on behalf of the other person referred to in that section is not considered to have acted in circumstances amounting to culpable conduct in respect of the false statement referred to in that section solely because the advisor relied, in good faith, on information provided to the advisor by or on behalf of the other person or, because of such reliance, failed to verify, correct or investigate the information.”

116. Section 59.5.6 of the Act is replaced by the following section:

“59.5.6. For the purposes of sections 59.5.1 to 59.5.9, if a person is assessed a penalty that is referred to in section 59.5.3, the person’s gross compensation at any time in respect of the false statement that could be used by or on behalf of the other person referred to in that section does not include the aggregate of all amounts each of which is the amount of a penalty, other than a penalty the assessment of which is deemed to be null because of section 59.5.7, determined under section 59.5.3, to the extent that the false statement was used by or on behalf of that other person, and for which a notice of assessment was sent to the person before that time.”

117. Section 59.5.8 of the Act is replaced by the following section:

“59.5.8. If an employee, other than a specified employee within the meaning of section 1 of the Taxation Act (chapter I-3), works for the other person referred to in section 59.5.3, the following rules apply:

(a) section 59.5.3 does not apply to the employee to the extent that the false statement could be used by or on behalf of the other person for a purpose of Title I of the Act respecting the Québec sales tax (chapter T-0.1); and

(b) the conduct of the employee is deemed to be that of the other person for the purpose of applying section 59.3 to the other person.”

118. (1) Section 91.1 of the Act is amended by replacing “section 37.1 or 37.1.2” in the first paragraph by “any of sections 37.1, 37.1.2 and 37.1.3”.

(2) Subsection 1 applies in respect of a reporting period ending after 30 June 2010.

ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

119. (1) Section 37.4 of the Act respecting the Régie de l’assurance maladie du Québec (R.S.Q., chapter R-5) is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs *i* to *iv* by the following subparagraphs:

“*i.* \$14,080 where, for the year, the individual has no eligible spouse and no dependent child,

“*ii.* \$22,820 where, for the year, the individual has no eligible spouse but has one dependent child,

“*iii.* \$25,875 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$22,820 where, for the year, the individual has an eligible spouse but has no dependent child, and”;

(2) by replacing subparagraphs 1 and 2 of subparagraph v by the following subparagraphs:

“(1) \$25,875 where the individual has one dependent child for the year, or

“(2) \$28,695 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2010.

ACT RESPECTING PROPERTY TAX REFUND

120. (1) Section 2 of the Act respecting property tax refund (R.S.Q., chapter R-20.1) is amended by inserting “preceding the year 2011” after “31 December in a year”.

(2) Subsection 1 applies from 1 January 2011.

ACT RESPECTING THE QUÉBEC SALES TAX

121. (1) Section 18.0.1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by replacing “primarily” in the first paragraph by “to an extent of at least 10%”.

(2) Subsection 1 applies in respect of

(1) a supply made after 30 June 2010; and

(2) all or part of the consideration for a supply that becomes due, or is paid without having become due, after 30 June 2010.

122. (1) Section 22.2 of the Act is amended by striking out the definition of “place of negotiation”.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

123. (1) Section 22.10 of the Act is replaced by the following section:

“**22.10.** For the purposes of sections 22.11.1 and 22.11.2,

“Canadian rights” in respect of an incorporeal movable property means that part of the property that can be used in Canada;

“specified location” of a supplier means

(1) the supplier’s permanent establishment; or

(2) a vending machine.”

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

124. (1) The Act is amended by inserting the following section after section 22.10:

“**22.10.1.** Sections 22.11.1 to 22.11.4 do not apply to an incorporeal movable property to which any of sections 22.21 to 22.27 applies.”

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

125. (1) Section 22.11 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

126. (1) The Act is amended by inserting the following sections after section 22.11:

“**22.11.1.** A supply of an incorporeal movable property (other than an incorporeal movable property that relates to an immovable or to a corporeal movable property) in respect of which the Canadian rights can only be used primarily in Québec is deemed to be made in Québec.

