

**TITLE XXVI****COMPUTATION OF THE TAX OF INDIVIDUALS**

title XIX; O.C. 1981-80, title XIX; R.R.Q., 1981, c. I-3, r. 1, title XIX; O.C. 1232-91, s. 16; O.C. 134-2009, s. 1.

**752.0.7.4R1.** (Revoked).

s. 752.0.7.4R1; O.C. 1466-98, s. 66; O.C. 1282-2003, s. 46; O.C. 1155-2004, s. 32; O.C. 134-2009, s. 1; O.C. 117-2019, s. 21.

**752.0.10R1.** (Revoked).

s. 752.0.10R1; O.C. 1232-91, s. 17; O.C. 134-2009, s. 1; O.C. 229-2014, s. 11.

**752.0.10.1R1.** (Revoked).

s. 752.0.10.1R4; O.C. 473-95, s. 17; O.C. 35-96, s. 86; O.C. 1149-2006, s. 32; O.C. 134-2009, s. 1; O.C. 701-2013, s. 22.

**752.0.10.3R1.** In this section and in sections 752.0.10.3R2 to 752.0.10.3.1R1,

“donee” means a person or an entity to which an individual has made a gift, and that is referred to in section 752.0.10.12R1, in the definition of “total cultural gifts” or “total musical instrument gifts” in the first paragraph of section 752.0.10.1 of the Act, in paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph of that section 752.0.10.1 or in any of paragraphs *a*, *h*, *i* and *k* of the definition of “qualified donee” in section 999.2 of the Act;

“employees charity trust” means a registered charity that is constituted for the purpose of remitting to other registered charities the donations collected by an employer from employees;

“organization” has the meaning assigned by section 712R1;

“particular person” means a person or an entity referred to in any of subparagraphs *i*, *iv* and *v* of paragraph *a* of the definition of “qualified donee” in subsection 1 of section 149.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) whose registration as a qualified donee has not been revoked by the Minister of Revenue of Canada, or in any of paragraphs *b* to *e* and *g* to *j* of the definition of “qualified donee” in section 999.2 of the Act;

“receipt” means a receipt referred to in section 752.0.10.3 of the Act;

“receipt form” has the meaning assigned by section 712R1;

“registration number” has the meaning assigned by section 712R1;

“work of art” means a work of art referred to in section 752.0.10.11.1 of the Act.

s. 752.0.10.3R1; O.C. 473-95, s. 17; O.C. 35-96, s. 86; O.C. 523-96, s. 19; O.C. 1633-96, s. 15; O.C. 1707-97, s. 52; O.C. 1249-2005, s. 23; O.C. 1149-2006, s. 33; O.C. 1116-2007, s. 30; O.C. 134-2009, s. 1; O.C. 701-2013, s. 23; O.C. 321-2017, s. 33; O.C. 1182-2017, s. 7.

**Corresponding Federal Provision:** 3500.

**752.0.10.3R2.** For the purposes of section 752.0.10.3 of the Act, a receipt is required to be signed by an individual authorized by the organization or the donee to acknowledge gifts.

However, a receipt may bear a facsimile signature if all the receipt forms of the organization or the donee are imprinted with the serial number of the receipt, the name and address of the organization or the donee and, in the case of an organization, its registration number, and are kept in such place as the Minister may designate.

s. 752.0.10.3R2; O.C. 473-95, s. 17; O.C. 1149-2006, s. 34; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 16.

**Corresponding Federal Provision:** 3501(1)(i), (2) and (3).

**752.0.10.3R3.** For the purposes of section 752.0.10.3 of the Act, a receipt, other than a receipt in respect of which section 752.0.10.3R4 applies, issued by an organization or a donee must contain the statement and the information referred to in section 712R2 and, if the receipt is issued to replace a receipt previously issued, contain a clear indication to that effect and the serial number of the original receipt.

s. 752.0.10.3R3; O.C. 473-95, s. 17; O.C. 1633-96, s. 16; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 3501(1), (1.1) and (4).

**752.0.10.3R4.** For the purposes of section 752.0.10.3 of the Act, where an individual makes a gift of a work of art to a particular person, other than such a person who acquires the work of art in connection with its primary mission or is a donee referred to in subparagraph *c* of the second paragraph of section 752.0.10.15.2 of the Act if that paragraph applies to the work of art the donee acquired, the receipt issued by the particular person in respect of that gift must contain the statement referred to in section 712R2 and the information required by paragraphs *a* to *g* and *i* of that section and the following information:

(a) the date of the disposition of the work of art by the particular person;

(b) the amount that may reasonably be considered as the consideration for that disposition; and

(c) the fair market value of that work of art at the time of that disposition.

Where the receipt referred to in the first paragraph is issued to replace a receipt previously issued, it must also contain a

clear indication to that effect and the serial number of the original receipt.

s. 752.0.10.3R3.1; O.C. 1633-96, s.17; O.C. 134-2009, s.1; O.C. 321-2017, s. 34.

**752.0.10.3R5.** Where an organization is an employee's charity trust or has, in respect of donations collected by an employer from employees, appointed that employer as mandatory responsible for remitting to it those donations and where each copy of the information return required under section 1086R1 to be filed for a year by an employer of employees who have remitted in the year a donation to that organization shows, for each of those employees, the amount of that donation for the year collected by the employer and the organization's registration number, the following rules apply:

(a) sections 752.0.10.3R2, 752.0.10.3R3 and 752.0.10.3.1R1 do not apply; and

(b) the copy of the information return that is required to be given to the employee under section 1086R70 stands in lieu of the receipt referred to in section 752.0.10.3 of the Act.

s. 752.0.10.3R4; O.C. 473-95, s.17; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 3502.

**752.0.10.3.1R1.** For the purposes of the first paragraph of section 752.0.10.3.1 of the Act, the requirements that must be met by an organization or a donee in respect of a spoiled receipt form are the following:

(a) that receipt form must be kept in the records of the organization or the donee together with the duplicate thereof; and

(b) the organization or the donee must inscribe the word "cancelled" on the receipt form.

