

Gouvernement du Québec

O.C. 390-2012, 18 April 2012

Tax Administration Act
(R.S.Q., c. A-6.002)

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

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

An Act respecting the Québec Pension Plan
(R.S.Q., c. R-9)

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

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

Regulations to amend various regulations of a fiscal nature

WHEREAS, under section 96 of the Tax Administration Act (R.S.Q., c. A-6.002), the Government may make regulations, in particular to prescribe the measures required to carry out the Act, to exempt from the duties provided for by a fiscal law, under the conditions which it prescribes, the prescribed international organizations, their head officers and their employees and the members of their families, and to determine the nature of security the Minister of Revenue may require as a condition of issue or continuance in force of a registration certificate or permit issued under a fiscal law;

WHEREAS, under section 19 of the Tobacco Tax Act (R.S.Q., c. I-2), for the purpose of carrying into effect the provisions of the Act according to their true intent or of supplying any deficiency therein, the Government may make such regulations, not inconsistent with the Act, as are considered necessary;

WHEREAS, under subparagraphs *e* and *f* of the first paragraph of section 1086 of the Taxation Act (R.S.Q., c. I-3), the Government may make regulations to establish classes of property for the purposes of section 130 of the Act and to generally prescribe the measures required for the application of the Act;

WHEREAS, under paragraph *a* of section 81 of the Act respecting the Québec Pension Plan (R.S.Q., c. R-9), the Government may make regulations to prescribing anything that is to be prescribed, in particular under Title III of the Act;

WHEREAS, under the first paragraph of section 677 of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1), the Government may make regulations to prescribe the measures required for the purposes of the Act;

WHEREAS subparagraph *q* of the first paragraph of section 1 of the Fuel Tax Act (R.S.Q., c. T-1) provides that the term “regulation” means any regulation made by the Government under the Act;

WHEREAS it is expedient to amend the Regulation respecting fiscal administration (R.R.Q., c. A-6.002, r. 1) to revoke the provisions relating to delegations of signing authority which are now contained in particular in the Regulation respecting the signature of certain deeds, documents or writings of the Agence du revenu du Québec, made by Order of the Minister of Revenue dated 20 January 2012 (2012, G.O. 2, 411), and so that security required for the issue or continuance in force of a registration certificate or a permit may no longer consist of an amount in cash;

WHEREAS it is expedient to amend the Regulation respecting tax exemptions granted to certain international non-governmental organizations and to certain employees of such organizations and to members of their families (R.R.Q., c. A-6.002, r. 4) to include Airports Council International (ACI) as an organization that may be granted tax exemptions under the Regulation, pursuant to Order in Council 718-2011 dated 22 June 2011;

WHEREAS it is expedient to amend the Regulation respecting fiscal administration, the Regulation respecting the Taxation Act (R.R.Q., c. I-3, r. 1), the Regulation respecting contributions to the Québec Pension Plan (R.R.Q., c. R-9, r. 2), the Regulation respecting the Québec sales tax (R.R.Q., c. T-0.1, r. 2) and the Regulation respecting the application of the Fuel Tax Act (R.R.Q., c. T-1, r. 1), primarily to give effect to the fiscal measures announced by the Minister of Finance in the Budget Speech of 24 May 2007, 13 March 2008, 19 March 2009, 30 March 2010 and 17 March 2011 and in Information Bulletins published by the Ministère des Finances, in particular on 27 November 2009, 22 December 2009, 29 June 2010 and 21 December 2010 as well as to the legislative amendments made to the Tax Administration Act, the Taxation Act, the Act respecting the Québec Pension Plan, the Act respecting the Québec sales tax and the Fuel Tax Act by chapter 25 of the statutes of 2010 and chapters 1, 18 and 34 of the statutes of 2011;

WHEREAS it is expedient to amend the Regulation respecting the prescribed manner of identifying a beer container (R.R.Q., c. T-0.1, r. 1) to revoke a provision relating to the delegation of a power of approval that is

now contained in particular in the Regulation respecting the signature of certain deeds, documents or writings of the Agence du revenu du Québec;

WHEREAS it is expedient to amend the Regulation respecting the Québec sales tax to update, pursuant to the Reciprocal Taxation Agreement/Canada-Québec, Schedule III which lists the prescribed mandataries that do not pay the Québec sales tax when they acquire taxable supplies;

WHEREAS it is expedient, with a view to more efficient application of the Tax Administration Act, the Tobacco Tax Act, the Taxation Act, the Act respecting the Québec sales tax and the Fuel Tax Act, to amend the Regulation respecting fiscal administration, the Regulation respecting the application of the Tobacco Tax Act (R.R.Q., c. I-2, r. 1), the Regulation respecting the Taxation Act, the Regulation respecting the Québec sales tax and the Regulation respecting the application of the Fuel Tax Act to make technical, terminological and consequential amendments;

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

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

WHEREAS the Government is of the opinion that the fiscal nature of the norms established, amended or revoked by the regulations attached to this Order in Council warrants the absence of prior publication and such coming into force;

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

WHEREAS, under section 97 of the Tax Administration Act, every regulation made under the Act comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date fixed therein; such a regulation may also, if it so provides, apply to a period prior to its publication;

WHEREAS, under section 20 of the Tobacco Tax Act, every regulation made under the Act comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date fixed therein. Such a regulation may also, once published and where it so provides, take effect on a date prior to its publication but not prior to the date on which the legislative provision under which it is made takes effect;

WHEREAS, under the second paragraph of section 1086 of the Taxation Act, the regulations made under the Act come into force on the date of their publication in the *Gazette officielle du Québec* or on any later date fixed therein and they may also, once published and if they so provide, apply to a period prior to their publication, but not prior to the taxation year 1972;

WHEREAS, under section 82.1 of the Act respecting the Québec Pension Plan, every regulation made under Title III of the Act comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date fixed therein and may, once published and where it so provides, take effect from a date prior to its publication but not prior to the date from which the legislation under which it is made takes effect;

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

WHEREAS, under section 56 of the Fuel Tax Act, every regulation made under the Act comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date fixed therein and may also, once published and where it so provides, take effect on a date prior to its publication but not prior to the date on which the legislative provision under which it is made takes effect;

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

THAT the regulations attached to this Order in Council be made:

— Regulation to amend the Regulation respecting fiscal administration;

— Regulation to amend the Regulation respecting tax exemptions granted to certain international non-governmental organizations and to certain employees of such organizations and to members of their families;

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

— Regulation to amend the Regulation respecting the Taxation Act;

— Regulation to amend the Regulation respecting contributions to the Québec Pension Plan;

— Regulation to amend the Regulation respecting the prescribed manner of identifying a beer container;

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

— Regulation to amend the Regulation respecting the application of the Fuel Tax Act.

GILLES PAQUIN,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting fiscal administration

Tax Administration Act

(R.S.Q., c. A-6.002, s. 96, 1st par. and s. 97)

I. (1) Division II of the Regulation respecting fiscal administration (R.R.Q., c. A-6.002, r. 1), comprising sections 7R1 to 8R4, is revoked.

(2) Subsection 1 has effect from 1 April 2011, except where it revokes sections 7R80, 7R80.1, 7R81, 7R81.1, 7R81.2, 7R82, 7R83, 7R84, 7R84.1, 7R85, 7R86, 7R87, 7R87.1, 7R87.2, 7R89, 7R90, 7R91, 7R92 and 8R3 of the Regulation, in which case it has effect from 2 February 2012. In addition,

(1) where section 7R10 of the Regulation applies after 30 June 2010, it is to be read with "head of a division" in the portion before paragraph 1 replaced by "head of a service";

(2) where section 7R13 of the Regulation applies after 13 February 2011, it is to be read with

(a) paragraph 2.1 replaced by the following:

"(2.1) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after paragraph 4.1:

"(4.2) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1);";

(3) where the first paragraph of section 7R22 of the Regulation applies after 13 February 2011, it is to be read with

(a) subparagraph 6 replaced by the following:

"(6) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after subparagraph 9:

"(9.0.1) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1);";

(4) where section 7R23.3 of the Regulation applies after 13 February 2011, it is to be read with

(a) paragraph 3.2 replaced by the following:

"(3.2) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after paragraph 3.4:

"(3.5) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1);";

(5) where the first paragraph of section 7R78.3 of the Regulation applies after 13 February 2011, it is to be read with

(a) subparagraph 4 replaced by the following:

"(4) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after subparagraph 6:

"(6.1) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1);";

(6) where the first paragraph of section 7R78.8 of the Regulation applies after 13 February 2011, it is to be read with

(a) subparagraph 4 replaced by the following:

"(4) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following added after subparagraph 8:

"(9) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1).";

(7) where the first paragraph of section 7R78.11 of the Regulation applies after 13 February 2011, it is to be read with

(a) subparagraph 3 replaced by the following:

"(3) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after subparagraph 10:

"(10.1) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1);";

(8) where the first paragraph of section 7R78.14 of the Regulation applies after 13 February 2011, it is to be read with

(a) subparagraph 5 replaced by the following:

"(5) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after subparagraph 12:

"(12.1) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1);";

(9) where section 7R78.21 of the Regulation applies after 13 February 2011, it is to be read with

(a) paragraph 3.2 replaced by the following:

"(3.2) section 9.2 of the Companies Act (R.S.Q., c. C-38);";

(b) the following inserted after paragraph 3.4:

"(3.5) sections 17 and 365 of the Business Corporations Act (R.S.Q., c. S-31.1).";

2. (1) The Regulation is amended by inserting the following after section 34R2:

"DIVISION V.0.0.1**"TRANSMISSION BY ELECTRONIC FILING**

"37.1.3R1. For the purposes of section 37.1.3 of the Act, a prescribed person for a reporting period means a person who, for that period, is a person to whom section 2 of the Electronic Filing and Provision of Information (GST/HST) Regulations (SOR/2010-150, (2010) 144 Can. Gaz. Part II, Special Edition, 1) applies."

(2) Subsection 1 applies in respect of reporting periods that end after 30 June 2010.

3. (1) The Regulation is amended by replacing section 40.1.1R1 by the following:

"40.1.1R1. For the purposes of section 40.1.1 of the Act, a financial management officer, a socioeconomic research and planning officer or a computer and administrative processes analyst who is governed by the collective labour agreement for professionals and who carries out duties at the Direction générale associée des enquêtes et des poursuites pénales within the Direction générale de la législation, des enquêtes et du registraire des entreprises of the Agency is authorized to lay an information in writing and under oath."

(2) Subsection 1 had effect from 8 September 2011.

4. (1) The Regulation is amended by replacing section 40.3R2 by the following:

"40.3R2. For the purposes of section 40.3 of the Act, the associate general director of investigations and public prosecutions, a senior director or a director who carries out duties at the Direction générale associée des enquêtes et des poursuites pénales within the Direction générale de la législation, des enquêtes et du registraire des entreprises at the Agency is authorized to keep the deposits paid under that section. Those deposits are paid into a trust account opened in a financial institution for that purpose by that person."

(2) Subsection 1 has effect from 4 June 2009, except that where section 40.3R2 of the Regulation applies before 8 September 2011, it is to be read as follows:

"40.3R2. For the purposes of section 40.3 of the Act, the senior director of investigations or a director who carries out duties at the Direction principale des enquêtes within the Direction générale de la législation, des enquêtes et du registraire des entreprises at the Agency is authorized to keep the deposits paid under that section. Those deposits are paid into a trust account opened in a financial institution for that purpose by that person."

(3) In addition, where section 40.3R2 of the Regulation, as made by subsection 2, applies before 1 April 2011, it is to be read with "Agency" replaced by "Ministère du Revenu".

5. (1) The Regulation is amended by inserting the following after section 40.3R2:

"40.4R1. For the purposes of section 40.4 of the Act, the sale proceeds, after deduction of the costs, are paid into a trust account opened in a financial institution for that purpose by a person authorized by the Minister under that section."

(2) Subsection 1 has effect from 4 June 2009.

6. (1) The Regulation is amended by replacing section 69.0.0.12R1 by the following:

"**69.0.0.12R1.** For the purposes of section 69.0.0.12 of the Act, the associate general director of investigations and public prosecutions, a senior director or a director who carries out duties at the Direction générale associée des enquêtes et des poursuites pénales within the Direction générale de la législation, des enquêtes et du registraire des entreprises at the Agency is authorized to communicate information contained in a tax file to a member of a police force."

(2) Subsection 1 has effect from 8 September 2011.

7. Section 96R15 of the Regulation is amended

(1) in the French text of the portion before paragraph *a* by striking out ", d'un certificat d'enregistrement";

(2) by striking out paragraph *a*.

8. Section 96R16 of the Regulation is amended in the French text of the first paragraph by striking out ", du certificat d'enregistrement".

9. Section 96R17 of the Regulation is amended in the French text of subparagraph *c* of the first paragraph by striking out ", le certificat d'enregistrement".

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

Regulation to amend the Regulation respecting tax exemptions granted to certain international non-governmental organizations and to certain employees of such organizations and to members of their families

Tax Administration Act

(R.S.Q., c. A-6.002, s. 96, 1st par., subpar. *b* and s. 97)

1. (1) Section 8.2 of the Regulation respecting tax exemptions granted to certain international non-governmental organizations and to certain employees of such organizations and to members of their families (R.R.Q., c. A-6.002, r. 4) is amended by adding the following after subparagraph 5 of the second paragraph:

"(6) the individual is an employee of Airports Council International (ACI) and meets the conditions referred to in subparagraphs *a* to *e* of subparagraph 2."

(2) Subsection 1 applies from the taxation year 2011, except for the purpose of applying sections 8.5 and 8.6 of the Regulation, where that latter section refers to the rebate or refund provided for in section 8.5, in which case it applies in respect of duties imposed after 22 September 2011.

2. (1) Section 8.3 of the Regulation is amended by replacing "2, 4 and 5" by "2 and 4 to 6".

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

3. (1) Section 8.5 of the Regulation is amended by replacing "2, 4 and 5" in the portion before subparagraph 1 of the first paragraph by "2 and 4 to 6".

(2) Subsection 1 applies in respect of duties imposed after 22 September 2011.

4. (1) Section 8.6 of the Regulation is amended by replacing "2, 4 and 5" in the portion before paragraph 1 by "2 and 4 to 6".

(2) Subsection 1 applies from the taxation year 2011, except in respect of the rebate or refund provided for in section 8.5 of the Regulation, in which case it applies in respect of duties imposed after 22 September 2011.

5. (1) Schedule B to the Regulation is amended by inserting "Airports Council International (ACI);" in alphabetical order.

(2) Subsection 1 applies from the taxation year 2011, except for the purpose of applying section 8.4 of the Regulation, in which case it applies in respect of duties imposed after 16 November 2010.

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

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

Tobacco Tax Act
(R.S.Q., c. I-2, ss. 19 and 20)

1. Section 1.2 of the Regulation respecting the application of the Tobacco Tax Act (R.R.Q., c. I-2, r. 1) is amended in the French text of paragraph *c* by replacing "à l'effet" by "certifiant".

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

Regulation to amend the Regulation respecting the Taxation Act

Taxation Act

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

1. (1) Section 1R7 of the Regulation respecting the Taxation Act (R.R.Q., c. I-3, r. 1) is amended by replacing the portion of paragraph *b* before subparagraph iii by the following:

"(b) a property is a prescribed property for a taxation year where

i. the security is a mark-to-market property, within the meaning of section 851.22.1 of the Act, for the year of a financial institution within the meaning of that section,

ii. the security is at any time in the year a property described in an inventory of a taxpayer, or".

(2) Subsection 1 applies to taxation years that end after 22 February 1994, except that where section 1R7 of the Regulation applies to a taxpayer's taxation year that ends before 1 October 1997, or before 1 January 1996, if the taxpayer made the election under paragraph 2 of subsection 2 of section 22 of the Act to amend the Taxation Act and other legislative provisions (2001, chapter 7), paragraph *b* of that section 1R7 is to be read,

(1) in the portion before subparagraph i, with "is a prescribed property" replaced by "is a prescribed obligation";

(2) with "; or" at the end of subparagraph ii replaced by a period.

2. (1) Section 22R2 of the Regulation is replaced by the following:

"**22R2.** For the purposes of section 22R1, where the individual is an individual referred to in any of sections 726.33, 726.35, 737.16 and 737.18.10 of the Act, the individual's income earned in Québec, computed for a taxation year under that section 22R1, is increased by the amount that is included by the individual in computing the individual's taxable income for the year under section 726.35 of the Act and reduced by the part, not otherwise deducted in computing the individual's income earned in Québec, of the amount deducted by the individual in computing taxable income for the year under any of sections 726.33, 737.14, 737.16 and 737.18.10 of the Act, and the individual's income earned in Québec and elsewhere, determined for the year under that section 22R1, is increased by the amount that is included by the individual in computing taxable income for the year and reduced by the amount that is deducted by the individual in computing taxable income for the year."

(2) Subsection 1 has effect from 27 October 2010.

3. (1) Section 22R18 of the Regulation is amended by replacing subparagraph *a* of the second paragraph by the following:

"(a) where the individual is referred to in any of sections 726.33, 737.16 and 737.18.10 of the Act, the amount deducted by the individual in computing taxable income for the year under any of sections 726.33, 737.14, 737.16 and 737.18.10 of the Act;"

(2) Subsection 1 has effect from 27 October 2010.

4. (1) Section 92.11R1 of the Regulation is amended by replacing the definition of "amount payable" by the following:

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

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

5. (1) Section 92.11R3 of the Regulation is amended by replacing paragraph *b* by the following:

"(b) the first paragraph of section 840R9 is to be read without reference to "that begins before 1 October 2006" and section 840R11 is not to be taken into account; and".

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

6. (1) Section 92.11R17 of the Regulation is amended in paragraph *b*

(1) by striking out "either a corporation described in any of paragraphs *b* to *d* of section 250.3 of the Act,";

(2) by inserting "a corporation described in any of paragraphs *a* to *c* of the definition of "specified financial institution" in section 1 of the Act," after "a registered charity,".

(2) Subsection 1 has effect from 23 February 1994, except that where section 92.11R17 of the Regulation applies before 30 October 1996, the reference to "société" in the French text of paragraphs 1 and 2 of subsection 1 is to be read as a reference to "corporation".