“**22.11.2.** A supply of an incorporeal movable property (other than an incorporeal movable property that relates to an immovable or to a corporeal movable property) in respect of which the Canadian rights can be used otherwise

than only primarily in Québec and otherwise than only primarily outside Québec is deemed to be made in Québec if,

(1) in the case of a supply for which the value of the consideration is \$300 or less that is made through a specified location of the supplier in Québec and in the presence of an individual who is, or who acts on behalf of, the recipient, the incorporeal movable property can be used in Québec; and

(2) in the case of a supply that is not deemed under paragraph 1 to be made in Québec, the following conditions are satisfied:

(a) in the ordinary course of the supplier's business, the supplier obtains an address (in this paragraph referred to as the "particular address") that is

i. if the supplier obtains only one address that is a home or a business address in Canada of the recipient, the home or business address obtained by the supplier,

ii. if the supplier obtains more than one address described in subparagraph i, the address described in that subparagraph that is most closely connected with the supply, or

iii. in any other case, the address in Canada of the recipient that is most closely connected with the supply,

(b) the particular address is in Québec, and

(c) the incorporeal movable property can be used in Québec.

"22.11.3. A supply of an incorporeal movable property that relates to an immovable is deemed to be made in Québec if the immovable that is situated in Canada is situated primarily in Québec.

"22.11.4. A supply of an incorporeal movable property that relates to a corporeal movable property is deemed to be made in Québec if the corporeal movable property that is ordinarily situated in Canada is ordinarily situated primarily in Québec."

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

127. (1) Section 22.13 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

128. (1) Section 22.14 of the Act is amended by replacing “of section 22.15,” by “of sections 22.15.0.2 and 22.15.0.4 to 22.15.0.6,”.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

129. (1) The Act is amended by inserting the following section after section 22.14:

“**22.14.1.** Sections 22.15.0.1 to 22.15.0.6 do not apply to a service to which any of sections 22.18 to 22.27 applies.”

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

130. (1) Section 22.15 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

131. (1) The Act is amended by inserting the following sections after section 22.15:

“**22.15.0.1.** A supply of a service is deemed to be made in Québec if, in the ordinary course of the supplier’s business, the supplier obtains an address in Québec that is

(1) if the supplier obtains only one address that is a home or a business address in Canada of the recipient, the home or business address obtained by the supplier;

(2) if the supplier obtains more than one address described in subparagraph 1, the address described in that subparagraph that is most closely connected with the supply; or

(3) in any other case, the address in Canada of the recipient that is most closely connected with the supply.

The first paragraph does not apply in the case of a supply of

(1) a service in relation to an immovable;

(2) a service in relation to a corporeal movable property;

(3) a service (other than an advisory, consulting or professional service) all or substantially all of which is performed in the presence of the individual to whom it is rendered; or

(4) a service performed wholly outside Canada.

“22.15.0.2. A supply of a service is deemed to be made in Québec if the Canadian element of the service is performed primarily in Québec.

The first paragraph does not apply

(1) in the ordinary course of the supplier’s business, if the supplier obtains an address in Canada; or

(2) in the case of a supply of

(a) a service in relation to an immovable;

(b) a service in relation to a corporeal movable property; or

(c) a service (other than an advisory, consulting or professional service) all or substantially all of which is performed in the presence of the individual to whom it is rendered.

“22.15.0.3. A supply of a service in relation to an immovable is deemed to be made in Québec if the immovable that is situated in Canada is situated primarily in Québec.

“22.15.0.4. If a person makes a supply of a service in relation to a corporeal movable property that is situated in Québec at the particular time when the Canadian element of the service begins to be performed and, at all times when the Canadian element of the service is performed, the corporeal movable property remains in Québec, the supply is deemed to be made in Québec if the corporeal movable property is situated primarily in Québec at the particular time.

“22.15.0.5. If a person makes a supply of a service in relation to a corporeal movable property that is situated in Québec or in another province at the particular time when the Canadian element of the service begins to be performed and, at any time during the period when the Canadian element of the service is performed, the corporeal movable property does not remain in Québec or in the province in which it was situated at the particular time, the supply is deemed to be made in Québec if the corporeal movable property is situated primarily in Québec at any time when the service is performed and if the Canadian element of the service is performed primarily in Québec.

“22.15.0.6. A supply of a service (other than an advisory, consulting or professional service) all or substantially all of which is performed in the presence of the individual to whom it is rendered is deemed to be made in Québec if the Canadian element of the service is performed primarily in Québec.”