For the purposes of the first paragraph, a receipt form on which any of the following is incorrectly or illegibly entered is deemed to be spoiled:

(a) the date on which the gift is received;

(b) the amount of the gift, in the case of a gift of money;

(c) a description of the advantage, if any, in respect of the gift and the amount of that advantage; and

(d) the eligible amount of the gift.

s. 752.0.10.3.1R1; O.C. 473-95, s.17; O.C. 134-2009, s.1; O.C. 1105-2014, s. 17.

**Corresponding Federal Provision:** 3501(5) and (6).

**752.0.10.12R1.** For the purposes of section 752.0.10.12 of the Act, the charities mentioned in section 716R1 are prescribed donees.

s. 752.0.10.12R1; O.C. 473-95, s.17; O.C. 35-96, s.86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 3504.

**752.0.10.15.6R1.** For the purposes of section 752.0.10.15.6 of the Act, the charities listed in section 716.0.1.4R1 are prescribed.

O.C. 321-2017, s. 35.

**752.0.10.25R1.** The information return required to be filed with the Minister under section 752.0.10.25 of the Act must contain

(a) a description of the transferred property;

(b) the fair market value of the transferred property at the time of the transfer;

(c) the date on which the property was transferred;

(d) the name and address of the transferee of the property; and

(e) if the transferor of the property or a person not dealing at arm's length with the transferor issued the receipt referred to in section 752.0.10.3 of the Act, the information contained in that receipt.

O.C. 701-2013, s. 24.

**Corresponding Federal Provision:** 3501.1.

**752.0.11.1R0.1.** For the purposes of paragraph c.1 of section 752.0.11.1 of the Act, the drugs, medicaments or other preparations or substances referred to are those that

(a) are for use in the diagnosis, treatment or prevention of a disease, disorder or abnormal physical state, or its symptoms, or in restoring, correcting or modifying an organic function;

(b) are prescribed for a person by a practitioner; and

(c) can lawfully be acquired in a jurisdiction to be used by a person in that jurisdiction only with practitioner intervention.

O.C. 1176-2010, s. 27.

**Corresponding Federal Provision:** 5701.

**752.0.11.1R1.** For the purposes of paragraph s of section 752.0.11.1 of the Act, a device or equipment referred to therein is

(a) a wig for a person who has suffered abnormal hair loss owing to disease, medical treatment or accident;

(b) a needle or syringe used for giving injections;

- (c) any device or equipment, including replacement parts, designed exclusively for use by a person suffering from a severe chronic respiratory ailment or a severe chronic immune system dysregulation, but not including air conditioners, humidifiers, dehumidifiers, heat exchangers, air exchangers or heat pumps;
- (d) an air or water filter or purifier for use by a person suffering from a severe chronic respiratory ailment or a severe chronic immune system dysregulation, to help that person cope with or overcome the ailment or dysregulation;
- (e) an electric or sealed combustion furnace acquired to replace a furnace that is neither an electric furnace nor a sealed combustion furnace, where the replacement is necessary solely because of a person's severe chronic respiratory ailment or severe chronic immune system dysregulation;
- (f) an air conditioner acquired for use by an individual to cope with the individual's severe chronic ailment, disease or disorder, to the extent of the lesser of \$1,000 and 50% of the amount paid for the air conditioner;
- (g) any device or equipment designed to pace or monitor the heart of an individual suffering from heart disease;
- (h) an orthopedic shoe or an insert for a shoe made to order in accordance with a prescription to assist a person in overcoming a physical disability;
- (i) a chair mounted on a rail designed exclusively to enable a person to ascend or descend a stairway mechanically;
- (j) any device or equipment designed to assist a person to get into or out of a bathtub or shower or to get on or off a toilet;
- (k) a hospital bed, including accessories under a medical prescription;
- (l) any device or equipment that is exclusively designed to assist a person in walking where the person has a mobility impairment;
- (m) an external breast prosthesis that is required because of a mastectomy;
- (n) a teletypewriter or any similar device, including telephone ringing indicators, that enables a deaf or mute person to make and receive telephone calls;
- (o) a power-operated lift or transportation equipment designed exclusively to allow a handicapped person access to different areas of a building or to assist the person in gaining access to a vehicle or placing the person's wheelchair in or on a vehicle;
- (p) an optical scanner, or similar device, designed to be used by a blind individual to enable the individual to read print;
- (q) a device or software designed to be used by a blind individual, or an individual with a severe learning disability, to enable the individual to read print;
- (r) any device designed exclusively to enable a person with mobility impairment to operate a vehicle;
- (s) any device or equipment, including a synthetic speech system, braille printer and large print-on-screen device, designed exclusively to be used by a blind individual to enable the individual to operate a computer;
- (t) an electronic speech synthesizer that enables a mute person to communicate by means of a portable keyboard;
- (u) a device to decode special television signals to visually display the script of a program;
- (v) a visual or vibratory signalling device, including a visual fire alarm indicator, for an individual with a hearing impairment;
- (w) a device designed to be attached to infants diagnosed as being prone to sudden infant death syndrome in order to sound an alarm if the infant ceases to breathe;
- (x) an infusion pump, including disposable peripherals, used in the treatment of diabetes, or a device designed to enable a person suffering from diabetes to measure blood sugar level;
- (x.1) a blood coagulation monitor, including disposable peripherals, for use by an individual who requires anti-coagulation therapy;
- (y) an electronic or computerized environmental control system designed exclusively for use by a person with a severe and prolonged mobility restriction;
- (z) elastic support hose or an extremity pump designed exclusively to relieve swelling caused by chronic lymphedema;
- (z.1) an inductive coupling osteogenesis stimulator used for treating non-union of fractures or aiding in bone fusion;
- (z.2) a talking textbook for use by an individual with a perceptual disability in connection with the individual's enrolment at an educational institution in Canada or at an educational institution described in section 358.0.2 of the Act;
- (z.3) a Bliss symbol board, or similar device, designed to be used to help an individual who has a speech impairment communicate by selecting the symbols or spelling out words;