7. (1) Section 92.19R1 of the Regulation is amended by replacing subparagraph ii of subparagraph *b* of the first paragraph by the following:

"ii. any other reasonable assumption must be made, where necessary, about all the other factors, including, in the case of a participating life insurance policy within the meaning of subparagraph *f* of the first paragraph of section 835 of the Act, the assumption that the amounts of dividends paid will be as shown in the dividend scale;"

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

8. (1) Section 92.19R7 of the Regulation is amended by replacing paragraph *e* by the following:

"(e) a change resulting from the provision of an additional death benefit under a participating life insurance policy within the meaning of subparagraph *f* of the first paragraph of section 835 of the Act, either as policy dividends or other amounts distributed out of the life insurer's income from the carrying on of the participating life insurance business as determined under sections 841R1 to 841R5, or as interest earned on policy dividends left on deposit with the life insurer;"

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

9. (1) Section 130R3 of the Regulation is amended

(1) by inserting the following definitions in alphabetical order in the first paragraph:

""completion" of a specified development phase of a taxpayer's oil sands project means the first attainment of a level of average output, attributable to the specified development phase and measured over a 60-day period, equal to at least 60% of the planned level of average daily output, as determined in paragraph *b* of the definition of "specified development phase", in respect of that phase;

""designated asset" in respect of a development phase of a taxpayer's oil sands project, means a property that is a building, a structure, machinery or equipment and is, or is an integral and substantial part of,

(*a*) in the case of a bitumen development phase,

- i. a crusher,
- ii. a froth treatment plant,
- iii. a primary separation unit,
- iv. a steam generation plant,
- v. a cogeneration plant, or
- vi. a water treatment plant; or

(*b*) in the case of an upgrading development phase,

- i. a gasifier unit,
- ii. a vacuum distillation unit,
- iii. a hydrocracker unit,
- iv. a hydrotreater unit,
- v. a hydroprocessor unit, or
- vi. a coker;

""oil sands property" of a taxpayer means property acquired by the taxpayer for the purpose of earning income from an oil sands project of the taxpayer;

""specified oil sands property" of a taxpayer means oil sands property, acquired by the taxpayer before 1 January 2012, the taxpayer's use of which is reasonably required

(*a*) for a specified development phase of an oil sands project of the taxpayer to reach completion; or

(*b*) as part of a bitumen development phase of an oil sands project of the taxpayer, to the extent that the output from the bitumen development phase is required for an upgrading development phase that is a specified development phase of the oil sands project to reach completion, and it is reasonable to conclude that all or substantially all of the output from the bitumen development phase will be so used, and where it was the demonstrated intention of the taxpayer as of 19 March 2007 to produce, from a mineral resource owned by the taxpayer, the bitumen feedstock required for the upgrading development phase to reach completion;"

(2) by replacing "fifth" in the following provisions by "fourth":

- paragraph *a* of the definition of "certified Québec film" in the first paragraph;
- the portion of the second paragraph before subparagraph *a*;

(3) in the French text of the definition of "logiciel" in the first paragraph, by replacing "de système" by "d'exploitation";

(4) in the French text, by replacing the portion of the definition of "logiciel de système" in the first paragraph before paragraph *a* by the following:

"«logiciel d'exploitation» désigne une combinaison de programmes informatiques et de procédés connexes, de documentation technique afférente et de données ou un droit ou une licence permettant l'utilisation d'une telle combinaison, si cette combinaison remplit l'une des conditions suivantes:";

(5) by inserting the following definitions in alphabetical order in the first paragraph:

"bitumen development phase" of a taxpayer's oil sands project means a development phase that expands the oil sands project's capacity to extract and initially process tar sands to produce bitumen or a similar product;

"development phase" of a taxpayer's oil sands project means the acquisition, construction, fabrication or installation of a group of assets, by or on behalf of the taxpayer, that may reasonably be considered to constitute a discrete expansion in the capacity of the oil sands project when complete, including the initiation of a new oil sands project;

"specified development phase" of a taxpayer's oil sands project means a bitumen development phase or an upgrading development phase of the oil sands project which can reasonably be expected to result in a planned level of average daily output, where that output is bitumen or a similar product in the case of a bitumen development phase, or synthetic crude oil or a similar product in the case of an upgrading development phase, and in respect of which phase,

(a) not including any preliminary work activity, one or more designated assets was, before 19 March 2007, acquired by the taxpayer, or in the process of being constructed, fabricated or installed, by or on behalf of the taxpayer; and

(b) the planned level of average daily output is the lesser of,

i. the level that was the demonstrated intention of the taxpayer as of 19 March 2007 to produce from the specified development phase, and

ii. the maximum level of output associated with the design capacity, as of 19 March 2007, of the designated assets referred to in paragraph *a*;

"upgrading development phase" of a taxpayer's oil sands project means a development phase that expands the oil sands project's capacity to process bitumen or a similar feedstock, all or substantially all of which is from a mineral resource owned by the taxpayer, to the crude oil stage or its equivalent;"

(6) by inserting the following definition after the definition of "general-purpose electronic data processing equipment" in the first paragraph:

"oil sands project" of a taxpayer means an undertaking by the taxpayer for the extraction of tar sands from a mineral resource owned by the taxpayer, which undertaking may include the processing of the tar sands to a stage that is not beyond the crude oil stage or its equivalent;"

(7) by inserting the following definition after the definition of "overburden removal cost" in the first paragraph:

"preliminary work activity" means activity that is preliminary to the acquisition, construction, fabrication or installation, by or on behalf of a taxpayer, of designated assets in respect of the taxpayer's oil sands project including, without limiting the generality of the foregoing, the following activities:

- (a) obtaining permits or regulatory approvals;
- (b) performing design or engineering work;
- (c) conducting feasibility studies;
- (d) conducting environmental assessments;
- (e) clearing or excavating land;
- (f) building roads; and
- (g) entering into contracts;"

(8) by replacing paragraph *b* of the definition of "specified temporary access road" in the first paragraph by the following:

"(b) a temporary access road in Canada, the cost of which would be a Canadian exploration expense under paragraph *c* or *c.1* of section 395 of the Act if section 396 of the Act were read without reference to its paragraphs *c* and *c.1*;"

(2) Paragraphs 1 and 5 to 7 of subsection 1 have effect from 19 March 2007.

(3) Paragraph 8 of subsection 1 has effect from 7 March 1996.

10. (1) Section 130R7 of the Regulation is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

"**130R7.** For the purposes of sections 1R5, 130R66 to 130R69.2, 130R143, 130R144, 130R169 to 130R172.2 and Classes 12, 28, 41 and 41.1 in Schedule B,"

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

11. (1) Section 130R8 of the Regulation is amended by replacing the portion before paragraph *a* by the following:

"**130R8.** For the purposes of sections 130R66 to 130R69.2, 130R169 to 130R172.2 and Classes 10, 28, 41 and 41.1 in Schedule B, a taxpayer's income from a mine includes income that may reasonably be attributed to".

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

12. (1) Section 130R9 of the Regulation is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

"**130R9.** For the purposes of Classes 41 and 41.1 in Schedule B, gross revenue from a mine includes".

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

13. (1) Section 130R15 of the Regulation is amended

(1) by replacing the definition of "biogas" by the following:

"biogas" means the gas produced by the anaerobic digestion of organic waste that is sludge from an eligible sewage treatment facility, manure, food and animal waste, plant residue or wood waste;"

(2) by replacing the definition of "eligible waste fuel" by the following:

"eligible waste fuel" means biogas, bio-oil, digester gas, landfill gas, municipal waste, pulp and paper waste and wood waste;"

(3) by replacing the portion before paragraph *a* of the definition of "food waste" by the following:

"food and animal waste" means organic waste that is disposed of in accordance with the laws of Canada or of a province and that is;"

(4) by adding "or" at the end of paragraph *b* of the definition of "food waste" and the following after that paragraph *b*:

"(c) animal remains;"

(5) by replacing the definition of "district energy system" by the following:

"district energy system" means a system that is used primarily to provide heating or cooling by continuously circulating, from a central generation unit to one or more buildings through a system of interconnected pipes, an energy transfer medium that is heated or cooled using thermal energy;"

(2) Paragraphs 1 to 4 of subsection 1 apply in respect of property acquired after 25 February 2008.

(3) Paragraph 5 of subsection 1 applies in respect of property acquired after 3 March 2010.

14. (1) Section 130R22 of the Regulation is amended by inserting the following after paragraph z.3:

"(z.3.1) Class 41.1: 25%;"

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

15. (1) Section 130R66 of the Regulation is amended by replacing paragraph *a* by the following:

"(a) the taxpayer's income for the year from the mine, determined without reference to paragraph z.4 of section 87 of the Act and before any deduction under this section, sections 130R67 to 130R69.2, section 145 of the Act, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (R.S.Q., c. I-4); and"

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

16. (1) Section 130R67 of the Regulation is amended by replacing paragraph *a* by the following:

"(a) the taxpayer's income for the year from the mine, determined without reference to paragraph z.4 of section 87 of the Act and before any deduction under this section, section 130R69 or 130R69.2, section 145 of the Act, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (R.S.Q., c. I-4); and".

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

17. (1) Section 130R68 of the Regulation is amended by replacing paragraph *a* by the following:

"(a) the taxpayer's income for the year from the mine, determined without reference to paragraph z.4 of section 87 of the Act and before any deduction under this section, any of sections 130R67, 130R69 and 130R69.2, section 145 of the Act, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (R.S.Q., c. I-4); and".

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

18. (1) The Regulation is amended by inserting the following after section 130R69:

"130R69.1. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from a mine and for which a separate class is prescribed under section 130R172.1, an amount not exceeding the amount determined by the formula

$$A \times B.$$

In the formula in the first paragraph,

(a) A is the lesser of

i. the taxpayer's income for the year from the mine, before making any deduction under this section, any of sections 130R67 to 130R69, section 130R69.2, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (R.S.Q., c. I-4), and

ii. the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, computed without reference to section 130R119, after any deduction under section 130R22 for the taxation year and before any deduction under this section for the year; and

(b) B is the percentage that is the total of

i. that proportion of 100% that the number of days in the taxation year that are before 1 January 2011 is of the number of days in the taxation year,

ii. that proportion of 90% that the number of days in the taxation year that are after 31 December 2010 and before 1 January 2012 is of the number of days in the taxation year,

iii. that proportion of 80% that the number of days in the taxation year that are after 31 December 2011 and before 1 January 2013 is of the number of days in the taxation year,

iv. that proportion of 60% that the number of days in the taxation year that are after 31 December 2012 and before 1 January 2014 is of the number of days in the taxation year, and

v. that proportion of 30% that the number of days in the taxation year that are after 31 December 2013 and before 1 January 2015 is of the number of days in the taxation year.

"130R69.2. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from more than one mine and for which a separate class is prescribed under section 130R172.2, an amount not exceeding the amount determined by the formula

$A \times B$.

In the formula in the first paragraph,

(a) A is the lesser of

i. the taxpayer's income for the year from the mine, before any deduction under this section, section 130R69, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (R.S.Q., c. I-4), and

ii. the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, computed without reference to section 130R119, after any deduction under section 130R22 for the taxation year and before any deduction under this section for the year; and

(b) B is the percentage that is the total of

i. that proportion of 100% that the number of days in the taxation year that are before 1 January 2011 is of the number of days in the taxation year,

ii. that proportion of 90% that the number of days in the taxation year that are after 31 December 2010 and before 1 January 2012 is of the number of days in the taxation year,

iii. that proportion of 80% that the number of days in the taxation year that are after 31 December 2011 and before 1 January 2013 is of the number of days in the taxation year,

iv. that proportion of 60% that the number of days in the taxation year that are after 31 December 2012 and before 1 January 2014 is of the number of days in the taxation year, and

v. that proportion of 30% that the number of days in the taxation year that are after 31 December 2013 and before 1 January 2015 is of the number of days in the taxation year."

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

19. Section 130R71 of the Regulation is amended in the French text by replacing "de système" in the second paragraph by "d'exploitation".

20. Section 130R105 of the Regulation is amended in the French text by replacing "de système" in paragraph *h* by "d'exploitation".

21. (1) Section 130R143 of the Regulation is amended by replacing paragraph *b* by the following:

"(b) Class 41 or 41.1 in Schedule B in any other case, except where the property would otherwise be included in Class 43.1 or 43.2 in Schedule B and the taxpayer has, by a letter filed with the fiscal return of the taxpayer filed in accordance with sections 1000 to 1003 of the Act for the taxation year in which the property was acquired, elected to include the property in Class 43.1 or 43.2, as the case may be."

(2) Subsection 1 applies in respect of property acquired after 18 March 2007, except that where paragraph *b* of section 130R143 of the Regulation applies in respect of property acquired after that date and before 3 May 2010, "for the taxation year in which the property was acquired" is to be read as "for the taxation year that includes 3 May 2010".

22. (1) Section 130R148 of the Regulation is replaced by the following:

"**130R148.** Subject to sections 130R149 and 130R150.2 and for the purposes of this Title and Schedule B, where a property, immediately before it was acquired by the taxpayer, was property of a prescribed class or a separate prescribed class of the person from whom it was so acquired, the property is deemed to be property of that same prescribed class or separate prescribed class, as the case may be, of the taxpayer."

(2) Subsection 1 applies in respect of property acquired after 18 March 2007.

23. (1) Section 130R150 of the Regulation is replaced by the following:

"**130R150.** For the purposes of this Title and Schedule B, where a taxpayer has acquired, after 25 May 1976, property of a particular class in that schedule that had been previously owned before 26 May 1976 by the taxpayer or by a person with whom the taxpayer was not dealing at arm's length, otherwise than by virtue of a right referred to in paragraph *b* of section 20 of the Act, at the time the property was acquired, and at that particular time, the property was included in a different class in that schedule, other than Class 28 or 41, the property is deemed to be property in the different class and not property in the particular class."

(2) Subsection 1 applies in respect of property acquired after 18 March 2007.

24. (1) The Regulation is amended by inserting the following after section 130R150:

"**130R150.1.** Despite section 130R148, where a taxpayer acquires from a person or partnership, in circumstances described in paragraph *a* or *b* of section 130R149, property that was of a separate prescribed class of the person or partnership under section 130R194.1, the property is deemed to be in the same prescribed class of the taxpayer and not to be in a separate prescribed class in relation to that class, if the person or partnership was entitled to deduct, for a taxation year or a fiscal period, as the case may be, prior to the taxation year or fiscal period of disposition of the property, an amount in computing the taxpayer's income from a business under section 156.7.1 of the Act in respect of the property.

"**130R150.2.** Where, after 18 March 2007, a taxpayer acquires an oil sands property in circumstances to which subsection 130R150 applies and the property was depreciable property that was included in Class 41, because of any of subparagraphs *a* to *c* of the first paragraph of that class, of the person or partnership from whom the taxpayer acquired the property, the following rules apply:

(a) there may be included in Class 41 of the taxpayer only that portion of the property the capital cost of which portion to the taxpayer is the lesser of the undepreciated capital cost of Class 41 to that person or partnership immediately before the disposition of the property by the person or partnership and the amount by which that undepreciated capital cost is reduced as a result of that disposition; and

(b) that portion of the property that is not the portion included in Class 41 of the taxpayer because of paragraph *a* must be included in Class 41.1 of the taxpayer."

(2) Subsection 1, where it enacts section 130R150.1 of the Regulation, has effect from 31 March 2010.

(3) Subsection 1, where it enacts section 130R150.2 of the Regulation, applies in respect of property acquired after 18 March 2007.

25. (1) Section 130R151 of the Regulation is replaced by the following:

"**130R151.** Where property, while leased by a taxpayer under a lease contract, was the subject of the joint election referred to in section 125.1 of the Act and the taxpayer subsequently acquires the property through the exercise of a right to acquire it under the contract, paragraphs *b* and *c* of section 130R194.1 or the second and fourth paragraphs of Class 12 in Schedule B apply, in respect of the property while it was so leased by the taxpayer, as if the period during which the property was so leased by the taxpayer also included the subsequent period during which the taxpayer owns the property.

Where the property, while leased by the taxpayer under the lease contract, was property that was included in Class 12 in Schedule B under the second or fourth paragraph of that class, or in Class 18 in that schedule under paragraph *b* of that class, and in respect of which a separate prescribed class had been created, the property must, where it is acquired by the taxpayer through the exercise of a right to acquire it under the lease contract, be included in the same separate prescribed class of the taxpayer."

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

26. (1) Sections 130R169 to 130R172 of the Regulation are replaced by the following:

"**130R169.** Where one or more properties of a taxpayer are included in Class 28 in Schedule B and some or all of the properties, referred to in this section as "single mine properties", were acquired for the purpose of gaining or producing income from one mine and not from any other mine, a separate class is prescribed for the single mine properties that

(a) were acquired for the purpose of gaining or producing income from that mine only;

(b) would otherwise be included in Class 28 in that schedule; and

(c) are not included in a separate class because of section 130R170.

"**130R170.** Where more than one property of a taxpayer is described in Class 28 in Schedule B and some or all of the properties, referred to in this section as "multiple mine properties", were acquired for the purpose of gaining or producing income from particular mines and not from any other mine, a separate class is prescribed for the multiple mine properties that

(a) were acquired for the purpose of gaining or producing income from the particular mines; and

(b) would otherwise be included in Class 28 in that schedule.

"**130R171.** Where one or more properties of a taxpayer are described in Class 41 in Schedule B under any of subparagraphs *a* to *c* of the first paragraph of that class and some or all of the properties, referred to in this section as "single mine properties", were acquired for the purpose of gaining or producing income from one mine and not from any other mine, a separate class is prescribed for the single mine properties that

- (a) were acquired for the purpose of gaining or producing income from that mine only;
- (b) would otherwise be included in Class 41 in that schedule; and
- (c) are not included in a separate class because of section 130R172.

"**130R172.** Where one or more properties of a taxpayer are described in Class 41 in Schedule B under any of subparagraphs *a* to *c* of the first paragraph of that class and some or all of the properties, referred to in this section as "multiple mine properties", were acquired for the purpose of gaining or producing income from particular mines and not from any other mine, a separate class is prescribed for the multiple mine properties that

- (a) were acquired for the purpose of gaining or producing income from the particular mines; and
- (b) would otherwise be included in Class 41 in that schedule."

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

27. (1) The Regulation is amended by inserting the following after section 130R172:

"**130R172.1.** Where one or more properties of a taxpayer are included in Class 41.1 in Schedule B under paragraph *a* of that class and some or all of the properties, referred to in this section as "single mine properties", were acquired for the purpose of gaining or producing income from one mine and not from any other mine, a separate class is prescribed for the single mine properties that

- (a) were acquired for the purpose of gaining or producing income from that mine only;
- (b) would otherwise be included in Class 41.1 in that schedule under paragraph *a* of that class; and
- (c) are not included in a separate class because of section 130R172.2.

"**130R172.2.** Where one or more properties are included in Class 41.1 in Schedule B under paragraph *a* of that class and some or all of the properties, referred to in this section as "multiple mine properties", were acquired for the purpose of gaining or producing income from particular mines and not from any other mine, a separate class is prescribed for the multiple mine properties that

- (a) were acquired for the purpose of gaining or producing income from the particular mines; and
- (b) would otherwise be included in Class 41.1 in that schedule under paragraph *a* of that class."

(2) Subsection 1 applies to taxation years that end after 18 March 2007.

28. Section 130R179 of the Regulation is amended by replacing the French text of paragraph *c* by the following:

"*c*) le matériel de contrôle du trafic ferroviaire ou de signalisation ferroviaire, y compris le matériel d'aiguillage, de signalisation de tronçon, d'enclenchement, de protection des passages à niveau, de détection, de contrôle de la vitesse ou de ralentissement, mais non les biens qui sont constitués principalement par du matériel électronique ou le logiciel d'exploitation afférent."

29. Section 130R180 of the Regulation is amended in the French text by replacing "de système" in paragraph *c* by "d'exploitation".

30. (1) The Regulation is amended by inserting the following after section 130R194:

"**130R194.1.** A separate class is hereby prescribed for all property of a taxpayer included in Class 18 in Schedule B under paragraph *b* of that class where each property

(a) is acquired before 1 January 2016;

(b) is fuelled by liquefied natural gas at the time of its acquisition by the taxpayer or has had additions or alterations made to it to allow the property to be so fuelled at the latest 12 months after being acquired by the taxpayer; and

(c) begins to be used within a reasonable time after being acquired by the taxpayer and to be, for a period of at least 730 consecutive days after the day on which that use began, or a shorter period in the case of involuntary loss or destruction of the property by fire, theft or water, or material breakdown of the property, used solely in Québec and mainly in the course of the carrying on of a freight transport enterprise by

i. the taxpayer, at any time in that period during which the taxpayer is the owner of the property; or

ii. a subsequent acquirer, other than the taxpayer, having acquired the property in any of the circumstances described in section 130R149, at any time in that period during which the subsequent acquirer is the owner of the property."

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

31. (1) The Regulation is amended by inserting the following after section 156.3R1:

"CHAPTER VI.I

"PROPERTY GIVING ENTITLEMENT TO ANOTHER DEDUCTION IN RESPECT OF CERTAIN INVESTMENTS

"**156.7.1R1.** Prescribed depreciable property of a taxpayer referred to in section 156.7.1 of the Act is property that is included in a separate prescribed class of the taxpayer under section 130R194.1."

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

32. (1) Section 360R17 of the Regulation is amended by replacing subparagraph iii of paragraph *a* by the following:

"iii. the amount by which the aggregate of the amounts included in computing the taxpayer's income for the year under paragraphs *a* and *b* of section 332.1 of the Act exceeds the aggregate of the amounts that may reasonably be considered to have been deducted in that computation under section 360R18 by reason of the third paragraph of that section; and"

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

33. (1) Section 399.7R1 of the Regulation is amended by replacing subparagraph *f* of the first paragraph by the following:

"(*f*) for the drilling or completion of a well for the project, other than a well that is, or can reasonably be expected to be, used for the installation of underground piping that is included in Class 43.1 in Schedule B by reason of subparagraph *a* of the second paragraph of that class, or in Class 43.2 in Schedule B by reason of paragraph *b* of that class; or"

(2) Subsection 1 applies in respect of expenses incurred after 2 May 2010.

34. (1) The heading of Chapter XII of Title XXI of the Regulation is replaced by the following:

"DROUGHT REGIONS AND REGIONS OF FLOOD OR EXCESSIVE MOISTURE".

(2) Subsection 1 has effect from 1 January 2008.