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

132. (1) Section 22.16 of the Act is amended

(1) by replacing “22.17” in the portion before the definition of “continuous journey” by “22.17.1”;

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

““leg” of a journey on a conveyance means a part of the journey that begins where passengers embark or disembark the conveyance or where it is stopped to allow for its servicing or refuelling and ends where it is next stopped for any of those purposes;”.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

133. (1) Section 22.17 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

134. (1) The Act is amended by inserting the following sections after section 22.17:

“22.17.1. A supply of a passenger transportation service is deemed to be made in Québec if the passenger transportation service

(1) is part of a continuous journey in respect of which there is a ticket or voucher, issued in respect of the particular passenger transportation service included in the continuous journey that is provided first, specifying the origin of the continuous journey and

(a) the origin is a place in Québec, and

(b) the termination and all stopovers in respect of the continuous journey are in Canada;

(2) is part of a continuous journey in respect of which there is no ticket or voucher, issued in respect of the particular passenger transportation service included in the continuous journey that is provided first, specifying the origin of the continuous journey and

(a) the passenger transportation service included in the continuous journey that is provided first cannot begin otherwise than in Québec, and

(b) the termination and all stopovers in respect of the continuous journey are in Canada; or

(3) is not part of a continuous journey and

(a) the passenger transportation service begins in Québec, and

(b) the passenger transportation service ends in Canada.

“22.17.2. If, at the time when a supply of an incorporeal movable property that is a passenger transportation pass or a similar property allowing an individual to obtain one or more passenger transportation services is made, the supplier can determine that each passenger transportation service could not begin otherwise than in Québec and would terminate in Canada, the supply of the incorporeal movable property is deemed to be made in Québec.

“22.17.3. If a supply of a property or a service (other than a passenger transportation service) is made to an individual on board a conveyance in the course of a business of supplying passenger transportation services and the property or service is delivered, performed or made available on board the conveyance during any leg of the journey that begins in Québec and ends in Québec, the supply is deemed to be made in Québec.”

- (2) Subsection 1 applies in respect of a supply made
 - (1) after 30 April 2010; and
 - (2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

135. (1) Section 22.31 of the Act is amended by replacing “22.13” by “22.14”.

- (2) Subsection 1 applies in respect of a supply made
 - (1) after 30 April 2010; and
 - (2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

136. (1) Section 194 of the Act is amended by striking out subparagraph *d* of paragraph 1.

- (2) Subsection 1 applies in respect of the supply of a transportation service made after 30 June 2010.

137. (1) Section 353.0.3 of the Act is amended by replacing “primarily” in the first paragraph by “to an extent of at least 10%”.

- (2) Subsection 1 applies in respect of
 - (1) a supply made after 30 June 2010; and
 - (2) all or part of the consideration for a supply that becomes due, or is paid without having become due, after 30 June 2010.

138. (1) Section 353.0.4 of the Act is amended

- (1) by replacing paragraph 4 by the following paragraph:

“(4) the prescribed circumstances, if applicable, exist;”;
- (2) by striking out paragraph 5.
- (2) Subsection 1 has effect from 1 July 2010.

139. (1) Section 362.2 of the Act is amended by replacing “\$225,000” in paragraph 2 by “\$300,000”.

- (2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 31 December 2010

and ownership and possession under the agreement are transferred after that date.

140. (1) Section 362.3 of the Act is amended, in the first paragraph,

(1) by replacing “36%” in the formula in subparagraph 1 by “50%”;

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

“(2) where the total consideration is more than \$200,000 but less than \$300,000, the amount determined by the formula

$$\{\$8,772 \times [(\$300,000 - C)/\$100,000]\} + B.”$$

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 31 December 2010 and ownership and possession under the agreement are transferred after that date.

141. (1) Section 368.1 of the Act is amended by replacing “\$225,000” by “\$300,000”.

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 31 December 2010 and ownership and possession under the agreement are transferred after that date.

142. (1) Section 370.0.1 of the Act is amended by replacing “\$256,331” in subparagraph 3 of the first paragraph by “\$341,775”.

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2010.