(z.4) a Braille note-taker designed to be used by a blind individual to allow the individual to take notes that can be read back or printed, or displayed in Braille with the help of a keyboard;

(z.5) a page turner, designed to be used by an individual who has a severe and prolonged impairment that markedly restricts the individual's ability to use arms or hands to turn the pages of a book or other bound document;

(z.6) an altered auditory feedback device designed to be used by a person who has a speech impairment;

(z.7) an electrotherapy device designed to be used by a person who has a severe mobility impairment or a medical condition;

(z.8) a standing device designed to be used for standing therapy by a person who has a severe mobility impairment; and

(z.9) a pressure pulse therapy device designed to be used by a person who has a balance disorder.

s. 752.0.11.1R1; O.C. 1232-91, s.17; O.C. 91-94, s.52; O.C. 67-96, s.48; O.C. 1451-2000, s.25; O.C. 1470-2002, s.48; O.C. 1282-2003, s.47; O.C. 134-2009, s.1; O.C. 1303-2009, s.16; O.C. 701-2013, s.25.

**Corresponding Federal Provision:** 5700.

## TITLE XXVII

### BUSINESSES CARRIED ON IN CANADA OR IN QUÉBEC AND ELSEWHERE

title XX; O.C. 1981-80, title XX; R.R.Q., 1981, c. I-3, r. 1, title XX; O.C. 523-96, s.44; O.C. 134-2009, s.1.

## CHAPTER I

### GENERAL RULE

chap. I; O.C. 1981-80, title XX, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. I; O.C. 134-2009, s.1.

**771R1.** The business of a corporation having an establishment in Québec is deemed to be totally carried on in Québec for a taxation year where such corporation has no establishment outside Québec during the year.

s. 771R1; O.C. 1981-80, s. 771R1; R.R.Q., 1981, c. I-3, r. 1, s. 771R1; O.C. 1707-97, s.98; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 402(1).

**771R2.** The business of a corporation is deemed to be totally carried on outside Québec for a taxation year where such a corporation has no establishment in Québec during the year.

s. 771R2; O.C. 1981-80, s. 771R2; R.R.Q., 1981, c. I-3, r. 1, s. 771R2; O.C. 1707-97, s.98; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 402(2).

**771R3.** For the purposes of this Title, “province” includes

(a) the Nova Scotia offshore area, within the meaning of the Canada — Nova Scotia Offshore Petroleum Resources Accord Implementation Act (Statutes of Canada, 1988, chapter 28);

(b) the Newfoundland and Labrador offshore area, within the meaning of the Canada — Newfoundland and Labrador Atlantic Accord Implementation Act (Statutes of Canada, 1987, chapter 3).

s. 771R2.1; O.C. 1232-91, s.18; O.C. 1466-98, s.67; O.C. 134-2009, s.1; I.N. 2016-10-01.

**Corresponding Federal Provision:** 124(4) “province” and 248(1) “Nova Scotia offshore area” and “Newfoundland offshore area” ITA.

## CHAPTER II

### ESTABLISHMENTS IN SEVERAL JURISDICTIONS

chap. II; O.C. 1981-80, title XX, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. II; O.C. 134-2009, s.1.

## DIVISION I

### GENERALITIES

div. I; O.C. 1981-80, title XX, chap. II, div. I; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. II, div. I; O.C. 134-2009, s.1.

**771R4.** Subject to the special provisions in Chapters III and IV, where, in a taxation year, a corporation has an establishment in Québec and an establishment in another jurisdiction, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec and elsewhere, is one-half of the aggregate of

(a) the proportion that its gross revenue for the year reasonably attributable to the establishment in Québec is of its total gross revenue for the year; and

(b) the proportion that the salaries and wages paid by the corporation in the year to the employees of the establishment in Québec is of the total salaries and wages paid in the year by the corporation.

s. 771R3; O.C. 1981-80, s. 771R3; R.R.Q., 1981, c. I-3, r. 1, s. 771R3; O.C. 1707-97, s.98; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 402(3) before (b).

**771R5.** Despite section 771R4 and subject to the special provisions of Chapters III and IV, where a corporation having an establishment in Québec and an establishment outside Québec does not pay any salaries or wages to its employees during the year or has no gross revenue for that year, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec and elsewhere, is the proportion referred to in paragraph *a* of

section 771R4, and, in the latter case, that referred to in paragraph *b* of this section.

s. 771R3.1; O.C. 1983-80, s. 36; O.C. 1535-81, s. 10; R.R.Q., 1981, c. I-3, r. 1, s. 771R3.1; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(3)(b) and (c).

**771R6.** For the purposes of this Title, an employee of a corporation is, in a taxation year, an employee of an establishment of the corporation situated in Québec where, in that year, in reference to the location where the employee mainly reports for work, the location where the employee principally performs the employee's duties, the employee's principal place of residence, the location from which the employee is paid, the establishment from which the employee is supervised, the nature of the duties performed by the employee or any other similar criterion, it may reasonably be considered that the employee is an employee of an establishment of the corporation situated in Québec.

s. 771R3.2; O.C. 1707-97, s. 53; O.C. 1463-2001, s. 70; O.C. 134-2009, s. 1.

**771R7.** For the purposes of paragraph *a* of section 771R4, "gross revenue" does not include interest on a bond, debenture, hypothecary claim or mortgage, dividends, or rentals or royalties from property that is not used in connection with the principal activity of the corporation.

s. 771R4; O.C. 1981-80, s. 771R4; R.R.Q., 1981, c. I-3, r. 1, s. 771R4; O.C. 1707-97, s. 54; O.C. 1466-98, s. 68; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(5).

**771R8.** Except where a commission is paid to a person who is not an employee of the corporation, where a remuneration is paid under an agreement by the corporation to a person for services that would normally be performed by the employees of the corporation, such remuneration is deemed to be a salary or wages paid to such employee of the establishment of the corporation to which such services are reasonably attributable and to the extent that they are so attributable.

s. 771R5; O.C. 1981-80, s. 771R5; R.R.Q., 1981, c. I-3, r. 1, s. 771R5; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 28.