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

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

"i. in the Province of Manitoba, the Local Government Districts of Alonsa, Fisher, Grahamdale, Grand Rapids and Mountain (South), the areas designated under The Northern Affairs Act of Manitoba (R.S.M. 1988, c. N100) as the communities of Camperville, Crane River, Duck Bay, Homebrook, Mallard, Meadow Portage, Rock Ridge, Spence Lake and Waterhen, the Rural Municipalities of Eriksdale, Lawrence, Mossey River, Ste. Rose and Siglunes, and Skownan,";

(2) by replacing "Ste. Rose" in the French text of subparagraph iii of paragraph *b* by "Sainte-Rose";

(3) by replacing "St. Laurent, Ste. Rose" in the French text of subparagraph ii of paragraph *g* and in subparagraph i of paragraph *h* by "Saint-Laurent, Sainte-Rose";

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

"(k) for the calendar year 2007:

i. in the province of Ontario, the Cities of Hamilton, Kawartha Lakes and Toronto, the Counties of Brant, Bruce, Dufferin, Elgin, Essex, Frontenac, Grey, Haldimand, Hastings, Huron, Lambton, Lennox and Addington, Middlesex, Northumberland, Norfolk, Oxford, Perth, Peterborough, Prince Edward, Simcoe and Wellington, the Municipality of Chatham-Kent, the Regional Municipalities of Durham, Halton, Niagara, Peel, Waterloo and York, the Territorial Districts of Algoma, Manitoulin and Thunder Bay and the United Counties of Leeds and Grenville,

ii. in the province of British Columbia, the Regional Districts of Central Kootenay, East Kootenay, Kootenay Boundary and Okanagan-Similkameen,

iii. in the province of Saskatchewan, the Rural Municipalities of Arlington, Auvergne, Bengough, Big Stick, Bone Creek, Carmichael, Coulee, Excel, Excelsior, Frontier, Glen Bain, Glen McPherson, Grassy Creek, Gull Lake, Happy Valley, Hart Butte, Lac Pelletier, Lake of the Rivers, Lawtonia, Lone Tree, Mankota, Maple Creek, Miry Creek, Morse, Old Post, Piapot, Pinto Creek, Pittville, Poplar Valley, Reno, Riverside, Saskatchewan Landing, Stonehenge, Swift Current, Val Marie, Waverley, Webb, Whiska Creek, White Valley, Willow Bunch, Wise Creek and Wood River, and

iv. in the province of Alberta, the Counties of Cardston, Cypress, Forty Mile, Lethbridge and Warner, the Municipal Districts of Pincher Creek, Ranchland, Taber and Willow Creek and the Municipality of Crowsnest Pass;

(l) for the calendar year 2008:

i. in the province of Manitoba, the Municipality of Killarney-Turtle Mountain and the Rural Municipalities of Albert, Arthur, Brenda, Cameron, Edward, Glenwood, Morton, Pipestone, Riverside, Sifton, Whitewater and Winchester,

ii. in the province of British Columbia, the Regional Districts of Central Kootenay, East Kootenay, Kootenay Boundary and Peace River,

iii. in the province of Saskatchewan, the Rural Municipalities of Argyle, Arlington, Auvergne, Baildon, Bengough, Benson, Bone Creek, Bratt's Lake, Brokenshell, Browning, Caledonia, Cambria, Caron, Coalfields, Cymri, Elmsthorpe, Enniskillen, Estevan, Excel, Francis, Frontier, Glen Bain, Glen McPherson, Grassy Creek, Gravelbourg, Griffin, Hillsborough, Happy Valley, Hart Butte, Key West, Lac Pelletier, Lajord, Lake Alma, Lake Johnston, Lake of the Rivers, Laurier, Lomond, Lone Tree, Mankota, Marquis, Moose Creek, Moose Jaw, Mount Pleasant, Norton, Old Post, Pense, Pinto Creek, Poplar Valley, Redburn, Reciprocity, Rodgers, Scott, Shamrock, Sherwood, Souris Valley, Surprise Valley, Stonehenge, Storthoaks, Sutton, Tecumseh, Terrell, The Gap, Val Marie, Waverley, Wellington, Weyburn, Whiska Creek, White Valley, Willow Bunch, Wise Creek and Wood River, and

iv. in the province of Alberta, the Counties of Birch Hills, Clear Hills, Grande Prairie and Saddle Hills and the Municipal Districts of Fairview and Spirit River; and

(m) for the calendar year 2009:

i. in the province of Manitoba, the Rural Municipalities of Albert, Archie, Arthur, Birtle, Brenda, Cameron, Clanwilliam, Edward, Ellice, Harrison, Hillsburg, Miniota, Minitonas, Park, Pipestone, Rosburn, Russell, Shellmouth-Boulton, Shell River, Shoal Lake, Sifton, Silver Creek, Strathclair, Swan River, Wallace, Winchester and Woodworth and Census Division No. 20, Unorganized, South Part, as developed by Statistics Canada for the 2006 Census,

ii. in the province of British Columbia, the Census Subdivisions Bulkley-Nechako B and E, Cariboo D, E, G, H and J to L, Central Kootenay A to E, G, H, J and K, Central Okanagan, Central Okanagan J, Columbia-Shuswap C to F, Kootenay Boundary B to E, North Okanagan B and D to F, Okanagan-Similkameen A to H, Peace River C to E, Spallumcheen, Squamish-Lillooet A to C and Thompson-Nicola A (Wells Gray Country), B (Thompson Headwaters), E (Bonaparte Plateau), I (Blue Sky Country), J (Copper Desert Country), L, M, N, O (Lower North Thompson) and P (Rivers and the Peaks), as those subdivisions were developed by Statistics Canada for the 2006 Census,

iii. in the province of Saskatchewan, the Rural Municipalities of Aberdeen, Antelope Park, Antler, Argyle, Arlington, Auvergne, Battle River, Beaver River, Benson, Biggar, Blucher, Bone Creek, Britannia, Brock, Browning, Buchanan, Buffalo, Calder, Cana, Canaan, Chaplin, Chesterfield, Churchbridge, Clayton, Clinworth, Coalfields, Corman Park, Cote, Coteau, Coulee, Cut Knife, Deer Forks, Dundurn, Eagle Creek, Elcapo, Eldon, Emerald, Enfield, Enniskillen, Estevan, Excelsior, Eye Hill, Fertile Belt, Fertile Valley, Foam Lake, Fox Valley, Frenchman Butte, Frontier, Garry, Glen Bain, Glen McPherson, Glenside, Good Lake, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Grayson, Happyland, Harris, Hazel Dell, Hazelwood, Heart's Hill, Hillsdale, Insinger, Invermay, Keys, Kindersley, King George, Kingsley, Lacadena, Lac Pelletier, Lawtonia, Langenburg, Livingston, Lone Tree, Loon Lake, Loreburn, Manitou Lake, Mankota, Maple Bush, Mariposa, Marriott, Martin, Maryfield, Mayfield, McLeod, Meadow Lake, Meota, Mervin, Mildon, Milton, Miry Creek, Monet, Montrose, Moose Creek, Moose Mountain, Moosomin, Morse, Mountain View, Mount Pleasant, Newcombe, North Battleford, Oakdale, Orkney, Parkdale, Paynton, Perdue, Pinto Creek, Pittville, Pleasant Valley, Prairiedale, Preeceville, Progress, Reciprocity, Reford, Reno, Riverside, Rocanville, Rosedale, Rosemount, Round Valley, Rudy, Saltcoats, Saskatchewan Landing, Senlac, Shamrock, Silverwood,

Sliding Hills, Snipe Lake, Spy Hill, St. Andrews, St. Philips, Stanley, Storthoaks, Swift Current, Tecumseh, Tramping Lake, Turtle River, Val Marie, Vanscoy, Victory, Wallace, Walpole, Waverley, Wawken, Webb, Whiska Creek, White Valley, Willowdale, Wilton, Winslow, Wise Creek and Wood River, and

iv. in the province of Alberta, the Cities of Calgary and Edmonton, the Counties of Athabasca, Barrhead, Beaver, Birch Hills, Brazeau, Camrose, Clear Hills, Clearwater, Flagstaff, Grande Prairie, Kneehill, Lac La Biche, Lacombe, Lac Ste. Anne, Lamont, Leduc, Minburn, Mountain View, Northern Sunrise, Paintearth, Parkland, Ponoka, Red Deer, Rocky View, Saddle Hills, Smoky Lake, St. Paul, Starland, Stettler, Strathcona, Sturgeon, Thorhild, Two Hills, Vermilion River, Westlock, Wetaskiwin, Wheatland, Woodlands and Yellowhead, Improvement District No. 13, the Municipal Districts of Acadia, Big Lakes, Bonnyville, Fairview, Greenview, Lesser Slave River, Northern Lights, Opportunity, Peace, Provost, Smoky River, Spirit River and Wainwright, Special Areas No. 2, 3 and 4 and the Town of Drumheller."

(2) Paragraph 4 of subsection 1 has effect from 1 January 2007.

36. (1) The Regulation is amended by inserting the following after section 487.0.2R2:

"**487.0.2R3.** In the first paragraph of section 487.0.2 of the Act, a region of flood or excessive moisture means:

(a) for the calendar year 2008, in the province of Manitoba,

i. the Rural Municipalities of Alonsa, Armstrong, Bifrost, Coldwell, Dauphin, Eriksdale, Ethelbert, Fisher, Gimli, Glenella, Grahamdale, Lakeview, Lawrence, McCreary, Mossey River, Mountain South, Ochre River, Rockwood, Siglunes, St. Andrews, St. Laurent, Ste. Rose and Woodlands, and

ii. any reserve that is contiguous to a rural municipality referred to in subparagraph i, or that is part of a series of contiguous reserves one of which is contiguous to such municipality, of the bands designated as Dauphin River, Ebb and Flow, Fisher River, Kinonjeoshtegon First Nation, Lake Manitoba First Nation, Lake St. Martin, Little Saskatchewan, O-Chi-Chak-Ko-Sipi First Nation, Peguis, Pinaymootang First Nation, Sandy Bay and Skownan First Nation; and

(b) for the calendar year 2009, in the province of Manitoba, the Rural Municipalities of Alexander, Alonsa, Armstrong, Bifrost, Brokenead, Coldwell, Eriksdale, Fisher, Gimli, Grahamdale, Lac du Bonnet, Lawrence, Mossey River, Reynolds, Rockwood, St. Andrews, St. Clements, St. Laurent, Siglunes, Whitemouth and Woodlands, and Census Division No. 18, Unorganized, East and West Parts and No. 19, Unorganized, as developed by Statistics Canada for the 2006 Census.

For the purposes of this section, "band" and "reserve" have the meaning assigned by the Indian Act (Revised Statutes of Canada, 1985, chapter I-5)."

(2) Subsection 1 has effect from 1 January 2008.

37. (1) Section 487.2R1 of the Regulation is amended by striking out "of the first paragraph" in the first paragraph.

(2) Subsection 1 has effect from 27 October 2010.

38. (1) Section 487.2R2 of the Regulation is revoked.

(2) Subsection 1 has effect from 27 October 2010.

39. Section 503R1 of the Regulation is replaced by the following:

"**503R1.** A corporation makes the election provided for in section 502 of the Act by forwarding to the Minister the prescribed form and a declaration, with supporting evidence, attesting that it has made a similar election for the purposes of section 83 of the Income Tax Act (Revised Statutes of Canada, chapter 1, 5th Supplement) in respect of the same dividend."

40. (1) Sections 589R1 to 589R3 of the Regulation are revoked.

(2) Subsection 1 has effect from 20 December 2006.

41. (1) Chapter I of Title XXV of the Regulation, comprising section 694R1, is revoked.

(2) Subsection 1 has effect from 27 October 2010.

42. (1) Section 716R1 of the Regulation is amended by adding the following after paragraph *b*:

"(c) American Friends of Canadian Land Trusts."

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

43. (1) Section 818R2 of the Regulation is amended

(1) by inserting the following definition after the definition of "attributed surplus for the year":

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

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

(b) in any other case, the property designated under sections 818R30 and 818R38 for the year in respect of the insurance business;"

(2) by replacing paragraph *a* of the definition of "gross Canadian life investment income" by the following:

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

(3) by striking out paragraph *b* of the definition of "gross Canadian life investment income";

(4) by replacing paragraph *d* of the definition of "gross Canadian life investment income" by the following:

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

(5) by inserting the following after paragraph *d* of the definition of "gross Canadian life investment income":

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

(6) by replacing paragraphs *e* and *f* of the definition of "gross Canadian life investment income" by the following:

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

"(f) the total of all amounts each of which is the insurer's taxable capital gain for the year from the disposition of a Canadian business property of the insurer for the year in respect of the insurer's life insurance business;"

(7) by striking out paragraph *g* of the definition of "gross Canadian life investment income".

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 22 February 1994 and before 1 January 1999.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 1 June 1995 and before 1 January 1999.

(4) Paragraphs 3, 4 and 7 of subsection 1 apply to taxation years that begin after 22 February 1994 and end before 1 January 1999.

(5) Paragraph 5 of subsection 1, and paragraph 6 of that subsection where it replaces paragraph *e* of the definition of "gross Canadian life investment income" in section 818R2 of the Regulation, apply to dispositions of property that occur after 22 February 1994 in taxation years that end before 1 January 1999, except that in its application to property disposed of in a taxation year that ends before 2 June 1995, paragraph *e* of the definition of "gross Canadian life investment income" in section 818R2 of the Regulation, enacted by paragraph 6, is to be read as follows:

"(e) the amount included in computing the insurer's gains for the year from the disposition of property, other than capital property or property in respect of which Division II of Chapter II of Title V.1 of Book VI of Part I of the Act applies; and".

(6) Paragraph 6 of subsection 1, where it replaces paragraph *f* of the definition of "gross Canadian life investment income" in section 818R2 of the Regulation, applies to taxation years that end after 30 October 1994 and before 1 January 1999, except that in its application to property disposed of in a taxation year that ends before 2 June 1995, paragraph *f* of the definition of "gross Canadian life investment income" in section 818R2 of the Regulation, enacted by paragraph 6, is to be read as follows:

"(f) the amount included in computing the insurer's taxable capital gains for the year from the disposition of property, other than an amount included under section 851.22.20 of the Act; and".

44. (1) Section 818R3 of the Regulation is amended

(1) by striking out paragraph *a*;

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

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

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

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

(4) by replacing paragraphs *c* and *d* by the following:

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

"(d) the total of all amounts each of which is the insurer's allowable capital loss for the year from the disposition of a Canadian business property of the insurer for the year in respect of the insurer's life insurance business."

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 22 February 1994 and end before 1 January 1999.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 22 February 1994 and before 1 January 1999.

(4) Paragraph 3 of subsection 1, and paragraph 4 of that subsection where it replaces paragraph *c* of section 818R3 of the Regulation, apply to dispositions of property that occur after 22 February 1994 in taxation years that end before 1 January 1999, except that in its application to property disposed of in a taxation year that ends before 2 June 1995, paragraph *c* of section 818R3 of the Regulation, enacted by paragraph 4, is to be read as follows:

"(c) the amount included in computing the insurer's losses for the year from the disposition of property, other than capital property or property in respect of which Division II of Chapter II of Title V.1 of Book VI of Part I of the Act applies; and"

(5) Paragraph 4 of subsection 1, where it replaces paragraph *d* of section 818R3 of the Regulation, applies to taxation years that end after 30 October 1994 and before 1 January 1999, except that in its application to property disposed of in a taxation year that ends before 2 June 1995, paragraph *d* of section 818R3 of the Regulation, enacted by paragraph 4, is to be read as follows:

"(d) the amount included in computing the insurer's allowable capital losses for the year from the disposition of property, other than an amount included under section 851.22.19 of the Act."

45. (1) The Regulation is amended by inserting the following after section 818R29:

"**818R29.1.** In this chapter, the cost of a property is determined without reference to section 851.22.15 of the Act."

(2) Subsection 1 applies to taxation years that end after 30 October 1994 and before 1 January 1999.

46. (1) The Regulation is amended by inserting the following after section 818R78:

"**818R78.1.** A computation that is required to be made under this Title in respect of an insurer's taxation year that includes 30 September 2006 and that is relevant to a computation, referred to in this section as the "transition year computation", that is required to be made under this Title in respect of the insurer's first taxation year that begins after that date is, for the purposes only of the transition year computation, to be made using the same definitions, rules and methodologies that were used in the transition year computation."

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

47. (1) Section 825R5 of the Regulation is amended in the second paragraph

(1) by striking out subparagraph ii of subparagraph *a*;

(2) by inserting the following after subparagraph iii of subparagraph *a*:

"iii.1. the amounts that are or would be included under subparagraph *b* of the first paragraph of section 851.22.13 of the Act in respect of the particular property in computing the insurer's income for the year,";

(3) by replacing subparagraph iv of subparagraph *a* by the following:

"iv. the amounts that are or would be included in computing the insurer's income for the year as gains from the disposition of the particular property, except where the particular property is capital property or a specified debt obligation within the meaning of section 851.22.1 of the Act,";

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

"ix. any other amount that is or would be included in computing the insurer's income for the year in respect of the particular property, other than under section 851.22.11 of the Act; and";

(5) by replacing the portion of subparagraph *b* before subparagraph i by the following:

"(b) B is the total of the following amounts determined in respect of the particular property for the year, or that would be so determined if the particular property were designated insurance property of the insurer in respect of an insurance business in Canada for each taxation year in which the property was held by the insurer:";

(6) by inserting the following after subparagraph i of subparagraph *b*:

"i.1. the amounts that are or would be deductible under subparagraph *c* of the first paragraph of section 851.22.13 of the Act in respect of the particular property in computing the insurer's income for the year,";

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

"ii. the amounts that are or would be deductible in computing the insurer's income for the year as losses from the disposition of the particular property, except where the particular property is capital property or a specified debt obligation within the meaning of section 851.22.1 of the Act,";

(8) by striking out subparagraph iii of subparagraph *b*.

(2) Paragraphs 1 and 8 of subsection 1 apply to taxation years that begin after 22 February 1994.

(3) Paragraphs 2, 3, 6 and 7 of subsection 1 apply to dispositions of property that occur after 22 February 1994.

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

(5) Paragraph 5 of subsection 1 applies to taxation years that end after 1 June 1995, except that where section 825R5 of the Regulation applies to a taxation year preceding the taxation year 1999, the portion of subparagraph *b* of the second paragraph of section 825R5 before subparagraph *i* is to be read as follows:

"(b) B is the total of the following amounts determined in respect of the particular property for the year, or that would be determined in respect of the property for the year if the particular property were insurance property of the insurer in respect of an insurance business in Canada and had been insurance property of the insurer in respect of an insurance business in Canada for each preceding taxation year in which the property was held by the insurer:".

48. (1) Section 825R7 of the Regulation is revoked.

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

49. (1) Section 840R1 of the Regulation is amended

(1) by replacing the definition of "policy loan" by the following:

"policy loan" has the meaning assigned by subparagraph *h* of the first paragraph of section 835 of the Act;"

(2) by replacing the definition of "segregated fund" by the following:

"segregated fund" has the meaning assigned by subparagraph *b* of the first paragraph of section 835 of the Act;"

(3) by replacing the definitions of "interest" and "amount payable" by the following:

"interest" has the meaning assigned by subparagraph *i* of the first paragraph of section 835 of the Act;"

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

(4) by replacing the definition of "segregated fund policy" by the following:

"segregated fund policy" has the meaning assigned by subparagraph *g* of the first paragraph of section 835 of the Act;"

(5) by replacing the definition of "participating life insurance policy" by the following:

"participating life insurance policy" has the meaning assigned by subparagraph *f* of the first paragraph of section 835 of the Act;"

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

50. (1) Section 840R9 of the Regulation is amended by replacing the first paragraph by the following:

"**840R9.** For the purposes of paragraph *a* of section 840 of the Act, a life insurer may deduct in computing its income, for a taxation year that begins before 1 October 2006, from the carrying on of its life insurance business in Canada, as reserves in respect of its life insurance policies in Canada, the amounts provided for in Divisions IV to VIII."

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

51. (1) Section 840R10 of the Regulation is replaced by the following:

"**840R10.** For the purposes of paragraph *a* of section 840 of the Act, a life insurer may deduct in computing its income for a taxation year from the carrying on of its life insurance business in Canada, as a reserve in respect of its life insurance policies in Canada, the amount provided for in Division IX."

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

52. (1) Section 840R15 of the Regulation is replaced by the following:

"**840R15.** For the purposes of paragraph *a.1* of section 840 of the Act, a life insurer may deduct, in computing its income for a taxation year that begins before 1 October 2006, as a reserve in respect of unpaid claims received by it before the end of the year under life insurance policies in Canada that are pre-1996 life insurance policies, an amount not exceeding the present value at the end of the year, computed using a rate of interest that is reasonable in the circumstances, of a reasonable amount in respect of those unpaid claims."

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

53. (1) Section 840R16 of the Regulation is amended by replacing the portion before paragraph *a* by the following:

"**840R16.** For the purposes of paragraph *a.1* of section 840 of the Act, a life insurer may deduct, in computing its income for a taxation year, as a reserve in respect of an unpaid claim received by it before the end of the year under a life insurance policy in Canada, an amount not exceeding the lesser of"

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

54. (1) The heading of Division IX of Chapter XV of Title XXXII of the Regulation is replaced by the following:

"LIFE INSURANCE POLICIES".

(2) Subsection 1 has effect from 30 September 2006.

55. (1) Section 840R35 of the Regulation is amended by replacing the portion before paragraph *a* by the following:

"**840R35.** An insurer may deduct, in respect of its life insurance policies in Canada, an amount not exceeding".