143. (1) Section 370.0.2 of the Act is amended

(1) in the first paragraph,

(a) by replacing “2.78%” in the formula in subparagraph 1 by “3.85%”;

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

“(2) if the fair market value referred to in subparagraph 3 of the first paragraph of section 370.0.1 is more than \$227,850 but less than \$341,775, the amount determined by the formula

$\{[3.85\% \times (A - B)] \times [(\$341,775 - C)/\$113,925]\} + (8.5\% \times B).";$

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

“For the purposes of this section, the amount obtained by multiplying 3.85% by the difference between A and B may not exceed \$8,772.”

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2010.

144. (1) Section 370.3.1 of the Act is amended by replacing “\$256,331” by “\$341,775”.

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2010.

145. (1) Section 370.5 of the Act is amended by replacing “\$256,331” in paragraph 4 by “\$341,775”.

(2) Subsection 1 applies in respect of a supply, made by a cooperative housing corporation to a particular individual, of a share of its capital stock if

(1) the cooperative housing corporation has paid tax in respect of a taxable supply made to the corporation of the residential complex whose ownership and possession were transferred to it after 31 December 2010 under an agreement in writing entered into after that date; or

(2) the cooperative housing corporation is deemed to have made and received the taxable supply of the residential complex under sections 223 to 231.1 of the Act and to have paid tax in respect of the supply after 31 December 2010.

146. (1) Section 370.6 of the Act is amended

(1) in the first paragraph,

(a) by replacing “2.78%” in the formula in subparagraph 1 by “3.85%”;

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

“(2) if the total consideration is more than \$227,850 but less than \$341,775, the amount determined by the formula

$\{\$8,772 \times [(\$341,775 - A)/\$113,925]\} + (8.5\% \times B).";$

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

“For the purposes of this section, the amount obtained by multiplying 3.85% by the difference between A and B may not exceed \$8,772.”

(2) Subsection 1 applies in respect of a supply, made by a cooperative housing corporation to a particular individual, of a share of its capital stock if

(1) the cooperative housing corporation has paid tax in respect of a taxable supply made to the corporation of the residential complex whose ownership and possession were transferred to it after 31 December 2010 under an agreement in writing entered into after that date; or

(2) the cooperative housing corporation is deemed to have made and received the taxable supply of the residential complex under sections 223 to 231.1 of the Act and to have paid tax in respect of the supply after 31 December 2010.

147. (1) Section 370.8 of the Act is amended by replacing “\$256,331” by “\$341,775”.

(2) Subsection 1 applies in respect of a supply, made by a cooperative housing corporation to a particular individual, of a share of its capital stock if

(1) the cooperative housing corporation has paid tax in respect of a taxable supply made to the corporation of the residential complex whose ownership and possession were transferred to it after 31 December 2010 under an agreement in writing entered into after that date; or

(2) the cooperative housing corporation is deemed to have made and received the taxable supply of the residential complex under sections 223 to 231.1 of the Act and to have paid tax in respect of the supply after 31 December 2010.

148. (1) Section 370.9 of the Act is amended

(1) by replacing “with section 370.10” in the portion before paragraph 1 by “with section 370.10 or 370.10.1”;

(2) by replacing “\$225,000” in paragraph 1 by “\$300,000”;

(3) by replacing “section 370.10” in paragraph 2 by “in sections 370.10 and 370.10.1”.

(2) Subsection 1 applies in respect of

(1) the taxable supply made under an agreement in writing relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership, if the agreement in writing is entered into after 31 December 2010; or

(2) the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership that the particular individual carries on himself or herself, if the permit relating to the construction or substantial renovation is issued after 31 December 2010.

149. (1) Section 370.10 of the Act is amended by inserting “unless section 370.10.1 applies,” after “For the purposes of section 370.9,” in the portion of the first paragraph before subparagraph 1.

(2) Subsection 1 applies in respect of

(1) the taxable supply made under an agreement in writing relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership, if the agreement in writing is entered into after 31 December 2010; or

(2) the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership that the particular individual carries on himself or herself, if the permit relating to the construction or substantial renovation is issued after 31 December 2010.