**Corresponding Federal Provision:** 402(7) and (8).

**771R9.** For the purposes of this Title, where an employee renders a service in Québec to or for a corporation or partnership that is not the employer of the employee, an amount that may reasonably be considered to be the salary or wages earned by the employee for rendering the service is deemed, for the taxation year or the fiscal period, as the case may be, during which the salary or wages are paid to the employee, to be wages paid by the corporation or partnership, as the case may be, to an employee of an establishment of the corporation or partnership situated in Québec where

(a) at the time the service is rendered, the corporation or partnership, as the case may be, has an establishment situated in Québec;

(b) the service rendered by the employee is

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

ii. rendered to or for the corporation or partnership as part of the regular, ongoing activities of carrying on a business by the corporation or partnership, as the case may be, and

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

(c) the amount is not otherwise included in the aggregate of the salaries and wages paid by the corporation or partnership that are determined for the purposes of this Title.

s. 771R5.0.1; O.C. 1707-97, s. 55; O.C. 134-2009, s. 1; O.C. 701-2013, s. 26.

**771R10.** Section 771R9 does not apply in respect of a taxation year or fiscal period, as the case may be, of a corporation or partnership referred to therein if the Minister is of the opinion that a reduction in the total taxes payable under the Act by the employer referred to in that section and by the corporation or by each member of the partnership is not one of the anticipated goals or results of

(a) the entering into or the maintaining in force of the agreement under which the service is rendered by the employee referred to in that section 771R9 to or for the corporation or partnership;

(b) the entering into or the maintaining in force of any other agreement affecting the amount, determined for the purposes of this Title, of the salaries and wages paid by the corporation in the taxation year or by the partnership in the fiscal period and that the Minister considers to be related to the agreement to provide services referred to in paragraph *a*; or

(c) any other transaction, arrangement or event affecting the amount, determined for the purposes of this Title, of the wages and salaries paid by the corporation in the taxation year or by the partnership in the fiscal period.

s. 771R5.0.2; O.C. 1707-97, s. 55; O.C. 1466-98, s. 69; O.C. 134-2009, s. 1; O.C. 701-2013, s. 27.

**771R11.** Where, by reason of section 771R9, a corporation includes an amount in its salaries and wages, the Minister may, upon receipt of a joint application by the corporation and the employer referred to in that section that is filed by the employer, permit the employer, for the purposes of determining the salaries or wages or the gross revenue for the employer's taxation year or fiscal period, to

deduct an amount that the Minister considers reasonable and that does not exceed the lesser of

(a) the amount included by the corporation for the year, by reason of the application of section 771R9, in computing its salaries or wages in respect of the services rendered by the employees of the employer to or for the corporation or the partnership of which the corporation is a member; and

(b) the amount included by the employer for the year in computing its salaries or wages or its gross revenue in respect of the services rendered by the employees of the employer to or for the corporation or the partnership of which the corporation is a member.

s. 771R5.0.3; O.C. 1707-97, s. 55; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 29; O.C. 701-2013, s. 28; O.C. 1182-2017, s. 8.

**771R12.** Where a corporation, other than a bank, or a partnership of which the corporation is a member operates an international financial centre, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation, otherwise determined under this Chapter and Chapters III and IV, is to be determined without taking into account 75% of the portion of the salaries and wages and the gross revenue that is referred to in subparagraph 4 or 6 of the second paragraph of section 49 of the Act respecting international financial centres (chapter C-8.3) relating to the operations of the international financial centre, or of the net premiums attributable to the operations of the international financial centre.

s. 771R5.1; O.C. 1811-86, s. 3; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 26; O.C. 1470-2002, s. 49; O.C. 1249-2005, s. 24; O.C. 1149-2006, s. 35; O.C. 134-2009, s. 1.

## DIVISION II

### COMPUTATION OF GROSS REVENUE

div. II; O.C. 1981-80, title XX, chap. II, div. II; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. II, div. II; O.C. 134-2009, s. 1.

**771R13.** The rules in this division apply to the computation of gross revenue reasonably attributable to an establishment of a corporation for a taxation year.

s. 771R6; O.C. 1981-80, s. 771R6; R.R.Q., 1981, c. I-3, r. 1, s. 771R6; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4) before (a).

**771R14.** Where the merchandise sold is shipped into a jurisdiction where the corporation has an establishment, the gross revenue derived from the sale is attributable to that establishment, otherwise, it is attributable to the establishment to which the person negotiating the sale is attached.

Where the buyer instructs that the merchandise be shipped to another person, the gross revenue derived from the sale is

attributable to the establishment situated in the jurisdiction where the establishment of the buyer is situated, if the corporation has an establishment in that jurisdiction, otherwise, it is attributable to the establishment to which the person who has negotiated the sale is attached.

s. 771R7; O.C. 1981-80, s. 771R7; R.R.Q., 1981, c. I-3, r. 1, s. 771R7; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4)(a), (b), (d) and (e).

**771R15.** Despite section 771R14, where the merchandise sold is shipped to another country where the corporation has no establishment and if the merchandise was entirely produced or manufactured by the corporation in one jurisdiction in Canada, the gross revenue derived from the sale is attributable to the establishment situated in that jurisdiction.

However, if the merchandise sold was produced or manufactured by the corporation partly in Québec and partly in another jurisdiction, the gross revenue derived from the sale that is attributable to the establishment situated in Québec is equal to that proportion of the gross revenue that the salaries and wages paid in the year to employees of the establishment situated in Québec is of the aggregate of the salaries and wages paid in the year to employees of all the establishments where the merchandise sold was produced or manufactured.

The same rules apply where the establishment of the buyer is situated in a jurisdiction outside Canada in which the corporation has no establishment and the buyer instructs that the merchandise be shipped to another person.

s. 771R8; O.C. 1981-80, s. 771R8; R.R.Q., 1981, c. I-3, r. 1, s. 771R8; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4)(c) and (f).