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

56. (1) Section 840R36 of the Regulation is amended

(1) by striking out "that are post-1995 life insurance policies" in the following provisions:

— the portion of the first paragraph before the formula;

— subparagraphs *a* and *b* of the second paragraph;

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

"(c) C is the total of all amounts each of which is the unearned portion at the end of the year of the premium paid by the policyholder in respect of the premium, determined by apportioning the premium equally over the period to which that premium relates, where the policy is a life insurance policy in Canada that is a group term life insurance policy that provides coverage for a period that does not exceed 12 months;"

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

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

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

"(e) E is the total of all amounts determined in respect of a life insurance policy in Canada, each of which is an amount payable in respect of a policy loan under a policy or interest that has accrued to the insurer to the end of the year in respect of a policy loan under the policy."

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

57. (1) Section 841R2 of the Regulation is amended

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

"(a.1) the amount established according to the following formula:

$(A + B) \times C / D$;"

(2) by striking out paragraph *e*;

(3) by adding the following paragraph:

"In the formula in subparagraph *a.1* of the first paragraph,

(*a*) A is the amount the insurer must include in computing its income for the year under section 851.22.18 of the Act;

(*b*) B is the amount that is deemed under section 851.22.20 of the Act to be the taxable capital gain of the insurer for the year from the disposition of property;

(*c*) C is the amount determined under subparagraph i of subparagraph *a* of the first paragraph in respect of the insurer for the taxation year of the insurer that includes 31 October 1994; and

(*d*) D is the amount determined under subparagraph ii of subparagraph *a* of the first paragraph in respect of the insurer for the taxation year of the insurer that includes 31 October 1994."

(2) Paragraphs 1 and 3 of subsection 1 apply to taxation years that end after 30 October 1994.

(3) Paragraph 2 of subsection 1 applies to taxation years that begin after 31 December 1992.

58. (1) Section 841R3 of the Regulation is amended

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

"(*a.1*) if the taxation year includes 31 October 1994, the amount established according to the following formula:

$(A + B) \times C / D$;"

(2) by striking out paragraph *c*;

(3) by adding the following paragraph:

"In the formula in subparagraph *a.1* of the first paragraph,

(*a*) A is the amount the insurer may deduct in computing its income for the year under section 851.22.17 of the Act;

(*b*) B is the amount that is deemed under section 851.22.19 of the Act to be the allowable capital loss of the insurer for the year from the disposition of property;

(*c*) C is the amount determined under subparagraph i of subparagraph *a* of the first paragraph of section 842R2 for the year in respect of the insurer; and

(*d*) D is the amount determined under subparagraph ii of subparagraph *a* of the first paragraph of section 841R2 for the year in respect of the insurer."

(2) Paragraphs 1 and 3 of subsection 1 apply to taxation years that end after 30 October 1994.

(3) Paragraph 2 of subsection 1 applies to taxation years that begin after 31 December 1992.

59. (1) Section 841R4 of the Regulation is replaced by the following:

"841R4. In the computation under section 841R1, the insurer may not include an amount in respect of its participating life insurance policies in Canada deducted by it under paragraph *a* or *a.1* of section 840 of the Act in computing its income for the preceding taxation year or, except as provided for in subparagraph *a* of the first paragraph of section 841R2, an amount deducted by it under section 140 of the Act in computing its income for the preceding taxation year or included by it in computing its gross Canadian life investment income for the year or, except as provided for in subparagraph *a.1* of the first paragraph of section 841R2, an amount referred to in subparagraph *a* or *b* of the second paragraph of that section 841R2."

(2) Subsection 1 applies to taxation years that end after 22 February 1994, except that where it amends section 841R4 of the Regulation to insert "of the first paragraph" and "or, except as provided for in subparagraph *a.1* of the first paragraph of section 841R2, an amount referred to in subparagraph *a* or *b* of the second paragraph of that section 841R2", it applies to taxation years that end after 30 October 1994.

60. (1) Section 841R5 of the Regulation is amended

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

"(c) except as provided in subparagraph *a* of the first paragraph of section 841R2, in respect of an amount deductible under section 140 of the Act in computing its income for the year, or an amount taken into account in computing its gross Canadian life investment income for the year; or";

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

"(d) except as provided in subparagraph *a.1* of the first paragraph of section 841R3, in respect of an amount referred to in subparagraph *a* or *b* of the second paragraph of that section."

(2) Paragraph 1 of subsection 1, except where it amends paragraph *c* of section 841R5 of the Regulation to insert "of the first paragraph", applies to taxation years that end after 22 February 1994.

(3) Paragraph 1 of subsection 1, where it amends paragraph *c* of section 841R5 of the Regulation to insert "of the first paragraph", and paragraph 2 of subsection 1 apply to taxation years that end after 30 October 1994.

61. (1) The heading of Chapter XVIII of Title XXXII of the Regulation is replaced by the following:

"AMOUNT TO BE INCLUDED IN RESPECT OF LIFE INSURANCE POLICIES".

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

62. (1) Section 844R1 of the Regulation is amended by replacing the portion before paragraph *a* by the following:

"**844R1.** The amount referred to in paragraph *a.1* of section 844 of the Act in respect of an insurer for a taxation year, in respect of its life insurance policies in Canada, is".

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

63. (1) The Regulation is amended by inserting the following before section 851.22.1R1:

"CHAPTER I**"INTERPRETATION AND GENERAL**

"851.22.1R0.1. For the purposes of paragraph *b* of the definition of "excluded property" in the first paragraph of section 851.22.1 of the Act, a share of the capital stock of a particular corporation is a prescribed payment card corporation share of the taxpayer, at any time, if at that time,

(a) the particular corporation is any one of the following:

- i. MasterCard International Incorporated,
- ii. MasterCard Incorporated, or
- iii. Visa Inc.; and

(b) the share

- i. is of a class of shares that is not listed on a stock exchange,
- ii. is not convertible into or exchangeable for a share of the class of the capital stock of a corporation that is listed on a stock exchange, and
- iii. was issued by the particular corporation to the taxpayer or to a person related to the taxpayer.

"851.22.1R0.2. For the purposes of paragraph *c* of the definition of "excluded property" in the first paragraph of section 851.22.1 of the Act, a prescribed securities exchange investment of a taxpayer, at any time in a taxation year that begins after 31 December 1998 and before 1 January 2008, means a share of the capital stock of any one of the following corporations if, at that time, the corporation is not a public corporation:

- (a) The Toronto Stock Exchange Inc.;
- (b) TSX Inc.;
- (c) TSX Group Inc.;
- (d) Bourse de Montréal Inc.; or
- (e) Canadian Venture Exchange Inc.

"851.22.1R0.3. For the purposes of paragraph *e* of the definition of "excluded property" in the first paragraph of section 851.22.1 of the Act, the following rules apply:

- (a) a share of the capital stock of a corporation is a prescribed property of a taxpayer if
 - i. immediately after the time at which the taxpayer acquired the share, the corporation was a qualified small business corporation, and
 - (1) the corporation continued to be a qualified small business corporation for one year after that time, or
 - (2) the taxpayer could not reasonably expect at that time that the corporation would cease to be a qualified small business corporation within one year after that time, or
 - ii. the share was issued to the taxpayer in exchange for one or more shares of the capital stock of the corporation that were, at the time of the exchange, prescribed property of the taxpayer under this subparagraph;

(b) a share of the capital stock of a corporation that is held by a savings and credit union is a prescribed property of the savings and credit union for a taxation year if, throughout the period in that year, referred to in this subparagraph as the "holding period", during which the savings and credit union holds the share,

- i. the corporation is a savings and credit union, or
- ii. the following conditions are satisfied:

(1) savings and credit unions hold shares of the corporation that give the savings and credit unions at least 50% of the votes that could be cast under all circumstances at an annual meeting of shareholders of the corporation and have a fair market value of at least 50% of the fair market value of all the issued shares of the corporation,

(2) the corporation is not controlled, directly or indirectly in any manner whatever, by any person that is not a savings and credit union, and

(3) the corporation would not be controlled by a person that is not a savings and credit union if each share of the corporation that is not owned at any time in the holding period by a savings and credit union were owned, at that time, by the person;

(c) a share is a prescribed property of a taxpayer for a taxation year if

- i. the share is a lending asset of the taxpayer in the year; or
- ii. the share was, immediately after its issuance, a share described in section 21.6.1 of the Act and would, at any time in the year, be a term preferred share if Chapter VI of Title II of Book I of the Act were read without reference to sections 21.6 to 21.9.4.1 and, where the share was issued or acquired before 29 June 1982, it were issued or acquired after 28 June 1982; and

(d) a debt obligation held by a bank is a prescribed property of the bank if the obligation is

- i. an exposure to a designated country within the meaning assigned by section 140.1R1,
- ii. a *United Mexican States Collateralized Par Bond* due 2019, or
- iii. a *United Mexican States Collateralized Discount Bond* due 2019.

For the purposes of subparagraph *a* of the first paragraph, "qualified small business corporation", at any time, means a corporation in respect of which the following conditions are satisfied at that time:

(a) the corporation is a Canadian-controlled private corporation;

(b) the corporation either is an eligible corporation within the meaning of subsection 5100(1) of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or would be an eligible corporation if the definition of "eligible corporation" in that subsection were read without reference to its paragraph *e*;

(c) the total value of its assets and those of each corporation related to it, determined in accordance with generally accepted accounting principles on a consolidated or combined basis, does not exceed \$50,000,000; and

(d) the total number of its employees and those of each corporation related to it does not exceed 500.

"851.22.1R0.4. For the purposes of subparagraph *c* of the second paragraph of section 851.22.1 of the Act, a trust is a prescribed person at any time if, at that time,

(a) the trust is a segregated fund trust within the meaning of subparagraph *k* of the first paragraph of section 835 of the Act;

(b) the trust is deemed to have been created, under the first paragraph of section 851.2 of the Act, not later than two years before the particular time; and

(c) the cost of the trustee's interest in the trust, determined taking into account Divisions I and II of Chapter IV of Title V of Book VI of Part I of the Act, does not exceed \$5,000,000."

(2) Subsection 1, except where it enacts section 851.22.1R0.2 of the Regulation, applies to taxation years that end after 22 February 2994, except that

(1) where section 851.22.1R0.1 of the Regulation applies to taxation years that begin before 1 October 2006, the portion of that section 851.22.1R0.1 before paragraph *a* is to be read with "For the purposes of paragraph *b* of the definition of "excluded property" in the first paragraph of section 851.22.1 of the Act" replaced by "For the purposes of subparagraph *b* of the second paragraph of section 851.22.1 of the Act";

(2) where section 851.22.1R0.3 of the Regulation applies to taxation years that begin before 1 October 2006, the portion of the first paragraph of section 851.22.1R0.3 before paragraph *a* is to be read as follows:

"851.22.1R0.3. For the purposes of the definition of "mark-to-market property" in the first paragraph of section 851.22.1 of the Act, the following rules apply:";

(3) where section 851.22.1R0.3 of the Regulation applies to taxation years that begin before 3 February 2009, other than such a taxation year that begins before that date and ends after 31 December 2002 if the taxpayer has made a valid election under paragraph *a* of subsection 118(7) of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2), subparagraph *b* of the first paragraph of section 851.22.1R0.3 of the Regulation is to be read as follows:

"(b) a share of the capital stock of a corporation that is held by a savings and credit union is a prescribed property of the savings and credit union for a taxation year if, throughout that taxation year,

i. the corporation is a savings and credit union, or

ii. savings and credit unions hold shares of the corporation that give the savings and credit unions more than 50% of the votes that could be cast under all circumstances at an annual meeting of shareholders of the corporation and have a fair market value of more than 50% of the fair market value of all the issued shares of the corporation;"

(3) Subsection 1, where it enacts section 851.22.1R0.2 of the Regulation, has effect from 1 January 1999, except that where section 851.22.1R0.2 of the Regulation applies to taxation years that begin before 1 October 2006, the portion of section 851.22.1R0.2 before paragraph *a* is to be read as follows:

"851.22.1R0.2. For the purposes of subparagraph *c* of the second paragraph of section 851.22.1 of the Act, a prescribed securities exchange investment of a taxpayer, at any time in a taxation year that begins after 31 December 1998, means a share of the capital stock of any one of the following corporations if, at that time, the corporation is not a public corporation:"

64. (1) The Regulation is amended by inserting the following after section 851.22.1R1:

"**851.22.2R2.** For the purposes of subparagraph *b* of the second paragraph of section 851.22.2 of the Act, a share described in subparagraph *ii* of subparagraph *c* of the first paragraph of section 851.22.1R0.3 is prescribed in respect of all taxpayers.

"CHAPTER II

"INCOME FROM SPECIFIED DEBT OBLIGATIONS

"DIVISION I

"INTERPRETATION

"**851.22.4R1.** In this chapter,

"fixed payment obligation" of a taxpayer means a specified debt obligation under which

(a) the amount and timing of each payment to be made by the debtor, other than a fee or similar payment or an amount payable because of a default by the debtor, were fixed when the taxpayer acquired the obligation and have not been changed; and

(b) all payments are to be made in the same currency;

"primary currency" of a specified debt obligation means the currency with which the obligation is primarily connected or, if there is no such currency, Canadian currency;

"specified debt obligation" has the meaning assigned by the first paragraph of section 851.22.1 of the Act;

"tax basis" of a specified debt obligation at any time to a taxpayer has the meaning assigned by section 851.22.7 of the Act;

"total return" of a taxpayer from a fixed payment obligation means the amount, measured in the primary currency of the obligation, by which the total of all amounts each of which is the amount of a payment, other than a fee or similar payment, required to be made by the debtor under the obligation after its acquisition by the taxpayer, exceeds the cost to the taxpayer of the obligation.

"DIVISION II

"AMOUNTS TO INCLUDE OR DEDUCT IN COMPUTING INCOME

"**851.22.4R2.** For the purposes of paragraph *a* of section 851.22.4 of the Act, where a taxpayer holds a specified debt obligation at any time in a taxation year, the amount prescribed to be included in computing the taxpayer's income in respect of the obligation for the year is the total of

(a) the taxpayer's accrued return from the obligation for the year;

(b) if the taxpayer's accrual adjustment determined under Division III in respect of the obligation for the year is greater than nil, the amount of the adjustment; and

(c) if a foreign exchange adjustment is determined under Division V in respect of the obligation for the year and is greater than nil, the amount of the adjustment.

"851.22.4R3. For the purposes of paragraph *b* of section 851.22.4 of the Act, where a taxpayer holds a specified debt obligation at any time in a taxation year, the amount prescribed to be deducted in computing the taxpayer's income in respect of the obligation for the year is the total of

(a) if the taxpayer's accrual adjustment determined under Division III in respect of the obligation for the year is less than nil, the amount of the adjustment expressed as a positive number; and

(b) if a foreign exchange adjustment is determined under Division V in respect of the obligation for the year and is less than nil, the amount of the adjustment expressed as a positive number.

"DIVISION III

"GENERAL ACCRUAL RULES

"851.22.4R4. For the purposes of paragraph *a* of section 851.22.4R2, a taxpayer's accrued return for a taxation year from a fixed payment obligation under which each payment required to be made before the end of the year was made by the debtor when it was required to be made, is determined in accordance with the following steps:

(a) determine, in the primary currency of the obligation, the portion of the taxpayer's total return from the obligation that is allocated to each day in the year using

- i. the level-yield method described in section 851.22.4R5, or
- ii. any other reasonable method that is substantially similar to the level-yield method;

(b) if the primary currency of the obligation is not Canadian currency, translate to Canadian currency the amount allocated to each day in the year as provided in paragraph *a*, using a reasonable method of translation; and

(c) determine the total of all amounts each of which is the Canadian currency amount allocated to a day, in the year, at the beginning of which the taxpayer holds the obligation.

"851.22.4R5. For the purposes of section 851.22.4R4, the level-yield method for allocating a taxpayer's total return from a fixed payment obligation is the method that allocates, to each particular day in the period that begins on the day following the day on which the taxpayer acquired the obligation and that ends on the day on which the obligation matures, the amount determined by the formula

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

In the formula in the first paragraph,

(a) A is the cost of the obligation to the taxpayer expressed in the primary currency of the obligation;

(b) B is the total of all amounts each of which is the portion of the taxpayer's total return from the obligation that is allocated to a day before the particular day;

(c) C is the total of all amounts each of which is a payment required to be made under the obligation after it was acquired by the taxpayer and before the particular day; and

(d) D is the rate of interest per day that, if used in computing the present value, as of the end of the day on which the taxpayer acquired the obligation and based on daily compounding, of all payments to be made by the debtor under the obligation after it was acquired by the taxpayer, produces a present value equal to the cost to the taxpayer of the obligation, expressed in the primary currency of the obligation.

"**851.22.4R6.** For the purposes of paragraph *a* of section 851.22.4R2, a taxpayer's accrued return for a taxation year from a specified debt obligation, other than an obligation to which section 851.22.4R4 applies, is determined

(a) using a reasonable method that,

i. taking into account the extent to which the obligation differs from fixed payment obligations, is consistent with the principles implicit in the methods that can be used under section 851.22.4R4 for fixed payment obligations, and

ii. is in accordance with generally accepted accounting practice for the measurement of profit from debt obligations; and

(b) on the basis of reasonable assumptions with respect to the timing and amount of any payments to be made by the debtor under the obligation that are not fixed in their timing or amount, expressed in the primary currency of the obligation.

"**851.22.4R7.** For the purposes of paragraph *b* of section 851.22.4R2 and paragraph *a* of section 851.22.4R3, if section 851.22.4 of the Act applies to a taxpayer for a particular taxation year in respect of a specified debt obligation and either that section did not apply in respect of the obligation for the taxpayer's immediately preceding taxation year or the taxpayer did not own the obligation at the end of that immediately preceding taxation year, the taxpayer's accrual adjustment in respect of the obligation for the particular taxation year is nil.

"**851.22.4R8.** For the purposes of paragraph *b* of section 851.22.4R2 and paragraph *a* of section 851.22.4R3, if section 851.22.4R7 does not apply to determine a taxpayer's accrual adjustment in respect of a specified debt obligation for a particular taxation year, the taxpayer's accrual adjustment is the positive or negative amount determined by the formula

$A - B$.

In the formula in the first paragraph,

(a) A is the total of all amounts each of which is the amount that would be the taxpayer's accrued return from the obligation for a taxation year, before the particular taxation year, for which section 851.22.4 of the Act applied to the taxpayer in respect of the obligation, if the accrued return were redetermined on the basis of

i. the information available at the end of the particular taxation year, and

ii. the assumptions, if any, with respect to the timing and amount of payments to be made under the obligation after the particular taxation year that were used for the purpose of determining the taxpayer's accrued return from the obligation for the particular taxation year; and

(b) B is the total of

i. the taxpayer's accrued return from the obligation for the taxation year immediately preceding the particular taxation year, determined under paragraph *a* of section 851.22.4R2, and

ii. if the taxpayer's accrual adjustment in respect of the obligation for that immediately preceding taxation year was determined under this section, the total referred to in paragraph *a* for the purpose of determining that accrual adjustment.

"851.22.4R9. This division applies subject to the rules set out in Division IV.

"DIVISION IV

"SPECIAL CASES AND TRANSITIONAL RULES

"851.22.4R10. For the purposes of Division III, if the terms of a specified debt obligation of a taxpayer give the taxpayer the right to exchange the obligation for shares of the debtor or of a corporation related to the debtor,

(*a*) subject to paragraph *b*, the right is disregarded, whether it has been exercised or not; and

(*b*) if 5% or more of the cost of the obligation to the taxpayer is attributable to the right, the cost of the obligation to the taxpayer is deemed to equal the amount by which the cost otherwise determined exceeds the portion of the cost attributable to the right.

"851.22.4R11. For the purpose of computing an amount under Division III in respect of a specified debt obligation for a taxation year of a taxpayer that ends before 1 October 1997, no reduction is to be made on account of the possible or actual failure of the debtor to make any payments under the obligation.

"851.22.4R12. If the terms of a specified debt obligation of a taxpayer are amended at any time in a taxation year of the taxpayer to change the timing or amount of any payment to be made, at or after that time under the obligation, the taxpayer's accrued returns for the taxation year and for each subsequent taxation year are to be redetermined under Division III using a reasonable method that fully gives effect, in those accrued returns, to the alteration to the payments under the obligation.

"851.22.4R13. If a taxpayer held a specified debt obligation at the beginning of the taxpayer's first taxation year, referred to in this section as the "initial year", for which section 851.22.4 of the Act applied to the taxpayer in respect of the obligation, the following rules apply:

(*a*) the taxpayer's accrued return from the obligation for the initial year or a subsequent taxation year does not include an amount to the extent that the amount was included in computing the taxpayer's income for a taxation year preceding the initial year; and

(*b*) if interest on the obligation in respect of a period before the initial year becomes receivable or is received by the taxpayer in a particular taxation year that is the initial year or a subsequent taxation year, and all or part of the interest would not, but for this section, be included in computing the taxpayer's income for any taxation year, the taxpayer must include in determining the taxpayer's accrued return from the obligation for the particular taxation year the amount, if any, by which the portion of the interest that would not otherwise be included in computing the taxpayer's income for any taxation year exceeds the portion of the cost of the obligation to the taxpayer that is reasonably attributable to that portion of the interest.