150. The Act is amended by inserting the following section after section 370.10:

“370.10.1. For the purposes of section 370.9, the rebate to which a particular individual is entitled in respect of the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership is equal to

(1) where the fair market value referred to in paragraph 1 of section 370.9 is not more than \$200,000, the amount determined by the formula

$$[50\% \times (A - B)] + B; \text{ and}$$

(2) where the fair market value referred to in paragraph 1 of section 370.9 is more than \$200,000 but less than \$300,000, the amount determined by the formula

$$\{[50\% \times (A - B)] \times [(\$300,000 - C)/\$100,000]\} + B.$$

For the purposes of these formulas,

(1) A is the total tax paid by the particular individual before an application for the rebate is filed with the Minister under section 370.12;

(2) B is the tax paid under section 16 in respect of the amount of the rebate to which the particular individual is entitled in respect of the construction or substantial renovation of the residential complex under subsection 2 of section 256 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); and

(3) C is the fair market value referred to in paragraph 1 of section 370.9.

For the purposes of this section, the amount obtained by multiplying 50% by the difference between A and B may not exceed \$8,772.

This section applies in respect of

(1) the taxable supply made under an agreement in writing relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership, if the agreement in writing is entered into after 31 December 2010; or

(2) the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership that the particular individual carries on himself or herself, if the permit relating to the construction or substantial renovation is issued after 31 December 2010.”

151. (1) Section 370.13 of the Act is amended by replacing “\$225,000” by “\$300,000”.

(2) Subsection 1 applies in respect of

(1) the taxable supply made under an agreement in writing relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership, if the agreement in writing is entered into after 31 December 2010; or

(2) the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership that the particular individual carries on himself or herself, if the permit relating to the construction or substantial renovation is issued after 31 December 2010.

152. (1) Section 520 of the Act is amended by inserting the following subparagraph after subparagraph *b* of paragraph 14:

“(b.1) the Act respecting parental insurance (chapter A-29.011);”.

(2) Subsection 1 has effect from 1 January 2006.

153. (1) Section 522 of the Act is amended by inserting the following paragraph after the first paragraph:

“If a person who is an insurer fully or partially reimburses an insurance premium to another person and the person did not collect the tax in respect of the premium, the person may also reimburse to the other person the tax that the other person has paid in respect of the premium.”

(2) Subsection 1 has effect from 1 October 2010.

154. (1) Section 525 of the Act is amended, in the first paragraph,

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

“(1.1) the distributor authorized under the Act respecting the distribution of financial products and services (chapter D-9.2) to provide an automobile insurance policy that is replacement insurance within the meaning of paragraph 5 of section 424 of that Act;”;

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

“(2) the insurer, if the premium has not been remitted to an insurance broker or to the distributor referred to in subparagraph 1.1 or if it has been remitted to an insurance broker from outside Québec who does not furnish proof to the insurer that the tax has been remitted to the Minister; or”.

(2) Subsection 1 has effect from 1 October 2010.

155. (1) Section 538 of the Act is amended

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

“**538.** Every person who, in Québec, makes a bet under a parimutuel system, on a horse race held at a racetrack in or outside Québec shall, on placing a bet, pay to the Minister a tax computed at the rate of 2.5% of the amount of the placed bet before any deduction prescribed or permitted by any other Act.”;

(2) by striking out paragraphs 1 and 2.

(2) Subsection 1 applies in respect of a bet placed after 30 March 2010.

156. (1) Section 541.47.11 of the Act is amended, in paragraph 1,

(1) by replacing “primarily” in subparagraph *a* by “to an extent of at least 10%”;

(2) by replacing “primarily” in subparagraph *e* by “to an extent of at least 10%”.

(2) Subsection 1 has effect from 27 October 2010.

157. (1) The Act is amended by inserting the following sections after section 635.9:

“635.10. Where a person received before 1 January 2011 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 7.5%, the person returns the property to the supplier after 31 December 2010 to exchange it for other movable property and the consideration for the supply of the other property is equal to the consideration for the supply of the returned property, the following rules apply:

(1) the person is not entitled to a refund of the tax paid in respect of the supply of the returned property; and

(2) tax under section 16 does not apply in respect of the supply of the other property.

“635.11. Where a person received before 1 January 2011 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 7.5%, the person returns the property to the supplier after 31 December 2010 to exchange it for other movable property and the consideration for the supply of the other property exceeds the consideration for the supply of the returned property, the following rules apply:

(1) the person is not entitled to a refund of the tax paid in respect of the supply of the returned property; and

(2) the person shall pay tax under section 16 but only on that part of the consideration for the supply of the other property which exceeds the consideration for the supply of the returned property.”

(2) Subsection 1 has effect from 1 January 2011.