**771R16.** Despite section 771R14, where, in a taxation year, merchandise sold by a corporation is shipped to a country other than Canada in which the corporation has an establishment or is sold to a buyer whose establishment is situated in a country other than Canada in which the corporation has an establishment and who instructs the corporation to ship the merchandise to another person, and the corporation is not subject to taxation on its income under the laws of the other country, or its gross revenue derived from the sale of the merchandise is not included in computing the income or profit or other base for income or profits taxation by the other country, by reason of the provisions of any taxing statute of the other country or the operation of any tax treaty or convention between Canada and the other country, the following rules apply:

(a) for the purposes of determining the gross revenue derived from the sale, the first and third paragraphs of section 771R15 are to be read without reference to “where the corporation has no establishment” and “in which the corporation has no establishment”, respectively; and

(b) for the purposes of paragraph *b* of section 771R4, section 771R5 and the second paragraph of section 771R15, the salaries and wages paid by the corporation in the year to the employees of an establishment situated in the other country are deemed to be nil.

s. 771R8.1; O.C. 1631-96, s. 34; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4.1).

**771R17.** Despite sections 771R14 and 771R15, the gross revenue derived by a corporation from the wholesale of electricity produced by it is attributable to the establishment situated in the jurisdiction where such electricity is produced.

s. 771R9; O.C. 1981-80, s. 771R9; R.R.Q., 1981, c. I-3, r. 1, s. 771R9; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R18.** The gross revenue derived from services rendered in a jurisdiction is attributable to the establishment situated in that jurisdiction and, if there is no such establishment, is attributable to the establishment to which the person who has negotiated the contract is attached.

s. 771R10; O.C. 1981-80, s. 771R10; R.R.Q., 1981, c. I-3, r. 1, s. 771R10; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4)(g) and (h).

**771R19.** Where standing timber or a cutting right is sold, the gross revenue derived from the sale is attributable to the establishment of the corporation situated in the jurisdiction where the timber limit that is related to the sale of the standing timber or of the cutting right is situated.

s. 771R11; O.C. 1981-80, s. 771R11; R.R.Q., 1981, c. I-3, r. 1, s. 771R11; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4)(i).

**771R20.** Where land is an establishment, the gross revenue derived therefrom is attributable to that establishment.

s. 771R12; O.C. 1981-80, s. 771R12; R.R.Q., 1981, c. I-3, r. 1, s. 771R12; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(4)(j).

**771R21.** Where a part of the corporation's operations are conducted in partnership with another person, the corporation's gross revenue for a taxation year and the salaries and wages paid by it in the year include, in respect of those operations, only the proportion, for the fiscal period of the partnership coinciding with or ending in the year, of the gross revenue of the partnership or the salaries and wages paid by the partnership, as the case may be, that the corporation's share of the profit or loss from the partnership for that fiscal period is of the total profit or loss of the partnership for that fiscal period.

s. 771R13; O.C. 1981-80, s. 771R13; O.C. 1535-81, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 771R13; O.C. 1707-97, s. 56; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 402(6).

## CHAPTER III

### SPECIAL CASES

chap. III; O.C. 1981-80, title XX, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III; O.C. 134-2009, s. 1.

### DIVISION I

#### INSURANCE CORPORATIONS

div. I; O.C. 1981-80, title XX, chap. III, div. I; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. I; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R22.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Québec and elsewhere by an insurance corporation is equal to the proportion that the aggregate of its net premiums in respect of insurance on properties situated in Québec together with its net premiums in respect of insurance other than on properties and derived from contracts with persons residing in Québec is of the aggregate of net premiums included in the computation of its income under Part I of the Act.

s. 771R14; O.C. 1981-80, s. 771R14; R.R.Q., 1981, c. I-3, r. 1, s. 771R14; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 30.

**Corresponding Federal Provision:** 403(1).

**771R23.** For the purposes of this division, net premiums are computed by subtracting from gross premiums, other than considerations received for annuities, premiums paid by the corporation for re-insurance, dividends or rebates paid or credited to policyholders by the corporation, and rebates or returned premiums paid by the corporation in respect of the cancellation of policies.

s. 771R15; O.C. 1981-80, s. 771R15; R.R.Q., 1981, c. I-3, r. 1, s. 771R15; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 18.

**Corresponding Federal Provision:** 403(2).

**771R24.** For the purposes of section 771R22, where an insurance corporation had no establishment in a taxation year in a particular province, each net premium for that year in respect of insurance on property situated in the particular province and each net premium for that year in respect of insurance, other than on property, from a contract with a person resident in the particular province is deemed to be a net premium in respect of insurance on property situated in the province in which the establishment of the corporation to which the net premium is reasonably attributable is situated or, as the case may be, a net premium in respect of insurance, other than on property, from a contract with a person resident in the province in which such establishment is situated.

s. 771R16; O.C. 1981-80, s. 771R16; R.R.Q., 1981, c. I-3, r. 1, s. 771R16; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 31.

**Corresponding Federal Provision:** 403(3).

**771R24.1.** For the purposes of section 771R22, where an insurance corporation has no establishment in a taxation year in a particular country other than Canada and offers insurance on property situated in the particular country or has an insurance contract, other than on property, with a person resident in the particular country, each net premium for that year in respect of the insurance is deemed, as the case may be, to be a net premium in respect of insurance on property situated in the province or country other than Canada in which the establishment of the corporation to which the net premium is reasonably attributable is situated, or a net premium in respect of insurance, other than on property, from a contract with a person resident in the province or country other than Canada in which such establishment is situated.

O.C. 1176-2010, s. 32.

**Corresponding Federal Provision:** 403(4).

## DIVISION II

### BANKS AND FEDERAL CREDIT UNIONS

div. II; O.C. 1981-80, title XX, chap. III, div. II; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. II; O.C. 134-2009, s. 1; O.C. 117-2019, s. 22.