"851.22.4R14. If, before 1 November 1994 and in a taxation year that ended after 22 February 1994, a taxpayer received an amount under a specified debt obligation in satisfaction, in whole or in part, of the debtor's obligation to pay interest in respect of a period after the taxation year,

(a) the amount may, at the election of the taxpayer, be included in determining the taxpayer's accrued return for the taxation year from the obligation; and

(b) if an amount is included in determining the taxpayer's accrued return from the obligation pursuant to paragraph *a*, no amount in respect of interest that, because of the payment of the amount, the debtor is no longer required to pay may be included in determining the taxpayer's accrued returns for subsequent taxation years from the obligation.

"DIVISION V

"FOREIGN EXCHANGE ADJUSTMENT

"851.22.4R15. For the purposes of paragraph *c* of section 851.22.4R2 and paragraph *b* of section 851.22.4R3, if, at the end of a taxation year, a taxpayer holds a specified debt obligation the primary currency of which is not Canadian currency, the taxpayer's foreign exchange adjustment in respect of the obligation for the taxation year is the positive or negative amount determined by the formula

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

In the formula in the first paragraph,

(a) A is the amount that would be the tax basis of the specified debt obligation to the taxpayer at the end of the year if

i. the tax basis were determined using the primary currency of the obligation as the currency in which all amounts are expressed,

ii. the definition of "tax basis" in section 851.22.7 of the Act were read without reference to paragraphs *f* and *h* and section 851.22.8 of the Act were read without reference to paragraphs *g* and *i*, and

iii. the taxpayer's foreign exchange adjustment in respect of the obligation for each year were nil;

(b) B is the rate of exchange at the end of the year of the primary currency of the obligation into Canadian currency; and

(c) C is the amount that would be the tax basis of the obligation to the taxpayer at the end of the year if

i. the definition of "tax basis" in section 851.22.7 of the Act were read without reference to paragraph *h* and section 851.22.8 of the Act were read without reference to paragraph *i*, and

ii. the taxpayer's foreign exchange adjustment in respect of the obligation for the year were nil.

"851.22.4R16. If a taxpayer disposes of a specified debt obligation the primary currency of which is not Canadian currency, the taxpayer's foreign exchange adjustment in respect of the obligation for the taxation year in which the disposition occurs is the amount that would be the taxpayer's foreign exchange adjustment in respect of the obligation if the taxation year had ended immediately before the disposition.

"851.22.4R17. At the election of a taxpayer, section 851.22.4R16 does not apply to specified debt obligations disposed of by the taxpayer before 1 January 1996.

"CHAPTER III**"DISPOSITION OF SPECIFIED DEBT OBLIGATIONS****"DIVISION I****"TRANSITION AMOUNT**

"851.22.7R1. For the purposes of the definition of "transition amount" in section 851.22.7 of the Act, the transition amount of a taxpayer in respect of the disposition of a specified debt obligation, within the meaning assigned by the first paragraph of section 851.22.1 of the Act, means,

(a) if neither subparagraph *b* nor *c* applies, nil;

(b) if the taxpayer acquired the obligation before its taxation year that includes 23 February 1994, neither section 92.5R5 nor section 92.5R6 has applied to the obligation, and the principal amount of the obligation exceeds the cost of the obligation to the taxpayer, the amount determined by the formula

$A - B$;

(c) if the taxpayer acquired the obligation before its taxation year that includes 23 February 1994, neither section 92.5R5 nor section 92.5R6 has applied to the obligation, and the cost of the obligation to the taxpayer exceeds the principal amount, the amount, expressed as a negative amount, determined by the formula

$C - D$.

In the formula in subparagraph *b* of the first paragraph,

(a) *A* is the total of all amounts each of which is an excess amount that is the amount by which the principal amount exceeds the cost to the taxpayer, referred to in this paragraph as the "discount", included in computing the taxpayer's profit for a taxation year that ended before 23 February 1994; and

(b) *B* is the total of all amounts each of which is an amount included, in respect of the discount, in computing the taxpayer's income for a taxation year that ended before 23 February 1994.

In the formula in subparagraph *c* of the first paragraph,

(a) *C* is the total of all amounts each of which is an excess amount that is the amount by which the cost of the obligation to the taxpayer exceeds the principal amount of the obligation, referred to in this paragraph as the "premium", deducted in computing the taxpayer's profit for a taxation year that ended before 23 February 1994; and

(b) *D* is the total of all amounts each of which is an amount deducted, in respect of the premium, in computing the taxpayer's income for a taxation year that ended before 23 February 1994.

"DIVISION II**"RESIDUAL PORTION OF GAIN OR LOSS**

"851.22.11R1. In this division and in Divisions III and IV,

"amortization date" in respect of a specified debt obligation disposed of by a taxpayer means

(a) subject to paragraphs *b* to *d*, the later of the day of disposition of the obligation and the day on which the debtor is required to make the final payment under the obligation, determined without regard to any option respecting the timing of payments under the obligation, other than an option that was exercised before the disposition;

(b) subject to paragraphs *c* and *d*, the day of disposition of the obligation if the day on which the debtor is required to make the final payment under the obligation is not determinable for the purposes of paragraph *a*;

(c) subject to paragraph *d*, the first day, if any, after the disposition on which the interest rate could change, if the obligation is one in respect of which the following conditions are satisfied:

i. the obligation provides for stipulated interest payments,

ii. the rate of interest for at least one period after the issuance of the obligation was not fixed on the day of issue, and

iii. when the obligation was issued, it was reasonable to expect that the interest rate for each period would equal or approximate a reasonable market rate of interest for that period; and

(d) if, for purposes of its financial statements, the taxpayer had a gain or loss from the disposition that is being amortized to profit, the last day of the amortization period;

"gain" from the disposition of a specified debt obligation means the gain from the disposition of the obligation, determined under subparagraph *a* of the first paragraph of section 851.22.9 of the Act;

"loss" from the disposition of a specified debt obligation means the loss from the disposition of the obligation determined under subparagraph *b* of the first paragraph of section 851.22.9 of the Act;

"residual portion" of a taxpayer's gain or loss from the disposition of a specified debt obligation means the amount determined under paragraph *b* of section 851.22.12 of the Act;

"specified debt obligation" has the meaning assigned by the first paragraph of section 851.22.1 of the Act.

"851.22.11R2. Subject to Division III, if section 851.22.11 of the Act applies to the disposition of a specified debt obligation by a taxpayer, the amount allocated to each taxation year in respect of the residual portion of the gain or loss from the disposition is determined, for the purposes of paragraphs *c* and *d* of that section,

(a) by a method that complies with, or is substantially similar to a method that complies with, section 851.22.11R3; or

(b) if gains and losses from the disposition of debt obligations are amortized to profit for the purpose of the taxpayer's financial statements, by the method used for the purpose of the taxpayer's financial statements.

"851.22.11R3. A method for allocating to taxation years in respect of the residual portion of a taxpayer's gain or loss from the disposition of a specified debt obligation, is a method referred to in paragraph *a* of section 851.22.11R2 if the amount allocated to each taxation year is determined by the formula

$$A \times B / C.$$

In the formula in the first paragraph,

- (a) A is the residual portion of the taxpayer's gain or loss;
- (b) B is the number of days in the taxation year that are in the period referred to in subparagraph *c*; and
- (c) C is the number of days in the period that,

i. where the obligation is part of a group of obligations to which section 851.22.11R4 applies, the period referred to in that section, and

ii. where subparagraph *i* does not apply, the period that begins on the day on which the taxpayer disposed of the obligation and ends on the earlier of the amortization date for the obligation and the day that is 20 years after the day on which the taxpayer disposed of the obligation.

"851.22.11R4. The period to which subparagraph *i* of subparagraph *c* of the second paragraph of section 851.22.11R3 refers, in respect of a group of specified debt obligations disposed of by a taxpayer in a transaction in a taxation year, is the period that begins on the day of disposition of the obligations and ends on the weighted average amortization date for those obligations so disposed of to which section 851.22.11 of the Act applies, if

(a) the taxpayer has elected in its return of income for the taxation year to have this section apply in respect of the obligations so disposed of;

(b) all the obligations so disposed of were disposed of at the same time; and

(c) the group includes at least 50 obligations to which section 851.22.11 of the Act applies.

"851.22.11R5. For the purposes of section 851.22.11R4, the weighted average amortization date for a group of specified debt obligations disposed of on the same day by a taxpayer is,

(a) if subparagraph *b* does not apply, the day that is the number of days after the day of disposition equal to the total of the number of days determined in respect of each obligation by the formula

$A \times B / C$; or

(b) the day that the taxpayer determines using a reasonable method for estimating the day determined under subparagraph *a*.

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

(a) A is the number of days from the day of disposition to the amortization date for the obligation;

(b) B is the residual portion of the gain or loss from the disposition of the obligation; and

(c) C is the total of all amounts each of which is the residual portion of the gain or loss from the disposition of an obligation in the group.

"DIVISION III**"SPECIAL RULES FOR RESIDUAL PORTION OF GAIN OR LOSS**

"851.22.11R6. This division applies for the purpose of determining, for the purposes of paragraph *c* or *d* of section 851.22.11 of the Act, the amount allocated to a taxation year in respect of the residual portion of a gain or loss from the disposition of a specified debt obligation by a taxpayer.

"851.22.11R7. In the event of a winding-up of a subsidiary to which sections 556 to 564.1 and 565 of the Act apply, the following rules apply to the residual portion of a gain or loss of the subsidiary from the disposition of a specified debt obligation to which section 851.22.11 of the Act applies:

(a) the amount allocated to the taxation year of the subsidiary in which its assets were distributed to its parent on the winding-up, in respect of the residual portion of the gain or loss, is determined on the assumption that the taxation year ended when the assets were distributed to its parent;

(b) no amount is allocated, in respect of the residual portion of the gain or loss, to any taxation year of the subsidiary after its taxation year in which its assets were distributed to its parent at the time of the winding-up; and

(c) the amount allocated to the taxation year of the parent in which the subsidiary's assets were distributed to it at the time of the winding-up, in respect of the residual portion of the gain or loss, is determined on the assumption that the taxation year began when the assets were distributed to it.

"851.22.11R8. No amount in respect of the residual portion of a gain or loss of an insurer from the disposition of a specified debt obligation to which section 851.22.11 of the Act applies may be allocated to any taxation year of the insurer that ends after the insurer ceased to carry on all or substantially all of an insurance business, if

(a) section 832.3 or 832.9 of the Act has applied to the transfer of that business; and

(b) the person to whom that business was transferred is deemed, because of subparagraph *g* of the second paragraph of section 832.3 of the Act, to be a continuation of the insurer in respect of that residual portion.

"851.22.11R9. If section 633 of the Act deems a partnership, referred to in this section as the "new partnership", to be a continuation of another partnership, referred to in this section as the "predecessor partnership", the following rules apply in respect of the residual portion of a gain or loss of the predecessor partnership from the disposition of a specified debt obligation to which section 851.22.11 of the Act applies:

(a) the amount allocated to the taxation year of the predecessor partnership in which its property was transferred to the new partnership, in respect of the residual portion of the gain or loss, is determined on the assumption that the taxation year ended when the property was transferred to the new partnership;

(b) no amount is allocated, in respect of the residual portion of the gain or loss, to any taxation year of the predecessor partnership after its taxation year in which its property was transferred to the new partnership; and

(c) the amount allocated to the taxation year of the new partnership in which the predecessor partnership's property was transferred to it, in respect of the residual portion of gain or loss, is determined on the assumption that the taxation year began when the property was transferred to it.

"851.22.11R10. The residual portion of a taxpayer's gain or loss that is from a disposition of a specified debt obligation to which section 851.22.11 of the Act applies is to be allocated to a particular taxation year of the taxpayer to the extent that it has not been allocated to a preceding taxation year, if

(a) at any time in the particular taxation year the taxpayer ceases to carry on all or substantially all of a business, otherwise than as a result of a merger to which section 545 of the Act applies, a winding-up to which sections 556 to 564.1 and 565 of the Act apply or a transfer of the business to which any of sections 633, 832.3 and 832.9 of the Act apply;

(b) the disposition occurred before the time referred to in subparagraph *a*; and

(c) the specified debt obligation was property used in the business.

For the purposes of the first paragraph, a taxpayer who is not resident in Canada is considered to cease to carry on all or substantially all of a business if the taxpayer ceases to carry on, or ceases to carry on in Canada, all or substantially all of the part of the business that was carried on in Canada.

"851.22.11R11. The residual portion of a taxpayer's gain or loss that is from a disposition of a specified debt obligation to which section 851.22.11 of the Act applies is to be allocated to a particular taxation year of the taxpayer to the extent that it has not been allocated to a preceding taxation year, if

(a) the particular taxation year ends immediately before the time at which the taxpayer ceases to be a financial institution, otherwise than because it has ceased to carry on a business; and

(b) the disposition occurred before the time referred to in paragraph *a*.

"DIVISION IV

"NON-AMORTIZED DEBT OBLIGATIONS

"851.22.13R1. For the purposes of subparagraph *a* of the second paragraph of section 851.22.13 of the Act, a specified debt obligation disposed of by a taxpayer in a taxation year is prescribed in respect of the taxpayer if

(a) subject to section 851.22.13R2, the amortization date for the specified debt obligation is not more than two years after the end of the taxation year;

(b) the taxpayer has elected to consider the obligation to be a prescribed debt obligation, the election applies to dispositions in the year and the amount, expressed as a positive number if less than zero, determined by the following formula, does not exceed the lesser of \$5,000 and the amount, if any, specified in the election:

A – B;

(c) the disposition resulted in an extinguishment of the obligation, other than an extinguishment that occurred because of a purchase of the obligation by the debtor in the open market;

(d) the taxpayer had the right to require the obligation to be settled at any time; or

(e) the debtor had the right to settle the obligation at any time.

In the formula in subparagraph *b* of the first paragraph,

(a) A is the total of all amounts each of which is the residual portion of the taxpayer's gain from the disposition of the obligation or any other specified debt obligation disposed of in the same transaction; and

(b) B is the total of all amounts each of which is the residual portion of the taxpayer's loss from the disposition of the obligation or any other specified debt obligation disposed of in the same transaction.

"851.22.13R2. Subparagraph *a* of the first paragraph of section 851.22.13R1 does not apply in respect of a taxpayer for a taxation year if

(a) generally accepted accounting principles require that the taxpayer's gains and losses arising on the disposition of a class of debt obligations be amortized to profit for the purposes of the taxpayer's financial statements;

(b) the taxpayer has elected not to have subparagraph *a* of the first paragraph of section 851.22.13R1 apply; and

(c) the election referred to in paragraph *b* applies to dispositions in the year.

"851.22.13R3. The following rules apply with respect to an election made under subparagraph *b* of the first paragraph of section 851.22.13R1 or paragraph *b* of section 851.22.13R2:

(a) the election applies only if

i. it is in writing,

ii. it specifies the first taxation year, referred to in this section as the "initial year" of the taxpayer to which it is to apply, and

iii. it is received by the Minister within six months after the end of the initial year, or the Minister has expressly accepted the later filing of the election;

(b) subject to paragraph *c*, the election applies to dispositions of specified debt obligations in the initial year and subsequent taxation years; and

(c) if the Minister has approved, on written application by the taxpayer, the revocation of the election, the election does not apply to dispositions of specified debt obligations in the taxation year specified in the application and in subsequent taxation years.

"CHAPTER IV

"MARK-TO-MARKET PROPERTIES

"DIVISION I

"TRANSITION DEDUCTION

"851.22.17R1. For the purposes of section 851.22.17 of the Act, the prescribed amount for a taxpayer's taxation year that includes 31 October 1994 is the amount, if any, by which the total of all amounts each of which is the taxpayer's profit from the deemed disposition in the year, because of section 851.22.15 of the Act, of a property other than a capital property or an excluded property, exceeds the total of

(a) the total of all amounts each of which is the taxpayer's loss from the deemed disposition in the year, because of section 851.22.15 of the Act, of a property other than a capital property or an excluded property, and

(b) the amount, if any, by which the total of all amounts each of which is the taxpayer's loss from the disposition in the year of a mark-to-market property, within the meaning of section 851.22.1 of the Act, other than a capital property, an excluded property or a property deemed disposed of because of section 851.22.15 of the Act, exceeds the total of all amounts each of which is the taxpayer's profit from the disposition in the year of a mark-to-market property, other than a capital property, an excluded property or a property deemed disposed of because of section 851.22.15 of the Act.

For the purposes of the first paragraph, "excluded property" of a taxpayer means a mark-to-market property used in a business of the taxpayer in its taxation year that includes 31 October 1994 where it is reasonable to expect that the property would have been valued at its fair market value for the purpose of computing the taxpayer's income from the business for the year if

(a) the Act were read without reference to section 851.22.15; and

(b) the property were held at the end of the year.

"DIVISION II

"TRANSITION INCLUSION

"**851.22.18R1.** Subject to sections 851.22.18R2, 851.22.18R4 and 851.22.18R6, the amount prescribed for the purposes of section 851.22.18 of the Act in respect of a taxpayer for a taxation year that ends after 30 October 1994 is equal to the amount determined by the formula

$$A \times B / 1,825.$$

In the formula in the first paragraph,

(a) A is the number of days, other than 29 February, in the year that are before the day that is five years after the first day of the taxation year of the taxpayer that includes 31 October 1994; and

(b) B is the amount by which the taxpayer's transition deduction exceeds the amounts, if any, determined under section 851.22.18R3 and paragraph *b* of section 851.22.18R5.

For the purposes of this division, the amount of the transition deduction of a taxpayer means the amount deducted under section 851.22.17 of the Act in computing the taxpayer's income for its taxation year that includes 31 October 1994.

"**851.22.18R2.** In the event of a winding-up of a subsidiary to which sections 556 to 564.1 and 565 of the Act apply, the following rules apply:

(a) the number of days referred to in subparagraph *a* of the second paragraph of section 851.22.18R1 in respect of the subsidiary is to be determined without including any days that are after the particular day on which the subsidiary's assets were distributed to its parent on the winding-up; and

(b) the amount prescribed for the purposes of section 851.22.18 of the Act in respect of the parent, for its taxation year that includes the particular day referred to in paragraph *a*, is equal to the total of the amount that would be determined under section 851.22.18R1 in respect of the parent for the year if the parent's transition deduction did not include the subsidiary's transition deduction, and the amount that would be determined under that section 851.22.18R1 in respect of the parent for the year if

i. the number of days referred to in subparagraph *a* of the second paragraph of section 851.22.18R1 were determined without including the particular day and the days before that day, and

ii. the amount determined under subparagraph *b* of the second paragraph of section 851.22.18R1 were equal to the subsidiary's transition deduction.

"851.22.18R3. If section 832.3 or 832.9 of the Act has applied to the transfer of an insurance business by an insurer, the part of the insurer's transition deduction that is included, because of subparagraph *g* of the second paragraph of section 832.3 of the Act, in the transition deduction of the person to whom the business was transferred is to be subtracted from the amount determined under subparagraph *b* of the second paragraph of section 851.22.18R1 in respect of the insurer for a taxation year that ends after the insurer ceased to carry on all or substantially all of the insurance business.

"851.22.18R4. If section 633 of the Act deems a partnership, referred to in this section as the "new partnership", to be a continuation of another partnership, referred to in this section as the "predecessor partnership", the following rules apply:

(*a*) the number of days referred to in subparagraph *a* of the second paragraph of section 851.22.18R1 is determined without including any days that are after the particular day on which the predecessor partnership's assets were distributed to the new partnership; and

(*b*) the amount prescribed for the purposes of section 851.22.18 of the Act in respect of the new partnership, for its taxation year that includes the particular day referred to in paragraph *a*, is equal to the total of the amount that would be determined under section 851.22.18R1 in respect of the new partnership for the year if the new partnership's transition deduction did not include the predecessor partnership's transition deduction, and the amount that would be determined under that section 851.22.18R1 in respect of the new partnership for the year if

i. the number of days referred to in subparagraph *a* of the second paragraph of section 851.22.18R1 were determined without including the particular day and the days before that day, and

ii. the amount determined under subparagraph *b* of the second paragraph of section 851.22.18R1 were equal to the predecessor partnership's transition deduction.