158. (1) Section 677 of the Act is amended by inserting “which circumstances are prescribed circumstances and” after “353.0.4,” in subparagraph 35.1 of the first paragraph.

(2) Subsection 1 has effect from 1 July 2010.

FUEL TAX ACT

159. (1) Section 2 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended

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

“(a) in the case of the acquisition of gasoline,

i. \$0.162 per litre for the period beginning after 31 March 2010 and ending before 1 April 2011,

ii. \$0.172 per litre for the period beginning after 31 March 2011 and ending before 1 April 2012,

iii. \$0.182 per litre for the period beginning after 31 March 2012 and ending before 1 April 2013, or

iv. \$0.192 per litre from 1 April 2013; and

“(b) in the case of the acquisition of fuel oil,

i. \$0.172 per litre for the period beginning after 31 March 2010 and ending before 1 April 2011,

ii. \$0.182 per litre for the period beginning after 31 March 2011 and ending before 1 April 2012,

iii. \$0.192 per litre for the period beginning after 31 March 2012 and ending before 1 April 2013, or

iv. \$0.202 per litre from 1 April 2013;”;

(2) by replacing “\$0.015” in the third paragraph by “\$0.03”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2010. However, for each of the years 2010 to 2013, the persons who sell fuel in respect of which, as applicable, the fuel tax or the amount corresponding to the tax has been collected in advance or should have been collected in advance shall inventory the fuel referred to in paragraph 1 of subsection 1 that the persons have in stock at 12:00 midnight on 31 March of the particular year, make a report to the Minister of Revenue in prescribed form on or before the following 30 April and, at the same time, remit to the Minister of Revenue the fuel tax or the amount corresponding to the tax computed at the rate in effect on 1 April of that year, in respect of that fuel, after deducting the fuel tax or the amount corresponding to the tax computed at the rate in effect on 31 March of that year, to the extent that such remittance has not otherwise been made.

(3) Paragraph 2 of subsection 1 has effect from 1 May 2010.

160. (1) Section 10 of the Act is amended by adding “in respect of an immovable the consumer owns or leases” at the end of subparagraph i of paragraph a.

(2) Subsection 1 is declaratory.

161. (1) Section 19 of the Act is amended by adding “in respect of an immovable the consumer owns or leases” at the end of paragraph d.

(2) Subsection 1 is declaratory.

162. Section 32.1 of the Act is amended by replacing “18,200 litres” in the second paragraph by “25,000 litres”.

INDIVIDUAL AND FAMILY ASSISTANCE REGULATION

163. (1) Subdivision 2 of Division II of Chapter III of Title IV of the Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1), including its heading and sections 66 and 67, is repealed.

(2) Subsection 1 has effect from 1 April 2010.

164. (1) Section 179 of the Regulation is amended by adding the following paragraph:

“Similarly, a person is not required to repay the amount that, in accordance with the fourth paragraph of section 1029.8.109.4 of the Taxation Act, has been granted to account for the advance tax credit provided for in section 1029.8.116.16 of that Act if the claim covers a period for which the Minister has informed the Minister of Revenue of the amount granted to the person as such.”

(2) Subsection 1 has effect from 1 January 2011.

TRANSITIONAL AND FINAL PROVISIONS

165. Despite section 1029.6.0.1.2 of the Taxation Act (R.S.Q., chapter I-3), a corporation that could not, before the criteria concerning the issue by Investissement Québec of a qualification certificate relating to a corporation, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I of that Act, and applicable in respect of wages incurred by a corporation and paid to its employees after 13 March 2008 were amended, be deemed to have paid an amount to the Minister of Revenue for a taxation year under that Division II.6.0.1.9 because a qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.80 of that Act could not be issued to the corporation in respect of the taxation year and that files with the Minister of Revenue the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in that section 1029.6.0.1.2 more than 12 months after the corporation’s filing-due date for the taxation year so as to be deemed to have paid an amount to the Minister of Revenue for that year under that division, is deemed to have filed with the Minister of Revenue the prescribed form containing prescribed information and, if applicable, a copy of those documents on or before the day that is 12 months after the corporation’s filing-due date for the taxation year so as to be so deemed to have paid an amount, if the corporation files an application with the Minister of Revenue on or before 29 September 2011.

166. This Act comes into force on 17 February 2011.