**771R25.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Québec and elsewhere by a bank or a federal credit union is one-third of the aggregate of

(a) the proportion that the salaries and wages paid by the bank or the federal credit union, as the case may be, to employees of its establishment in Québec is of the aggregate of all salaries and wages paid by the bank or the federal credit union; and

(b) twice the proportion that the loans and deposits attributable to the establishment in Québec of the bank or the federal credit union, as the case may be, is of the aggregate of all loans and deposits.

s. 771R17; O.C. 1981-80, s. 771R17; O.C. 1535-81, s. 12; R.R.Q., 1981, c. I-3, r. 1, s. 771R17; O.C. 134-2009, s. 1; O.C. 117-2019, s. 23.

**Corresponding Federal Provision:** 404(1).

**771R26.** For the purposes of this division, the following rules apply:

(a) the amount of loans is one-twelfth of the aggregate of the amounts outstanding, on the loans granted by the bank or the federal credit union, as the case may be, at the close of business on the last day of each month in the year; and

(b) the amount of deposits is one-twelfth of the aggregate of the amounts on deposit with the bank or the federal credit union, as the case may be, at the close of business on the last day of each month in the year.

For the purposes of the first paragraph, loans and deposits do not include bonds, debentures, stocks, items in transit and deposits in favour of Her Majesty in right of Canada.

s. 771R18; O.C. 1981-80, s. 771R18; R.R.Q., 1981, c. I-3, r. 1, s. 771R18; O.C. 1282-2003, s. 48; O.C. 1149-2006, s. 36; O.C. 134-2009, s. 1; O.C. 117-2019, s. 24.

**Corresponding Federal Provision:** 404(2) to (4).

## DIVISION III

### TRUST OR LOAN CORPORATIONS

div. III; O.C. 1981-80, title XX, chap. III, div. III; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. III; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R27.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Québec and elsewhere by a trust or loan corporation is the proportion that its gross revenue from its establishment in Québec is of its total gross revenue.

s. 771R19; O.C. 1981-80, s. 771R19; R.R.Q., 1981, c. I-3, r. 1, s. 771R19; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 405(1).

**771R28.** The gross revenue from the establishment in Québec of a trust or loan corporation is equal to the aggregate of its gross revenue for the year derived from

(a) loans secured by land situated in Québec;

(b) loans not secured by land but granted to persons resident in Québec;

(c) loans to persons resident in a jurisdiction where the corporation has no establishment and administered by an establishment of the corporation in Québec, except for loans secured by land situated in Québec; and

(d) business conducted at the establishment in Québec, other than gross revenue in respect of loans.

s. 771R20; O.C. 1981-80, s. 771R20; R.R.Q., 1981, c. I-3, r. 1, s. 771R20; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 405(2).

## DIVISION IV

### RAILWAY CORPORATIONS

div. IV; O.C. 1981-80, title XX, chap. III, div. IV; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. IV; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R29.** Subject to section 771R30, the proportion that the business carried on in Québec is of the aggregate of that carried on in Canada by a railway corporation is one-half the aggregate of



(a) the proportion that the number of equated track-kilometres of the corporation in Québec is of the number of equated track-kilometres of the corporation in Canada; and

(b) the proportion that the gross ton kilometres of the corporation in Québec is of the number of gross ton kilometres of the corporation in Canada.

s. 771R21; O.C. 1981-80, s. 771R21; R.R.Q., 1981, c. I-3, r. 1, s. 771R21; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 406(1).

**771R30.** For the purposes of section 771R29, the number of equated track-kilometres is computed by adding the number of kilometres of the first main track, 80% of the number of kilometres of other main tracks and 50% of the number of kilometres of yard tracks or sidings.

s. 771R22; O.C. 1981-80, s. 771R22; R.R.Q., 1981, c. I-3, r. 1, s. 771R22; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 406(3).

**771R31.** Where a corporation referred to in this division operates an airline service, ships, hotels or derives substantial revenues with respect to rights relating to natural gas or petroleum, the proportion that the business carried on in Québec is of the aggregate of that carried on in Canada or in Québec and elsewhere by the corporation is that as is respectively established in

(a) Division V in respect of that part of its tax for the year that may reasonably be attributable to the operation of its airline service;

(b) Division IX in respect of that part of its tax for the year that may reasonably be attributable to the operation of its ships;

(c) Chapters I and II in respect of that part of its tax for the year that may reasonably be attributable to the operation of its hotels, or, as the case may be, to the ownership of rights relating to petroleum or natural gas or to any interest in such rights; and

(d) section 771R29 in respect of the remainder of its tax.

s. 771R23; O.C. 1981-80, s. 771R23; R.R.Q., 1981, c. I-3, r. 1, s. 771R23; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 406(2).

**771R32.** For the purposes of Division IX mentioned in paragraph *b* of section 771R31, “salaries and wages paid by the corporation to employees” in section 771R39 means such salaries and wages paid to the employees employed in the operation of establishments maintained for the shipping business, other than those employed on ships.

s. 771R24; O.C. 1981-80, s. 771R24; R.R.Q., 1981, c. I-3, r. 1, s. 771R24; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 406(4).

**771R33.** For the purposes of Chapter II mentioned in paragraph *c* of section 771R31,

“gross revenue of the corporation for the year reasonably attributable to the establishment in Québec” means the gross revenue that the corporation derives from its hotel operations in Québec during the year or, as the case may be, from the ownership of rights relating to petroleum or natural gas or any interest in such rights and related to land situated in Québec;

“its total gross revenue for the year” means total gross revenue of the corporation derived from its hotel operations or, as the case may be, from the ownership of rights relating to petroleum or natural gas or any interest in such rights;

“salaries and wages paid by the corporation in the year to employees” means salaries and wages paid in the year to employees engaged in the operation of its hotels or, as the case may be, to its employees engaged in an operation related to the ownership of rights relating to petroleum or natural gas or any interest in such rights.

s. 771R25; O.C. 1981-80, s. 771R25; R.R.Q., 1981, c. I-3, r. 1, s. 771R25; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 406(5) to (6).