"851.22.18R5. If a taxpayer ceases to carry on all or substantially all of a business, otherwise than as a result of a merger to which section 545 of the Act applies, a winding-up to which sections 556 to 564.1 and 565 of the Act apply or a transfer of the business to which any of sections 633, 832.3 and 832.9 of the Act apply, the following rules apply:

(*a*) the amount prescribed for the purposes of section 851.22.18 of the Act, in respect of the taxpayer for its taxation year in which the cessation of business occurs, in addition to the amount prescribed by section 851.22.18R1, is the amount, if any, by which the part of the taxpayer's transition deduction that can reasonably be attributed to the business, referred to in this section as the "partial amount", exceeds that part of the total of the amounts included under section 851.22.18 of the Act in computing the income of the taxpayer for preceding taxation years that can reasonably be considered to be in respect of the partial amount; and

(*b*) the partial amount is to be subtracted from the amount determined under subparagraph *b* of the second paragraph of section 851.22.18R1 in respect of the taxpayer for the year or a subsequent taxation year.

"851.22.18R6. If a taxpayer ceases at any time to be a financial institution otherwise than because it ceases to carry on a business, the following rules apply:

(a) the amount prescribed for the purposes of section 851.22.18 of the Act in respect of the taxpayer for its taxation year that ended immediately before that time is the amount, if any, by which the taxpayer's transition deduction exceeds the total of the amounts included under section 851.22.18 of the Act in computing the taxpayer's income for preceding taxation years; and

(b) the amount prescribed for the purposes of section 851.22.18 of the Act in respect of the taxpayer for taxation years after the taxation year referred to in paragraph *a*, is nil.

"DIVISION III

"TRANSITION CAPITAL LOSS

"851.22.19R1. The prescribed amount for the purposes of section 851.22.19 of the Act in respect of a taxpayer for its taxation year that includes 31 October 1994 is the amount, if any, by which the total of all amounts each of which is the taxable capital gain of the taxpayer for the year from the deemed disposition in the year, because of section 851.22.15 of the Act, of a property other than an excluded property, exceeds the total of

(a) the total of all amounts each of which is the allowable capital loss of the taxpayer from the deemed disposition in the year, because of section 851.22.15 of the Act, of a property other than an excluded property; and

(b) the amount, if any, by which the total of all amounts each of which is the allowable capital loss of the taxpayer for the year from the disposition of a mark-to-market property, within the meaning of section 851.22.1 of the Act, other than an excluded property or a property deemed disposed of because of section 851.22.15 of the Act, exceeds the total of all amounts each of which is the taxable capital gain of the taxpayer for the year from the disposition of a mark-to-market property, other than an excluded property or a property deemed disposed of because of that section 851.22.15.

For the purposes of the first paragraph, "excluded property" of a taxpayer means a mark-to-market property of the taxpayer for its taxation year that includes 31 October 1994 if

(a) the taxpayer has a taxable capital gain or an allowable capital loss for the year from the disposition of the property to which section 828 of the Act applied; or

(b) in the case of a taxpayer that was non-resident in the year, the property was a capital property other than a taxable Canadian property.

"DIVISION IV

"TRANSITION CAPITAL GAIN

"851.22.20R1. The amount prescribed for the purposes of section 851.22.20 of the Act in respect of a taxpayer for a taxation year that ends after 30 October 1994 is the amount that would be prescribed in respect of the taxpayer for the year under Division II if the references in that division to section 851.22.18 of the Act were read as references to section 851.22.20 of the Act, and if the words "amount of the transition deduction" wherever they appear, were read as "amount of the transition loss, within the meaning of the second paragraph of section 851.22.20R1,".

For the purposes of the first paragraph, the amount of a taxpayer's transition loss means the amount elected by the taxpayer under section 851.22.19 of the Act to be an allowable capital loss of the taxpayer for its taxation year that includes 31 October 1994.

"CHAPTER V
"TRANSITIONAL RULES

"851.22.26R1. For the purposes of subparagraph ii of paragraph *a* of section 851.22.26 of the Act, a specified debt obligation referred to in subparagraph *d* of the first paragraph of section 851.22.1R0.3 is a prescribed property for a taxation year."

(2) Subsection 1, where it enacts Chapter IV of Title XXXIII of the Regulation, applies to taxation years that end after 30 October 1994 and, in all other cases, it applies to taxation years that end after 22 February 1994, except that

(1) where the taxpayer has made an election under paragraph 2 of subsection 2 of section 22 of the Act to amend the Taxation Act and other legislative provisions (2001, chapter 7), section 851.22.4R11 of the Regulation is to be read as follows:

"851.22.4R11. For the purpose of computing an amount under Division III in respect of a specified debt obligation for a taxation year of a taxpayer that ends before 1 January 1996, no reduction is to be made on account of the possible or actual failure of the debtor to make any payments under the obligation.";

(2) where section 851.22.4R12 of the Regulation applies to taxation years that begin before 11 April 2009, it is to be read as follows:

"851.22.4R12. For the purpose of determining, pursuant to Division III, a taxpayer's accrued return from a specified debt obligation and the taxpayer's accrual adjustment in respect of the obligation, if the terms of the obligation are amended to change the amount or timing of any payment to be made under the obligation, the amendments must be taken into account as if the obligation had been acquired at the time the amendments were made.";

(3) where section 851.22.11R7 of the Regulation has effect after 27 June 1999 in respect of the liquidation, before 15 June 2004, of a Canadian affiliate of an entrant bank to which section 851.22.42 of the Taxation Act (R.S.Q., chapter I-3) applies, it is to be read as follows:

"851.22.11R7. In the event of a winding-up of a Canadian affiliate of an entrant bank to which section 851.22.42 of the Act applies, the following rules apply to the residual portion of a gain or loss of the affiliate from the disposition of a specified debt obligation to which section 851.22.11 of the Act applies:

(*a*) the amount allocated to the taxation year of the affiliate in which its assets were distributed to the entrant bank on the winding-up, in respect of the residual portion of the gain or loss, is determined on the assumption that the taxation year ended when its assets were distributed to the entrant bank;

(*b*) no amount is allocated, in respect of the residual portion of the gain or loss, to any taxation year of the affiliate after its taxation year in which its assets were distributed to the entrant bank at the time of the winding-up; and

(*c*) the amount allocated to the taxation year of the entrant bank in which the affiliate's assets were distributed to it at the time of the winding-up, in respect of the residual portion of the gain or loss, is determined on the assumption that the taxation year began when the assets were distributed to it.";

(4) where section 851.22.11R7 of the Regulation, enacted by paragraph 3, has effect before 9 August 2000, it does not apply in respect of an entrant bank that is an authorized foreign bank within the meaning of section 1 of the Taxation Act;

(5) where section 851.22.11R10 of the Regulation has effect after 27 June 1999 in respect of the liquidation, before 15 June 2004, of a Canadian affiliate of an entrant bank to which section 851.22.42 of the Taxation Act applies, subparagraph *a* of the first paragraph of that section 851.22.11R10 is to be read with the reference to "sections 556 to 564.1 and 565" read as a reference to "section 851.22.42", except that before 9 August 2000, the reference in this paragraph to section 851.22.42 of the Taxation Act applies only in respect of an entrant bank that is an authorized foreign bank within the meaning of section 1 of the Taxation Act;

(6) where section 851.22.11R10 of the Regulation has effect before 28 June 1999, it is to be read without its second paragraph, and where it has effect after 27 June 1999 and before 9 August 2000, that second paragraph applies only in respect of an entrant bank that is an authorized foreign bank within the meaning of section 1 of the Taxation Act.

65. (1) The Regulation is amended by inserting the following after section 895.0.1R1:

"**895.0.1.1R1.** For the purposes of section 895.0.1.1 of the Act,

(*a*) a prescribed educational program is a program referred to in paragraph *b* of section 895R1;

(*b*) a prescribed training program is a program referred to in paragraph *c* of section 895R1."

(2) Subsection 1 applies from the taxation year 2008.

66. (1) Section 998R1 of the Regulation is amended by replacing "paragraph *k* of section 835" in subparagraph iii of paragraphs *h* and *i* by "subparagraph *k* of the first paragraph of section 835".

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

67. (1) The Regulation is amended by inserting the following after section 998R4:

"TITLE XXXVII.1

"PROPERTY AND PRESCRIBED CONDITIONS

"**1000.2R1.** A prescribed property to which subparagraph *b* of the second paragraph of section 1000.2 of the Act refers is a property of a taxpayer included in a separate prescribed class of the taxpayer under section 130R194.1.

The conditions to which subparagraph *b* of the third paragraph of section 1000.2 of the Act refers are those described in paragraphs *b* and *c* of section 130R194.1.

"**1000.3R1.** A prescribed property to which subparagraph *b* of the second paragraph of section 1000.3 of the Act refers is a property of a partnership included in a separate prescribed class of the partnership under section 130R194.1.

The conditions to which subparagraph *b* of the third paragraph of section 1000.3 of the Act refers are those described in paragraphs *b* and *c* of section 130R194.1.

"**1010.0.0.1R1.** A prescribed property to which subparagraph *b* of the second paragraph of section 1010.0.0.1 of the Act refers is a property of a taxpayer or a partnership included in a separate prescribed class of the taxpayer or partnership under section 130R194.1.

The conditions to which subparagraph *b* of the third paragraph of section 1010.0.0.1 of the Act refers are those described in paragraphs *b* and *c* of section 130R194.1."

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

68. (1) Section 1015R18 of the Regulation is replaced by the following:

"**1015R18.** Despite sections 1015R10 and 1015R14, every person who makes a payment for services rendered in Québec by a person not resident in Canada must deduct 9% from that payment.

The first paragraph does not apply to

(a) a payment made in the course of regular and continuous employment;

(b) a payment made to a registered non-resident insurer within the meaning of section 804 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); or

(c) a payment made to an authorized foreign bank in respect of its Canadian banking business."

(2) Subsection 1 applies in respect of payments made after 27 June 1999, except that where section 1015R18 of the Regulation applies in respect of payments made before 8 August 2009, subparagraph *c* of the second paragraph of that section 1015R18 is to be read as follows:

"(c) a payment made to an authorized foreign bank."

69. (1) Section 1027R1 of the Regulation is amended

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

"**1027R1.** For the purposes of subparagraph *i* of subparagraph *a* of the first paragraph of section 1027 of the Act and subject to sections 1027R7 and 1027R9, the first basic provisional account of a corporation for a taxation year means the proportion of the tax payable under Part I of the Act by the corporation for the preceding taxation year, computed in the manner specified in the second paragraph or, where the corporation was for that preceding taxation year a corporation referred to in the third paragraph, the proportion of what that tax so computed would have been if that corporation had not been such a corporation, that 365 is of the number of days in that year.";

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

"A corporation to which the first paragraph refers is a corporation that was, for the preceding taxation year referred to in that paragraph,

(a) a corporation that carried on a recognized business within the meaning of the first paragraph of section 737.18.14 of the Act, or that was a member of a partnership that carried on such a recognized business in the fiscal period that ended in that preceding year;

(b) a qualified corporation within the meaning of the first paragraph of section 737.18.18 or sections 771.5 to 771.7 of the Act;

(c) an exempt corporation within the meaning of sections 771.12 and 771.13 of the Act;

(d) a corporation dedicated to the commercialization of intellectual property within the meaning of sections 771.14 and 771.15 of the Act; or

(e) a corporation that operated an international financial centre or was a member of a partnership that operated an international financial centre in the fiscal period that ended in that preceding year."

(2) Subsection 1 applies to taxation years that end after 30 March 2010.

70. (1) Section 1029.8.1R2 of the Regulation is amended

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

"(a.1) Biopierre – Centre de développement des bioproduits;"

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

"iii. its Institut de technologie des emballages et du génie alimentaire;"

(3) by inserting the following after paragraph *n*:

"(n.1) the Centre en imagerie numérique et médias interactifs;"

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

"(p.1) the Centre technologique des résidus industriels;"

(2) Paragraph 1 of subsection 1 applies in respect of scientific research and experimental development carried on after 31 December 2009 pursuant to an eligible research contract entered into after that date.

(3) Paragraph 2 of subsection 1 applies in respect of scientific research and experimental development carried on after 31 December 2008 pursuant to an eligible research contract entered into after that date.

(4) Paragraph 3 of subsection 1 applies in respect of scientific research and experimental development carried on after 11 August 2010 pursuant to an eligible research contract entered into after that date.

(5) Paragraph 4 of subsection 1 applies in respect of scientific research and experimental development carried on after 9 June 2010 pursuant to an eligible research contract entered into after that date.

71. (1) Section 1029.8.1R3 of the Regulation is amended by adding the following after paragraph *p*:

"(q) the Centre technologique des résidus industriels."

(2) Subsection 1 applies in respect of scientific research and experimental development carried on after 9 June 2010 pursuant to an eligible research contract entered into after that date.

72. (1) Section 1029.8.21.17R1 of the Regulation is amended

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

"(a.1) Biopierre – Centre de développement des bioproduits;"

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

"(d) the Cégep de Maisonneuve in respect of

- i. its Centre d'études des procédés chimiques du Québec, or
- ii. its Institut de technologie des emballages et du génie alimentaire;"

(3) by striking out paragraph *g.1*;

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

"(r.1) the Centre en imagerie numérique et médias interactifs;"

(2) Paragraphs 1 and 3 of subsection 1 have effect from 23 September 2009.

(3) Paragraph 2 of subsection 1 applies in respect of eligible liaison and transfer services provided after 31 December 2008 pursuant to a contract entered into after that date.

(4) Paragraph 4 of subsection 1 applies in respect of eligible liaison and transfer services provided after 11 August 2010 pursuant to a contract entered into after that date.

73. (1) Section 1029.8.116.5.1R1 of the Regulation is amended

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

"(a) for the purpose of determining the amount of the work premium reduction threshold in subparagraph *i* of subparagraphs *b* and *c* of the second paragraph of section 1029.8.116.5 of the Act, the amount provided for in the third paragraph if the particular taxation year is before the year 2012, the amount of the basic benefit granted to an adult who is able to work and the amount excluded from the work income for an adult whose capacity for employment is not severely limited;

(b) for the purpose of determining the amount of the work premium reduction threshold in subparagraph *ii* of subparagraphs *b* and *c* of the second paragraph of section 1029.8.116.5 of the Act, the amount provided for in the fourth paragraph if the particular taxation year is before the year 2012, the amount of the basic benefit granted to a family composed of two adults who are able to work and the amount excluded from the work income for a family composed of two adults whose capacity for employment is not severely limited; and";

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

"The amount to which subparagraph *a* of the first paragraph refers is

(a) \$300.96 if the particular taxation year is the year 2010;

(b) \$150.48 if the particular taxation year is the year 2011.

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

(a) \$357.96 if the particular taxation year is the year 2010;

(b) \$178.98 if the particular taxation year is the year 2011."

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

74. (1) Section 1029.8.116.5.1R2 of the Regulation is amended

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

"(a) for the purpose of determining the amount of the adjusted work premium reduction threshold in subparagraph i of subparagraphs *b* and *c* of the third paragraph of section 1029.8.116.5.0.1 of the Act, the amount provided for in the third paragraph if the particular taxation year is before the year 2012, the amount of the basic benefit granted under the Social Solidarity Program to an independent adult and the amount excluded from the work income under the program;

(b) for the purpose of determining the amount of the adjusted work premium reduction threshold in subparagraph ii of subparagraphs *b* and *c* of the third paragraph of section 1029.8.116.5.0.1 of the Act, the amount provided for in the fourth paragraph if the particular taxation year is before the year 2012, the amount of the basic benefit granted under the Social Solidarity Program to a family composed of two adults and the amount excluded from the work income under the program; and";

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

"The amount to which subparagraph *a* of the first paragraph refers is

(a) \$300.96 if the particular taxation year is the year 2010;

(b) \$150.48 if the particular taxation year is the year 2011.

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

(a) \$357.96 if the particular taxation year is the year 2010;

(b) \$178.98 if the particular taxation year is the year 2011.".

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

75. (1) Section 1056.4R1 of the Regulation is amended

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

"(a) the first paragraph of section 87.4 or 93.9, subsection 2 of section 96, any of sections 101.6, 180 to 182 and 257.2, the first paragraph of section 279, section 299, any of paragraphs *c* to *e* of section 418.23 or 418.24, any of sections 442, 444, 450, 454, 499 and 502, paragraph *f* of section 578.1 or any of sections 656.4, 659, 935.7, 935.18 and 1055.1 of the Act; or";

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

"(a) a reference to section 499 of the Act is a reference to that section as it read before its revocation;".

(2) Subsection 1 has effect from 12 May 2010.

76. (1) Section 1086R9 of the Regulation is replaced by the following:

"**1086R9.** Every insurer, within the meaning of paragraph *a.1* of section 966 of the Act, who is a party to a life insurance policy in respect of which an amount is to be included in computing the income of a taxpayer pursuant to section 92.11 or 92.13 of the Act must file an information return in prescribed form in respect of that amount."

(2) Subsection 1 applies in respect of life insurance policies or contracts last acquired after 31 December 1989.

77. Section 1086R34 of the Regulation is amended by striking out "by the Minister of Finance" in the first paragraph.

78. Section 1086R55 of the Regulation is amended by replacing paragraph *a* by the following:

"(a) any amount paid by that person to a person resident in Québec as proceeds of the sale or other disposition of an income averaging annuity contract, otherwise than by the surrender, cancellation or redemption of such a contract; and"

79. Section 1086R97 of the Regulation is amended by striking out the second paragraph.

80. (1) Section 1088R16 of the Regulation is amended by striking out "737.18.28," in the second paragraph.

(2) Subsection 1 has effect from 27 October 2010.

81. (1) Section 1175.6R1 of the Regulation is amended by replacing "subparagraph *d*" by "subparagraph *c*".

(2) Subsection 1 applies to taxation years that begin after 30 September 2006.

82. Class 1 of the French text in Schedule B to the Regulation is amended by replacing "de système" in paragraph *i* by "d'exploitation".

83. (1) Class 10 in Schedule B to the Regulation is amended

(1) by replacing, in the French text of the portion of subparagraph *g* of the first paragraph before subparagraph *i* and in subparagraph *iii* of that subparagraph *g*, "de système" by "d'exploitation";

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

"Property, other than property included in Class 41 or Class 41.1 and property included in Class 43 and described in paragraph *b* of that class, that would otherwise be included in another class and that is";

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

"*i*) les routes et sentiers d'accès permettant d'assurer la protection du bois sur pied contre le feu, les insectes et la maladie;";

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

"(p) property acquired after 31 August 1984, other than property included in Class 30, that is equipment used for the purpose of effecting an interface between a cable distribution system and electronic products used by consumers of that system and that is designed primarily to";

(5) by replacing, in the French text of subparagraph ii of subparagraph *p* of the second paragraph, "sur une base" by "à titre".

(2) Paragraph 2 of subsection 1 applies in respect of property acquired after 18 March 2007.

(3) Paragraphs 4 and 5 of subsection 1 apply to taxation years that end after 4 March 2010.

84. Class 12 in Schedule B to the Regulation is amended by replacing subparagraph *o* of the first paragraph by the following:

"(o) computer software acquired after 25 May 1976, but not including system software or a property that is described in the third paragraph;"

85. (1) Class 16 in Schedule B to the Regulation is amended by replacing the fifth paragraph by the following:

"Property that is not included in Class 18, that is acquired after 6 December 1991 and that is a truck or tractor designed for hauling freight and primarily used for that purpose by the taxpayer, or by a person with whom the taxpayer does not deal at arm's length, in a business that includes hauling freight, and having a "gross vehicle weight rating", within the meaning of the Motor Vehicle Safety Regulations made under the Motor Vehicle Safety Act (Statutes of Canada, 1993, chapter 16), in excess of 11,788 kilograms."

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

86. Class 17 in Schedule B to the Regulation is amended by replacing the French text of subparagraph ii of subparagraph *a* of the second paragraph by the following:

"ii. un bien constitué principalement par du matériel électronique ou un logiciel d'exploitation y afférent;"

87. (1) Class 18 in Schedule B to the Regulation is replaced by the following:

"CLASS 18

(60%)

(*ss. 130R3, 130R22, 130R151, 130R194.1*)

Property that is

(a) a motion picture film acquired before 26 May 1976, other than a television commercial message or a certified feature film;

(b) a property, including an addition or alteration to the property, that is acquired after 30 March 2010 and that

i. before the acquisition, was not used for any purpose or acquired to be used or rented for any purpose, and

ii. would otherwise be included in Class 16 under the fifth paragraph of that class."

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

88. Class 29 in Schedule B to the Regulation is amended by replacing, in the French text of the portion of subparagraph *g* of the first paragraph of Class 10 in that schedule before subparagraph *i*, that subparagraph *vi* of subparagraph *b* of the first paragraph enacts, "de système" by "d'exploitation".

89. (1) Class 30 in Schedule B of the Regulation is replaced by the following:

"CLASS 30

(40%)

(*ss. 130R22, 130R174*)

Property that is

(*a*) an unmanned telecommunication spacecraft designed to orbit above the earth and that was acquired by the taxpayer

i. before 1 January 1988, or

ii. before 1 January 1990

(1) pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987, or

(2) that was under construction by or on behalf of the taxpayer on 18 June 1987;

(*b*) equipment used for the purpose of effecting an interface between a cable or satellite distribution system, other than a satellite radio distribution system, and electronic products used by consumers of that system if the equipment

i. is designed primarily

(1) to augment the channel capacity of a television receiver, or

(2) to decode pay television or other signals provided on a discretionary basis,

ii. is acquired by the taxpayer after 4 March 2010; and

iii. has not been used or acquired for use for any purpose by any taxpayer before 5 March 2010."

(2) Subsection 1 applies to taxation years that end after 4 March 2010.

90. (1) Class 41 in Schedule B to the Regulation is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"Property, other than property included in Class 41.1, that is".

(2) Subsection 1 applies in respect of property acquired after 18 March 2007.

91. (1) Schedule B to the Regulation is amended by inserting the following after Class 41:

"CLASS 41.1**(25%)***(ss. 130R3, 130R7, 130R8, 130R9, 130R22, 130R150.2, 130R172.1, 130R172.2)*

Oil sands property, other than specified oil sands property, that is acquired by a taxpayer

(a) after 18 March 2007 and before 1 January 2016 and that if acquired before 19 March 2007, would be included in Class 41 under any of subparagraphs *a* to *c* of the first paragraph of that class; or

(b) after 31 December 2015 and that if acquired before 19 March 2007, would be included in Class 41."

(2) Subsection 1 applies in respect of property acquired after 18 March 2007.

92. (1) Class 43.1 of Schedule B to the Regulation is amended

(1) by replacing subparagraphs iv and v of subparagraph *a* of the first paragraph by the following:

"iv. heat recovery equipment used primarily for the purpose of conserving energy, or reducing the requirement to acquire energy, by extracting for reuse thermal waste that is generated by equipment referred to in subparagraph i or ii,

v. district energy equipment that is part of a district energy system that uses thermal energy that is primarily supplied by electrical cogeneration equipment that would be property described in this paragraph if read without reference to this subparagraph,";

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

(2) equipment that is part of a ground source heat pump system that transfers heat to or from the ground or groundwater, but not to or from surface water such as a river, a lake or an ocean, and that, at the time of installation, meets the standards set by the Canadian Standards Association for the design and installation of earth energy systems, including such equipment that consists of piping, including above or below ground piping and the cost of drilling a well, or trenching, for the purpose of installing that piping, energy conversion equipment, energy storage equipment, control equipment and equipment designed to enable the system to interface with other heating or cooling equipment, and";

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

"ii. a hydro-electric installation of a producer of hydro-electric energy, other than distribution equipment, property otherwise included in Class 10 and property that would be included in Class 17 if no reference were made to subparagraph i of subparagraph *b* of the first paragraph of that class, where that installation";

(4) by replacing subparagraphs v to x of subparagraph *a* of the second paragraph by the following:

"v. heat recovery equipment, including such equipment that consists of heat exchange equipment, compressors used to upgrade low pressure steam, vapour or gas, waste heat boilers and other ancillary equipment such as control panels, fans, measuring instruments or pumps, but not including property that is employed in re-using the recovered heat, such as property that is part of the internal heating or cooling system of a building or electrical generating equipment, is a building or is equipment that recovers heat primarily for use for heating water in a swimming pool, used by the taxpayer, or by a lessee of the taxpayer, primarily for the

purpose of conserving energy, or reducing the requirement to acquire energy, by extracting for reuse thermal waste that is generated directly in an industrial process that does not generate or process electrical energy,

"vi. a fixed location device that is a wind energy conversion system that is used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating electrical energy, and that consists of a wind-driven turbine, electrical generating equipment and related equipment, including control, conditioning and battery storage equipment, support structures, a powerhouse complete with other ancillary equipment, and transmission equipment, but not including distribution equipment, auxiliary electrical generating equipment, property otherwise included in Class 10 and property that would be included in Class 17 if no reference were made to subparagraph i of subparagraph *b* of the first paragraph of that class,

"vii. fixed location photovoltaic equipment that is used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating electrical energy from solar energy, and that consists of solar cells or modules and related equipment, including inverters, control, conditioning and battery storage equipment, support structures and transmission equipment, but does not include a building or a part of a building, other than a solar cell or module that is integrated into a building, distribution equipment, auxiliary electrical generating equipment, property otherwise included in Class 10 and property that would be included in Class 17 if no reference were made to subparagraph i of subparagraph *b* of the first paragraph of that class,

"viii. equipment used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating electrical energy solely from geothermal energy, including such equipment that consists of piping, including above or below ground piping and the cost of drilling a well, or trenching, for the purpose of installing that piping, pumps, heat exchangers, steam separators, electrical generating equipment and ancillary equipment used to collect the geothermal heat, but not including buildings, transmission equipment, distribution equipment, equipment designed to store electrical energy, property otherwise included in Class 10 and property that would be included in Class 17 if no reference were made to subparagraph i of subparagraph *b* of the first paragraph of that class,

"ix. equipment used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of collecting landfill gas or digester gas, including such equipment that consists of piping, including above or below ground piping and the cost of drilling a well, or trenching, for the purpose of installing that piping, fans, compressors, storage tanks, heat exchangers and other ancillary equipment used to collect gas, to remove non-combustibles and contaminants from the gas or to store the gas, but not including property otherwise included in Class 10 or 17,

"x. equipment used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating heat energy from the consumption of eligible waste fuel, and using only fuel that is eligible waste fuel or fossil fuel, if the heat energy is used directly in an industrial process, or in a greenhouse, including such equipment that consists of control, feedwater and condensate systems and other ancillary equipment, and fuel handling equipment used to upgrade the combustible portion of the fuel, but not including other fuel handling equipment, buildings or other structures, heat rejection equipment such as condensers and cooling water systems, fuel storage facilities, electrical generating equipment and property otherwise included in Class 10 or 17,";

(5) by replacing subparagraphs xii to xiv of subparagraph *a* of the second paragraph by the following:

"xii. equipment used by the taxpayer, or by a lessee of the taxpayer, in a system that converts wood waste or plant residue into bio-oil that is used primarily for the purpose of generating heat that is used directly in an industrial process or a greenhouse, generating electricity, or electricity and heat, but not including equipment used for the collection, storage or transportation of wood waste or plant residue, buildings or other structures and property otherwise included in Class 10 or 17,

"xiii. fixed location fuel cell equipment used by the taxpayer, or by a lessee of the taxpayer, that uses hydrogen generated only from ancillary electrolysis equipment or, if the fuel cell is reversible, the fuel cell itself using electricity all or substantially all of which is generated by photovoltaic, wind energy conversion or hydro-electric equipment of the taxpayer or the lessee of the taxpayer, and equipment ancillary to the fuel cell equipment, but not including buildings or other structures, transmission equipment, distribution equipment, auxiliary electrical generating equipment and property otherwise included in Class 10 or 17,

"xiv. property that is part of a system that is used by the taxpayer, or by a lessee of the taxpayer, primarily to produce and store biogas, if the property

(1) includes equipment that is an anaerobic digester reactor, a buffer tank, a pre-treatment tank, biogas piping, a biogas storage tank and biogas scrubbing equipment, and

(2) does not include property, other than a buffer tank, that is used to collect, move or store organic waste, equipment used to process the residue after digestion or to treat recovered liquids, buildings or other structures and property otherwise included in Class 10 or 17,";

(6) by adding the following after subparagraph xv of subparagraph *a* of the second paragraph:

"xvi. district energy equipment that

(1) is used by the taxpayer or by a lessee of the taxpayer,

(2) is part of a district energy system that uses thermal energy that is primarily supplied by equipment described in subparagraph i or v or would be described in subparagraph i or v if owned by the taxpayer, and

(3) is not a building; and";

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

"The property described in subparagraph i of subparagraph *a* of the second paragraph does not include a building, a part of a building, other than a solar collector that is not a window and that is integrated into a building, equipment used to heat water for use in a swimming pool, energy equipment that backs up equipment described in subparagraph 1 or 2 of subparagraph i of subparagraph *a* of the second paragraph or equipment that distributes heated or cooled air or water in a building."

(2) Paragraphs 1 and 3, paragraph 4 where it enacts subparagraphs v to vii of subparagraph *a* of the second paragraph of Class 43.1 in Schedule B to the Regulation, paragraph 5 where it enacts subparagraph xiii of that subparagraph *a*, and paragraph 6 of subsection 1 apply in respect of property acquired after 3 March 2010.

(3) Paragraph 2, paragraph 4 where it enacts subparagraphs viii to x of subparagraph *a* of the second paragraph of Class 43.1 in Schedule B to the Regulation, paragraph 5 where it enacts subparagraphs xii and xiv of that subparagraph *a*, and paragraph 7 of subsection 1 apply in respect of property acquired after 25 February 2008, except that

(1) where subparagraph 2 of subparagraph i of subparagraph *a* of the second paragraph of Class 43.1 in Schedule B to the Regulation applies in respect of property acquired before 3 May 2010, it is to be read as follows:

"(2) equipment that is part of a ground source heat pump system that transfers heat to or from the ground or groundwater, but not to or from surface water such as a river, a lake or an ocean, and that, at the time of installation, meets the standards set by the Canadian Standards Association for the design and installation of earth energy systems, including such equipment that consists of underground piping, energy conversion equipment, energy storage equipment, control equipment and equipment designed to enable the system to interface with other heating or cooling equipment, and";

(2) where subparagraphs viii and ix of subparagraph *a* of the second paragraph of Class 43.1 in Schedule B to the Regulation apply in respect of property acquired before 3 May 2010, they are to be read as follows:

"viii. above-ground equipment used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating electrical energy solely from geothermal energy, including such equipment that consists of pumps, heat exchangers, steam separators, electrical generating equipment and ancillary equipment used to collect the geothermal heat, but not including buildings, transmission equipment, distribution equipment, equipment designed to store electrical energy, property otherwise included in Class 10 and property that would be included in Class 17 without reference to subparagraph *i* of subparagraph *b* of the first paragraph of that class,

"ix. above-ground equipment used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of collecting landfill gas or digester gas, including such equipment that consists of fans, compressors, storage tanks, heat exchangers and other ancillary equipment used to collect gas, to remove non-combustibles and contaminants from the gas or to store the gas, but not including property otherwise included in Class 10 or 17,".

93. Class 45 in Schedule B to the Regulation is amended in the French text

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

"Les biens acquis après le 22 mars 2004 et avant le 19 mars 2007, autres que ceux acquis avant le 1^{er} janvier 2005 à l'égard desquels un choix est fait en vertu de l'article 130R198, qui sont constitués par du matériel électronique universel de traitement de l'information et le logiciel d'exploitation y afférent, y compris le matériel accessoire de traitement de l'information, mais à l'exclusion de biens qui sont principalement constitués par un bien décrit à l'un des paragraphes *a* à *d* ou qui servent principalement:";

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

"*c*) soit de logiciel d'exploitation pour un bien visé à l'un des paragraphes *a* et *b*;".

94. (1) Class 46 in Schedule B to the Regulation is replaced by the following:

"CLASS 46

(30%)

(ss. 130R3, 130R22)

Property acquired after 22 March 2004 that is data network infrastructure equipment and systems software for that equipment that would otherwise be included in Class 8 under paragraph *j* of that class.

Property acquired by a taxpayer after 29 June 2010 and before 1 January 2015 that would otherwise be included in Class 49 under paragraph *a* of that class and that has not been used, or has not been acquired to be used for any purpose before being acquired by the taxpayer."

(2) Subsection 1, where it adds the second paragraph of Class 46 in Schedule B to the Regulation, has effect from 30 June 2010.

95. (1) Class 49 in Schedule B to the Regulation is amended by adding the following after subparagraph iv of paragraph *a*:

"v. Equipment included in Class 46 because of the second paragraph of that class;"

(2) Subsection 1 has effect from 29 June 2010.

96. Class 50 in Schedule B to the Regulation is amended in the French text

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

"Les biens acquis après le 18 mars 2007 qui sont constitués par du matériel électronique universel de traitement de l'information et le logiciel d'exploitation y afférent, y compris le matériel accessoire de traitement de l'information, mais à l'exclusion des biens qui sont compris dans la catégorie 52 ou qui sont principalement constitués par un bien décrit à l'un des paragraphes *a* à *d* ou qui servent principalement:"

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

"*c*) soit de logiciel d'exploitation pour un bien visé à l'un des paragraphes *a* et *b*;"

97. Class 52 in Schedule B to the Regulation is amended in the French text of the portion of paragraph *a* before subparagraph i and in subparagraph iii of that subparagraph *a*, by replacing "de système" by "d'exploitation".

98. (1) Schedule C to the Regulation is amended

(1) in paragraph *a*, by inserting the following in alphabetical order:

"Albany College of Pharmacy and Health Sciences, Albany, New York.

Cranbrook Academy of Art, Bloomfield Hills, Michigan.

Hawaii Pacific University, Honolulu, Hawaii.

Idaho State University, Pocatello, Idaho.

Jacksonville State University, Jacksonville, Alabama.

John Brown University, Siloam Springs, Arkansas.

Mesivta Torah Vodaath Rabbinical Seminary, Brooklyn, New York.

Mount Sinai School of Medicine, New York, New York.

Union University, Jackson, Tennessee.

University of Mississippi, The, Oxford, Mississippi.";

(2) in paragraph *a*, by replacing

(a) "Huntington College, Huntington, Indiana" by "Huntington University, Huntington, Indiana";

(b) "Naropa Institute, The, Boulder, Colorado" by "Naropa University, Boulder, Colorado";

(c) "Union Institute, The, Cincinnati, Ohio" by "Union Institute & University, Cincinnati, Ohio";

(d) "Walla Walla College, College Place, Washington" by "Walla Walla University, College Place, Washington";

(3) in paragraph *b*, by inserting the following in alphabetical order:

"Brunel University, Uxbridge, England.

London School of Economics and Political Science, The, London, England.

University of Keele, Keele, England.

University of Kent, Canterbury, England.";

(4) in paragraph *e*, by inserting the following in alphabetical order:

"WU Vienna University of Economics and Business, Vienna.";

(5) in paragraph *t*, by inserting the following in alphabetical order:

"Chinese University of Hong Kong, The, Shatin, New Territories.";

(6) by adding the following after paragraph *x*:

"(y) in Italy:

John Cabot University, Rome.".

(2) Paragraph 1 of subsection 1, where it inserts in paragraph *a* of Schedule C to the Regulation,

(1) mention of the following, has effect from 1 January 2006:

"Hawaii Pacific University, Honolulu, Hawaii.

Idaho State University, Pocatello, Idaho.

John Brown University, Siloam Springs, Arkansas.";

(2) mention of the following, has effect from 1 January 2007:

"Jacksonville State University, Jacksonville, Alabama.

Mesivta Torah Vodaath Rabbinical Seminary, Brooklyn, New York.

Mount Sinai School of Medicine, New York, New York.

Union University, Jackson, Tennessee.

University of Mississippi, The, Oxford, Mississippi.";

(3) mention of the following, has effect from 1 January 2009:

"Cranbrook Academy of Art, Bloomfield Hills, Michigan."

(3) Paragraph 1 of subsection 1, where it inserts, in paragraph *a* of Schedule C to the Regulation, mention of "Albany College of Pharmacy and Health Sciences, Albany, New York", has effect from 1 January 2007, except that where that mention applies before 21 August 2008, it is to be read as "Albany College of Pharmacy of Union University, Albany, New York".

(4) Subparagraphs *a* to *c* of paragraph 2 of subsection 1 have effect from 1 January 2006.

(5) Subparagraph *d* of paragraph 2 and paragraph 6 of subsection 1 have effect from 1 January 2008.

(6) Paragraph 3 of subsection 1, where it inserts, in paragraph *b* of Schedule C to the Regulation,

(1) mention of the following, has effect from 1 January 2005:

"London School of Economics and Political Science, The, London, England.

University of Kent, Canterbury, England.";

(2) mention of the following, has effect from 1 January 2007:

"University of Keele, Keele, England.";

(3) mention of the following, has effect from 1 January 2009:

"Brunel University, Uxbridge, England."

(7) Paragraphs 4 and 5 of subsection 1 have effect from 1 January 2007.

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

Regulation to amend the Regulation respecting contributions to the Québec Pension Plan

Act respecting the Québec Pension Plan
(R.S.Q., c. R-9, ss. 59, 81, par. *a* and 82.1)

1. (1) Section 6 of the Regulation respecting contributions to the Québec Pension Plan (R.R.Q., c. R-9, r. 2) is amended by replacing subparagraph *a* of the first paragraph by the following:

"*a*) the amount obtained by multiplying the amount by which the salary and wages exceeds the exemption for the pay period referred to in Division II pertaining to the salary and wages by one of the following rates:

- i. 1.9% for the year 1987,
- ii. 2% for the year 1988,
- iii. 2.1% for the year 1989,
- iv. 2.2% for the year 1990,
- v. 2.3% for the year 1991,
- vi. 2.4% for the year 1992,
- vii. 2.5% for the year 1993,
- viii. 2.6% for the year 1994,
- ix. 2.7% for the year 1995,
- x. 2.8% for the year 1996,
- xi. 3% for the year 1997,
- xii. 3.2% for the year 1998,
- xiii. 3.5% for the year 1999,
- xiv. 3.9% for the year 2000,
- xv. 4.3% for the year 2001,
- xvi. 4.7% for the year 2002,
- xvii. 4.95% for the years 2003 to 2011,
- xviii. 5.025% for the year 2012; or"

(2) Subsection 1 applies from 1 January 2012.

2. (1) Section 8 of the Regulation is replaced by the following:

"8. The contribution deducted under section 6 for a pay period shall not exceed the amount obtained by subtracting total contributions deducted from the employee's remuneration by the employer since the beginning of the year, or that should have been deducted under this Regulation or an equivalent plan, from the amount obtained by multiplying the employee's maximum contributory earnings for the year within the meaning of section 44 of the Act by one of the following rates:

- (a) 1.9% for the year 1987;
- (b) 2% for the year 1988;
- (c) 2.1% for the year 1989;
- (d) 2.2% for the year 1990;
- (e) 2.3% for the year 1991;
- (f) 2.4% for the year 1992;
- (g) 2.5% for the year 1993;
- (h) 2.6% for the year 1994;
- (i) 2.7% for the year 1995;
- (j) 2.8% for the year 1996;
- (k) 3% for the year 1997;
- (l) 3.2% for the year 1998;
- (m) 3.5% for the year 1999;
- (n) 3.9% for the year 2000;
- (o) 4.3% for the year 2001;
- (p) 4.7% for the year 2002;
- (q) 4.95% for the years 2003 to 2011;
- (r) 5.025% for the year 2012."

Despite the foregoing, where, during a year that is subsequent to the year 2003, an employer immediately succeeds another employer as a consequence of the formation or dissolution of a legal person or of the acquisition of a major portion of the property of an undertaking or of a separate part of an undertaking, without there being an interruption of the services furnished by an employee, the aggregate of all the contributions that the new employer is required to deduct for the year under section 6 in respect of the employee must not be greater than the amount obtained by subtracting the aggregate of all the contributions that the preceding employer paid for the year in respect of the employee, to the extent that the employer was not reimbursed and is not entitled to be so reimbursed, from the amount obtained by multiplying the employee's maximum contributory earnings for the year within the meaning of section 44 of the Act by one of the following rates:

(a) 4.95% for the years 2004 to 2011;

(b) 5.025% for the year 2012."

(2) Subsection 1 applies from 1 January 2012.

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

Regulation to amend the Regulation respecting the prescribed manner of identifying a beer container

An Act respecting the Québec sales tax

(R.S.Q., c. T-0.1, s. 677, 1st par., subpar. 22 and 2nd par.)

- 1.** Section 15 of the Regulation respecting the prescribed manner of identifying a beer container (R.R.Q., c. T-0.1, r. 1) is revoked.
- 2.** This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*.

Regulation to amend the Regulation respecting the Québec sales tax

An Act respecting the Québec sales tax
(R.S.Q., c. T-0.1, s. 677, 1st and 2nd pars.)

1. (1) Section 17R2 of the Regulation respecting the Québec sales tax (R.R.Q., c. T-0.1, r. 2) is amended by replacing "17R12" by "17R13".

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

2. (1) Section 22.30R5 of the Regulation is amended by replacing the first paragraph by the following:

"**22.30R5.** A supply of a service made in respect of the importation of goods and the service is the arranging for their release within the meaning of subsection 2(1) of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement) or the fulfilling, in respect of the importation, of any requirement under that Act or the Customs Tariff (Statutes of Canada, 1997, chapter 36), to account for the goods, to report or to remit any amount, is a prescribed supply if,

(1) where the goods are accounted for as commercial goods within the meaning of subsection 1 of section 212.1 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), under section 32 of the Customs Act, the goods are situated in Québec at the time of their release;

(2) where subparagraph 1 does not apply, the tax provided for in the first paragraph of section 17 of the Act would be payable in respect of the importation if

(a) that section were read with the first paragraph replaced by the following:

"Every person resident in Québec who is liable, in respect of goods, to pay tax imposed under the Customs Act on imported goods, or who would be so liable if the goods were subject to tax, shall pay to the Minister a tax calculated at the rate of 9.5% on the value of the property."; and

(b) that section were read without reference to its fourth paragraph."