## DIVISION V

### AIRLINE CORPORATIONS

div. V; O.C. 1981-80, title XX, chap. III, div. V; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. V; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R34.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Canada by an airline corporation is one-quarter of the aggregate of

(a) the proportion that the cost of its land and depreciable property, with the exception of aircraft, in Québec at the end of the year is of the cost of its land and depreciable property, with the exception of aircraft, in Canada at the same moment; and

(b) three times the proportion that the number of revenue plane kilometres flown by its aircraft in Québec is of the number of revenue plane kilometres flown by its aircraft in a province in which it has an establishment.

s. 771R26; O.C. 1981-80, s. 771R26; R.R.Q., 1981, c. I-3, r. 1, s. 771R26; O.C. 523-96, s. 44; O.C. 1631-96, s. 35; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 19.

**Corresponding Federal Provision:** 407(1).

**771R35.** For the purposes of section 771R34, the number of revenue plane kilometres flown by an aircraft is weighted according to the take-off weight of the aircraft.

For the purposes of this section, the “take-off weight” of an aircraft means the maximum authorized take-off weight, expressed in kilograms, as stated on the Certificate of Airworthiness issued by the Department of Transport, Infrastructure and Communities of Canada in respect of that aircraft and, where a certificate has not been issued, the equivalent maximum weight expressed in kilograms.

s. 771R27; O.C. 1981-80, s. 771R27; R.R.Q., 1981, c. I-3, r. 1, s. 771R27; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 407(2) and (3).

## DIVISION VI

### GRAIN ELEVATOR CORPORATIONS

div. VI; O.C. 1981-80, title XX, chap. III, div. VI; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. VI; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R36.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Québec and elsewhere during a taxation year by a grain elevator corporation is one-half of the aggregate of

(a) the proportion that the number of metric tons of grain received in the elevators operated by the corporation in Québec is of the total number of metric tons of grain received in all elevators operated by that corporation; and

(b) the proportion that the salaries and wages paid by the corporation to the employees of its establishment in Québec is of the aggregate of all salaries and wages paid by that corporation.

s. 771R28; O.C. 1981-80, s. 771R28; R.R.Q., 1981, c. I-3, r. 1, s. 771R28; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 408.

## DIVISION VII

### BUS AND TRUCK TRANSPORTATION CORPORATIONS

div. VII; O.C. 1981-80, title XX, chap. III, div. VII; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. VII; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R37.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Québec and elsewhere by a bus and truck transportation corporation is one-half of the aggregate of

(a) the proportion that the number of kilometres travelled in Québec by vehicles it owns or has leased from another person is of the total number of kilometres travelled by those vehicles, excluding the kilometres travelled in a province or country where the corporation has no establishment; and

(b) the proportion that the salaries and wages paid by the corporation to employees of its establishment in Québec is of

the aggregate of all salaries and wages paid by that corporation.

s. 771R29; O.C. 1981-80, s. 771R29; O.C. 1535-81, s. 13; R.R.Q., 1981, c. I-3, r. 1, s. 771R29; O.C. 1076-88, s. 21; Erratum, 1988 G.O. 2, 3497; O.C. 1232-91, s. 19; O.C. 1707-97, s. 98; O.C. 1466-98, s. 70; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 409.

## DIVISION VIII

### CORPORATIONS OPERATING A PIPELINE

div. VIII; O.C. 1981-80, title XX, chap. III, div. VIII; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. VIII; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R38.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Canada by a corporation operating a pipeline of water, gas or oil in Québec is one-half of the aggregate of

(a) the proportion that the number of kilometres of pipe of the corporation in Québec is of the number of kilometres of its pipe in all the provinces where it has an establishment; and

(b) the proportion that the salaries and wages paid by the corporation to employees of its establishment in Québec is of the aggregate of salaries and wages paid by that corporation in Canada.

s. 771R30; O.C. 1981-80, s. 771R30; O.C. 1535-81, s. 14; R.R.Q., 1981, c. I-3, r. 1, s. 771R30; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 411.

## DIVISION IX

### NAVIGATION CORPORATIONS

div. IX; O.C. 1981-80, title XX, chap. III, div. IX; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. IX; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R39.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Québec and elsewhere by a navigation corporation is the aggregate of

(a) the proportion resulting from the product obtained by multiplying

i. the proportion that its port-call-tonnage in Canada is of its total port-call-tonnage, by

ii. the proportion that its port-call-tonnage in Québec is of its total port-call-tonnage in all the provinces in which the corporation has an establishment; and

(b) where its port-call-tonnage in all countries exceeds its port-call-tonnage in Canada, the proportion resulting from the product obtained by multiplying

i. the proportion that that excess is of its port-call-tonnage in all countries, by

ii. the proportion that the salaries and wages paid by the corporation to the employees of its establishment in Québec, with the exception of those paid to employees working on ships, is of the salaries and wages paid by the corporation to employees of its establishments in Canada, with the exception of those paid to employees working on ships.

s. 771R31; O.C. 1981-80, s. 771R31; O.C. 1535-81, s. 15; R.R.Q., 1981, c. I-3, r. 1, s. 771R31; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 410(1).

**771R40.** In this division, port-call-tonnage in a province or in a country is the aggregate of the products obtained by multiplying, for each ship operated by the corporation, the number of calls made in the year by that ship to ports in that province or that country, whichever applies, by the number of cubic metres of the registered net tonnage of that ship.

s. 771R32; O.C. 1981-80, s. 771R32; O.C. 1535-81, s. 16; R.R.Q., 1981, c. I-3, r. 1, s. 771R32; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 410(2)(b).

## DIVISION X

### DIVERSIFIED BUSINESS CORPORATIONS

div. X; O.C. 1981-80, title XX, chap. III, div. X; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. III, div. X; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R41.** Where a corporation is not referred to in Divisions I to IX and part of its business consists of operations normally carried out by a corporation referred to in those divisions, the corporation and the Minister may agree

(a) to apply the appropriate provisions of those divisions to that portion of its tax that may reasonably be attributable to operations normally carried out by a corporation referred to in one of those divisions; and

(b) to apply the provisions of Chapters I and II to the remainder of its tax.

s. 771R33; O.C. 1981-80, s. 771R33; R.R.Q., 1981, c. I-3, r. 1, s. 771R33; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 412.