(2) Subsection 1 applies in respect of any supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless any part of the consideration for the supply becomes due or is paid before 1 May 2010.

3. (1) Section 22.30R7 of the Regulation is amended

(1) by replacing "of the second paragraph" in the first paragraph by "of the second and third paragraphs";

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

"Where a supply of railway rolling stock otherwise than by way of sale is made under an agreement that is in effect since 1 July 2010 and, under that agreement, the rolling stock was delivered or made available to the recipient in Ontario or British Columbia before that day, the following rules apply:

(1) the rolling stock is deemed, under the agreement, to have been delivered or made available to the recipient outside Québec; and

(2) where the recipient retains continuous possession or use of the rolling stock under a renewal agreement with the supplier that immediately succeeds the agreement, the first paragraph applies as if the renewal agreement were the first arrangement between the supplier and the recipient for the supply of the rolling stock."

(2) Subsection 1 applies in respect of any supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless any part of the consideration for the supply becomes due or is paid before 1 May 2010.

4. (1) The Regulation is amended by inserting the following after section 22.30R7:

"22.30R7.1. A supply of a service rendered in connection with criminal, civil or administrative litigation, other than a service rendered before the commencement of such litigation, that is under the jurisdiction of a court or other tribunal established under the laws of Québec or that is in the nature of an appeal from a decision of such a court or other tribunal, is a prescribed supply.

"22.30R7.2. A supply of a service in relation to a performance, athletic or competitive event, festival, ceremony, conference or similar event is a prescribed supply if the service is to be performed primarily at a location of the event in Québec."

(2) Subsection 1 applies in respect of any supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless any part of the consideration for the supply becomes due or is paid before 1 May 2010.

5. (1) Section 22.30R8 of the Regulation is revoked.

(2) Subsection 1 applies in respect of any supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless any part of the consideration for the supply becomes due or is paid before 1 May 2010.

6. Section 22.30R9 of the Regulation is amended by inserting "corporeal movable" after "delivers the particular".

7. (1) Section 22.30R10 of the Regulation is replaced by the following:

"22.30R10. A supply of a service in respect of a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan or a tax-free savings account within the meaning assigned by section 1 of the Taxation Act (R.S.Q., c. I-3), provided by a trustee of the trust is a prescribed supply if the mailing address of the annuitant of the registered retirement savings plan or registered retirement income fund, of the subscriber of the

registered education savings plan or of the holder of the registered disability savings plan or the tax-free savings account is in Québec."

(2) Subsection 1, except where it replaces, in the French text, "fonds enregistré d'épargne-retraite" by "fonds enregistré de revenu de retraite", applies in respect of any supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless any part of the consideration for the supply becomes due or is paid before 1 May 2010.

(3) Subsection 1, where it replaces, in the French text, "fonds enregistré d'épargne-retraite" by "fonds enregistré de revenu de retraite", has effect since 1 April 1997.

8. (1) Section 22.30R13 of the Regulation is amended by replacing "section 22.11 or 22.15" in paragraph 1 by "any of sections 22.11.1, 22.11.2, 22.15.0.1 and 22.15.0.2".

(2) Subsection 1 applies in respect of any supply made

(1) after 30 April 2010; and

(2) after 25 February 2010 and before 1 May 2010, unless any part of the consideration for the supply becomes due or is paid before 1 May 2010.

9. Section 81R2 of the Regulation is amended in the French text by replacing "à l'effet" in subparagraph *d* of paragraph 7 by "l'informant".

10. (1) Section 117R1 of the Regulation is amended by replacing the portion before paragraph 1 by the following:

"**117R1.** For the purposes of section 117 of the Act, the following are prescribed services:

(2) Subsection 1 applies in respect of any supply made

(1) after 4 March 2010; and

(2) before 5 March 2010 if

(a) all the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due;

(b) part of the consideration for the supply becomes due or is paid before 5 March 2010, except if the supplier did not, before that date, require, collect or pay an amount as tax provided for in Title I of the Act respecting the Québec sales tax (R.S.Q., c. T-0.1) in relation to the supply.

11. Section 201R3 of the Regulation is amended in the French text by replacing "à l'effet" in paragraph 6 by "selon laquelle".

12. (1) Section 290R1 of the Regulation is amended by replacing "5.4%" by "6%".

(2) Subsection 1 has effect from 1 January 2012.

13. (1) Section 350.55R1 of the Regulation is amended by replacing "Direction générale adjointe de la recherche fiscale" by "Direction principale de la recherche et de l'innovation".

(2) Subsection 1 has effect from 1 November 2011 or from the earliest of the dates established pursuant to paragraphs *a* to *c* of section 5 of the Regulation to amend the Regulation respecting the Québec sales tax, made by Order in Council 642-2010 (2010, G.O. 2, 2246), in respect of each operator of an establishment providing restaurant services to which the paragraphs apply, if the date precedes 1 November 2011 and is after 31 March 2011.

14. (1) The Regulation is amended by inserting the following after section 352R3:

"**353.0.4R1.** For the purposes of paragraph 4 of section 353.0.4 of the Act, the following are prescribed circumstances:

(1) the rebate is substantiated by a receipt that includes tax of at least \$5 and the person is otherwise eligible for a rebate of that tax under section 353.0.3 of the Act; and

(2) the total of all amounts, each of which is an amount of a rebate for which the person is otherwise eligible under section 353.0.3 of the Act and in respect of which the rebate application is made, is at least \$25."

(2) Subsection 1 has effect from 1 July 2010, except in respect of rebates for which an application is filed before (*insert the date of coming into force of this Regulation*).

15. Section 383R1 of the Regulation is amended in the French text of subparagraph *a* of paragraph 2 of the definition of "montant de financement public" by replacing "à l'effet" by "certifiant".

16. (1) Section 434R0.8 of the Regulation is amended

(1) by replacing "3.0%" in paragraph 1 by "3.4%";

(2) by replacing "6.0%" in paragraph 2 by "6.6%".

(2) Subsection 1 applies in respect of reporting periods that begin after 31 December 2011.

17. (1) Section 434R0.11 of the Regulation is amended by replacing "\$217,000" in paragraph 2 by "\$219,000".

(2) Subsection 1 applies in respect of reporting periods that begin after 31 December 2011.

18. (1) Section 434R0.12 of the Regulation is amended by replacing "\$215,000" in paragraphs 2 and 3 by "\$219,000".

(2) Subsection 1 applies in respect of reporting periods that begin after 31 December 2011. In addition, where section 434R0.12 of the Regulation applies in respect of a reporting period that begins after 31 December 2010 and before 1 January 2012, the reference to "\$215,000" in paragraphs 2 and 3 is to be read as a reference to "\$217,000".

19. (1) Section 434R0.13 of the Regulation is amended by replacing "\$32,250" wherever that figure appears in subparagraphs *b* and *c* of subparagraph 4 of the second paragraph by "\$32,850".

Subsection 1 applies in respect of reporting periods that begin after 31 December 2011. In addition, where section 434R0.13 of the Regulation applies in respect of a reporting period that begins after 31 December 2010 and before 1 January 2012, the reference to "\$32,250" in subparagraphs *b* and *c* of subparagraph 4 of the second paragraph is to be read as a reference to "\$32,550".

20. (1) Section 434R4 of the Regulation is amended by replacing "\$10,700" in paragraph 2 of the definition of "specified supply" by "\$10,500".

(2) Subsection 1 applies for the purposes of calculating the net tax for reporting periods that begin after 31 December 2007. In addition, where section 434R4 of the Regulation applies in respect of a reporting period that begins after 30 June 2006 and before 1 January 2008, the reference to "\$10,700" in paragraph 2 of the definition of "specified supply" is to be read as a reference to "\$10,600".

21. (1) Section 434R5.1 of the Regulation is amended

(1) by replacing "5.2%" in paragraph 1 by "5.7%";

(2) by replacing "6.6%" in paragraph 2 by "7.3%".

(2) Subsection 1 applies in respect of reporting periods that begin after 31 December 2011.

22. (1) Section 434R7 of the Regulation is amended by replacing "\$10,700" in subparagraph ii of subparagraph *a* of subparagraph 3 of the second paragraph by "\$10,500".

(2) Subsection 1 applies for the purposes of calculating the net tax for reporting periods that begin after 31 December 2007. In addition, where section 434R7 of the Regulation applies in respect of a reporting period that begins after 30 June 2006 and before 1 January 2008, the reference to "\$10,700" in subparagraph ii of subparagraph *a* of subparagraph 3 of the second paragraph is to be read as a reference to "\$10,600".

23. (1) Section 541.24R1 of the Regulation is replaced by the following:

"**541.24R1.** For the purposes of section 541.24 of the Act, the following establishments defined in the Regulation respecting tourist accommodation establishments (R.R.Q., c. E-14.2, r. 1) are prescribed sleeping-accommodation establishments:

(1) hotel establishments;

(2) tourist homes;

(3) bed and breakfast establishments;

(4) hospitality villages;

(5) outfitting establishments; and

(6) other accommodation establishments."

(2) Subsection 1 has effect from 1 January 2011.

24. Section 677R19 of the Regulation is amended in the French text by replacing "à l'effet" in paragraph 2 by "l'informant".

25. (1) Schedule II.2 of the Regulation is amended

(1) by inserting the following after the "Montréal" tourist region in Class 2:

"Where Class 3 applies, the Montréal tourist region is deemed not to be listed in Class 2.";

(2) by adding the following after Class 2:

"CLASS 3

Tourist region

Territorial entities included in the region

Montréal

Baie-D'Urfé; Beaconsfield; Côte-Saint-Luc; Dollard-Des Ormeaux; Dorval; Hampstead; Kirkland; L'Île-Dorval; Montréal; Montréal-Est; Montréal-Ouest; Mont-Royal; Pointe-Claire; Sainte-Anne-de-Bellevue; Senneville; Westmount."

(2) Subsection 1 applies in respect of the supply of a sleeping-accommodation unit that is invoiced after 31 January 2010 for occupancy after that date, except if, as the case may be,

(1) the sleeping-accommodation unit is supplied by an intermediary who received the supply before 1 February 2010;

(2) the sleeping-accommodation unit was invoiced by the operator of a sleeping-accommodation establishment to a travel intermediary who is a travel agent within the meaning of section 2 of the Travel Agents Act (R.S.Q., c. A-10), a foreign tour operator or a convention organizer that supplies the sleeping-accommodation unit to an attendee, the price of the unit was fixed pursuant to an agreement entered into before 1 February 2010 between the operator of the sleeping-accommodation establishment and the travel intermediary and the occupancy of the sleeping-accommodation unit occurs after 31 January 2010 and before 1 November 2010.

26. (1) Schedule III to the Regulation is amended

(1) by striking out "Agence de l'efficacité énergétique", "Comité consultatif du travail et de la main-d'œuvre", "Commission de reconnaissance des associations d'artistes et des associations de producteurs", "Institut de recherche en santé et en sécurité du travail du Québec", "Investissement Québec" and "Organisme d'autoréglementation du courtage immobilier du Québec";

(2) by replacing, respecting alphabetical order, "Agence Québec / Wallonie-Bruxelles pour la jeunesse" by "Office Québec / Wallonie-Bruxelles pour la jeunesse";

(3) by inserting, in alphabetical order, "Agence du revenu du Québec (or Revenu Québec)", "Commissaire à la lutte contre la corruption", "Commissaire à l'éthique et à la déontologie", "Commission de l'éthique en science et en technologie", "Institut national d'excellence en santé et en services sociaux", "Institut national des mines" and "Office Québec-Monde pour la jeunesse".

(2) Paragraph 1 of subsection 1 has effect from

(1) 1 January 2012, where it strikes out "Institut de recherche en santé et en sécurité du travail du Québec" in Schedule III to the Regulation;

(2) 1 October 2011, where it strikes out "Comité consultatif du travail et de la main-d'œuvre" in Schedule III to the Regulation;

(3) 13 June 2011, where it strikes out "Agence de l'efficacité énergétique" in Schedule III to the Regulation;

(4) 1 April 2011, where it strikes out "Investissement Québec" in Schedule III to the Regulation;

(5) 1 May 2010, where it strikes out "Organisme d'autoréglementation du courtage immobilier du Québec" in Schedule III to the Regulation; and

(6) 1 July 2009, where it strikes out "Commission de reconnaissance des associations d'artistes et des associations de producteurs" in Schedule III to the Regulation.

(3) Paragraph 2 of subsection 1 has effect from 26 May 2009.

(4) Paragraph 3 of subsection 1 has effect from:

(1) 1 July 2011, where it inserts "Commission de l'éthique en science et en technologie " in Schedule III to the Regulation;

(2) 13 June 2011, where it inserts "Commissaire à la lutte contre la corruption" in Schedule III to the Regulation;

(3) 1 April 2011, where it inserts "Agence du revenu du Québec (or Revenu Québec)" in Schedule III to the Regulation;

(4) 19 January 2011, where it inserts "Institut national d'excellence en santé et en services sociaux" in Schedule III to the Regulation;

(5) 6 January 2011, where it inserts "Commissaire à l'éthique et à la déontologie" in Schedule III to the Regulation;

(6) 28 June 2010, where it inserts "Institut national des mines" in Schedule III to the Regulation; and

(7) 26 May 2009, where it inserts "Office Québec-Monde pour la jeunesse" in Schedule III to the Regulation.

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

Regulation to amend the Regulation respecting the application of the Fuel Tax Act

Fuel Tax Act

(R.S.Q., c. T-1, ss. 9.1, 10.2.1, 12.1, 17.3, 17.4, 26.1, 27.1 and 56)

1. (1) The Regulation respecting the application of the Fuel Tax Act (R.R.Q., c. T-1, r. 1) is amended by inserting the following after section 9R2:

"**9.1R1.** For the purposes of section 9.1 of the Act, the following conditions in respect of the acquisition of fuel by a tribal council or a band-empowered entity are prescribed conditions:

(a) the person who acquires the fuel on behalf of the tribal council or band-empowered entity presents to the retail dealer, at the time of the acquisition, the registration certificate referred to in section 26.1 of the Act;

(b) the person mentioned in paragraph *a* signs, in relation to the acquisition of fuel, the register referred to in section 17.3 of the Act; and

(c) the person mentioned in paragraph *a* provides to the retail dealer a certificate stating that the fuel is acquired, as the case may be, by the tribal council or the band-empowered entity and, where the band-empowered entity is a legal person, that it is intended for band management activities."

(2) Subsection 1 applies in respect of acquisitions of fuel made after 30 June 2011.

2. (1) The Regulation is amended by inserting the following after section 10.2R3:

"**10.2.1R1.** For the purposes of section 10.2.1 of the Act, the application in respect of a particular month must be filed by the retail dealer at the same time as the dealer's account is rendered to the Minister in accordance with the seventh paragraph of section 13 of the Act for the period covered by the application.

No reimbursement is allowed in respect of a sale made during a particular month unless the conditions set out in section 17.3R1 have been complied with in respect of the sale."

(2) Subsection 1 applies in respect of sales of fuel made after 30 June 2011.

3. (1) The Regulation is amended by inserting the following after section 10.10R1:

"**12.1R1.** For the purposes of section 12.1 of the Act, the following conditions in respect of the sale of fuel to an Indian or a band are prescribed conditions:

(a) the Indian or the person who acquires the fuel on behalf of the band presents to the retail dealer, at the time of the sale, the registration certificate referred to in section 26.1 of the Act and, in the case of a sale of fuel to an Indian, the latter's Certificate of Indian Status issued by Aboriginal Affairs and Northern Development Canada;

(b) the Indian or the person mentioned in paragraph *a* signs, in relation to the sale of fuel, the register referred to in section 17.3 of the Act; and

(c) the person mentioned in paragraph *a* provides to the retail dealer a certificate stating that the fuel is acquired by the band."

(2) Subsection 1 applies in respect of sales of fuel made after 30 June 2011.

- 4.** (1) The Regulation is amended by inserting the following after section 16R3:

"DIVISION II.1

"OBLIGATIONS OF A RETAIL DEALER AS REGARDS THE INDIAN TAX EXEMPTION MANAGEMENT PROGRAM

"17.3R1. For the purposes of section 17.3 of the Act, a retail dealer who sells fuel to a purchaser who is an Indian, a band, a tribal council or a band-empowered entity in circumstances in which section 9.1 or 12.1 of the Act applies must, in respect of each sale,

(a) verify,

i. using the most recent list furnished by Revenu Québec, the validity of the registration certificate referred to in section 26.1 of the Act that must be presented to the dealer by the Indian or the person who acquires the fuel on behalf of the band, the tribal council or the band-empowered entity, as the case may be, in accordance with paragraph *a* of section 9.1R1 or 12.1R1, as the case may be, and

ii. where the purchaser is an Indian, the purchaser's identity attested by the Certificate of Indian Status issued by Aboriginal Affairs and Northern Development Canada that must be presented to the dealer by the purchaser in accordance with paragraph *a* of section 12.1R1; and

(b) ensure that the registration certificate so presented to the dealer is that of the purchaser and, for a sale to a band-empowered entity that is a legal person, ensure that the fuel is intended for band management activities.

"17.4R1. For the purposes of section 17.4 of the Act, a retail dealer must have posted in such manner as to be clearly visible to the purchaser, in the dealer's establishment, the retail sales price of the fuel including the taxes imposed under the Act, Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and the Act respecting the Québec sales tax (R.S.Q., c. T-0.1), as well as the retail sales price of the fuel without those taxes."

(2) Subsection 1 applies in respect of sales of fuel made after 30 June 2011.

- 5.** (1) The Regulation is amended by inserting the following before Division IV:

"DIVISION III.2

"INDIAN TAX EXEMPTION MANAGEMENT PROGRAM REGISTRATION CERTIFICATE

"26.1R1. For the purposes of section 26.1 of the Act, the following are prescribed documents:

(a) if the applicant to which that section applies is an Indian, the applicant's Certificate of Indian Status issued by Aboriginal Affairs and Northern Development Canada;

(b) if the applicant to which that section applies is a band, a resolution or other document emanating from the band council certifying that the person signing the application is an authorized person;

(c) if the applicant to which that section applies is a tribal council,

i. any document attesting to the qualification of the applicant as a tribal council, and

ii. a resolution or other document emanating from the tribal council or each band council certifying that the person signing the application is an authorized person; and

(d) if the applicant to which that section applies is a band-empowered entity,

i. any document attesting to the qualification of the applicant as a band-empowered entity,

ii. a resolution or other document emanating from the applicant certifying that the person signing the application is an authorized person, and

iii. where the applicant is a legal person, a certificate stating that the fuel will be intended for band management activities."

(2) Subsection 1 has effect from 1 July 2011.

6. Section 27.1R1 of the Regulation is amended in the French text by replacing "à l'effet" in paragraph *c* by "certifiant".

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

2032

M.O., 2012

Order number AM 2012-004 of the Minister of Health and Social Services dated 18 April 2012

Criminal Code
(R.S.C. 1985, c. C-46)

Youth Criminal Justice Act
(S.C. 2002, c. 1)

Designation of places for the custody, treatment or assessment of an accused or young person pursuant to the Criminal Code or the Youth Criminal Justice Act

THE MINISTER OF HEALTH AND SOCIAL SERVICES,

CONSIDERING section 672.1 of the Criminal Code (R.S.C. 1985, c. C-46), which provides that the Minister of Health and Social Services designates places for the custody, treatment or assessment of an accused in respect of whom an assessment order, a disposition or a placement decision is made;

CONSIDERING subsection 141(11) of the Youth Criminal Justice Act (S.C. 2002, c. 1), which provides that the Minister of Health and Social Services designates hospitals for the custody, treatment or assessment of young persons;

CONSIDERING Minister's Order 2005-013 dated 25 August 2005 which, pursuant to the Criminal Code and the Youth Criminal Justice Act, designates places for the custody, treatment or assessment of an accused or young person;

CONSIDERING the changes made in the names of a number of those places;

CONSIDERING that it is expedient to replace Minister's Order 2005-013 dated 25 August 2005;

ORDERS AS FOLLOWS:

(1) Minister's Order 2005-013 dated 25 August 2005 is replaced by this Minister's Order;

(2) the custody, treatment or assessment of an accused in respect of whom an assessment order, a disposition or a placement decision is made, within the meaning of section 672.1 of the Criminal Code, is entrusted to the following institutions:

Region 01 – Bas-Saint-Laurent

Centre de santé et de services sociaux de Rimouski-Neigette

Centre de santé et de services sociaux de Rivière-du-Loup