## CHAPTER IV

### FOREIGN CORPORATIONS

chap. IV; O.C. 1981-80, title XX, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title XX, chap. IV; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R42.** In this chapter, “foreign corporation” means a corporation legally incorporated outside Canada, whose head office is not situated in Canada and that carries on a business in Québec.

s. 771R34; O.C. 1981-80, s. 771R34; R.R.Q., 1981, c. I-3, r. 1, s. 771R34; O.C. 1707-97, s. 57; O.C. 134-2009, s. 1.

**771R43.** The proportion that the business carried on in Québec is of the aggregate of that carried on in Canada by a foreign corporation is computed by taking into account only the business attributable to its establishments in Canada as though the business conducted by the corporation in Canada were a distinct business carried on by a distinct person.

s. 771R35; O.C. 1981-80, s. 771R35; R.R.Q., 1981, c. I-3, r. 1, s. 771R35; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R44.** For the purposes of section 771R43, a foreign corporation must keep a branch or subdivision accounting system for the business attributable to its establishments in Canada, however, it may take into account in computing its income derived from that business, all expenses, wherever engaged by it, if those expenses may reasonably be attributable to an establishment in Canada.

s. 771R36; O.C. 1981-80, s. 771R36; R.R.Q., 1981, c. I-3, r. 1, s. 771R36; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R45.** The Minister may rectify the accounts produced, correct errors and omissions therein or re-adjust to a reasonable value the remunerations and prices entered in the books of a foreign corporation.

The Minister may also determine the proportion of business carried on in Québec and that carried on in Canada by a foreign corporation, if

(a) the corporation does not keep any accounting system as prescribed under section 771R44;

(b) the accounting system referred to in that section is not adequate for that type of business; or

(c) the rectifications or corrections mentioned in this section cannot be effected.

s. 771R37; O.C. 1981-80, s. 771R37; R.R.Q., 1981, c. I-3, r. 1, s. 771R37; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**771R46.** Subject to this chapter, Chapters I to III apply to establish the proportion that the business carried on in

Québec is of the aggregate of that carried on in Canada by a foreign corporation.

s. 771R38; O.C. 1981-80, s. 771R38; R.R.Q., 1981, c. I-3, r. 1, s. 771R38; O.C. 523-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 413

## TITLE XXVII.1

### CORPORATIONS IN THE PRIMARY AND MANUFACTURING SECTORS

O.C. 1182-2017, s. 9.

**771.1R1.** In this Title,

“cost of capital” of a corporation for a taxation year means, subject to section 771.1R2, the aggregate of all amounts each of which is the gross cost to the corporation of a property referred to in section 130R40, paragraph *e* or *g* of section 130R205, any of sections 130R209, 130R210 and 130R216 or Schedule B, if the property was owned by the corporation at the end of the taxation year and was used by the corporation at any time during the year;

“cost of labour” of a corporation for a taxation year means, subject to section 771.1R3, the amount equal to the aggregate of all amounts each of which is the salaries and wages paid or payable during the year to an employee of the corporation for services performed during the year and to any other amount paid or payable during the year for the performance during the year by any person, other than an employee of the corporation, of functions relating to the management or administration of the corporation, scientific research and experimental development activities, or a service or function that would normally be performed by an employee of the corporation;

“cost of primary and manufacturing sectors labour” of a corporation for a taxation year means, without exceeding the cost of labour of the corporation for the year, the product obtained when 100/75 is multiplied by that portion of the cost of labour of the corporation for the year that is attributable to the salaries and wages included in computing the cost of labour that were paid or payable to persons for the portion of their time that they were directly engaged in qualified activities of the corporation during the year, or to other amounts included in computing the cost of labour that were paid or payable to persons for the performance of functions that would be directly related to qualified activities of the corporation during the year if those persons were employees of the corporation;

“excluded activities” means any of the following activities:

- (a) storing, shipping, selling and leasing of finished goods;
- (b) purchasing of raw materials;
- (c) administration, including clerical and personnel activities;
- (d) purchase and resale operations;

(e) data processing; and

(f) providing facilities for employees, including cafeterias, clinics and recreational facilities;

“gross cost” to a corporation of a property is equal, where the property is available for use by the corporation for the purposes of section 93.6 of the Act, to the capital cost to the corporation of the property, computed without reference to paragraph *e* of section 99 of the Act, sections 101, 101.6, 101.7 and 180 to 182 of the Act, subdivisions 1 and 2 of Division III of Chapter V of Title VII of Part I of the Act, subparagraph *c* of the second paragraph of section 736 of the Act and the third paragraph of that section and, in any other case, to zero;

“manufacturing sector activities” means any of the following activities other than excluded activities:

(a) when they are performed in Canada in connection with manufacturing or processing in Canada, not including the activities listed in section 130R12, of goods for sale or lease:

- i. engineering design of products and production facilities,
- ii. receiving and storing of raw materials,
- iii. producing, assembling and handling of goods in process,
- iv. inspecting and packaging of finished goods,
- v. line supervision,
- vi. production support activities including security, cleaning, heating and factory maintenance,
- vii. quality and production control,
- viii. repair of production facilities, and
- ix. pollution control;

(b) all other activities that are performed in Canada directly in connection with manufacturing or processing in Canada, not including the activities listed in section 130R12, of goods for sale or lease; and

(c) scientific research and experimental development activities carried on in Canada;

“primary sector activities” means the activities in the agriculture, forestry, fishing and hunting sector and the activities in the mining, quarrying, and oil and gas extraction sector, that are included in the group described under code 11 or 21 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;

“qualified activities” means primary sector activities and manufacturing sector activities;

“salaries and wages” means salaries, wages and commissions, but does not include any other type of remuneration, any superannuation or pension benefits, any

retiring allowances or any amount referred to in any of sections 34 to 58.3 of the Act.

O.C. 1182-2017, s. 9.

**Corresponding Federal Provision:** 5202.

**771.1R2.** For the purposes of the definition in section 771.1R1 of “cost of capital” of a corporation, any portion that would be otherwise included in the gross cost of a property and that is attributable to use of the property in an eligible business, within the meaning of the first paragraph of section 771.1 of the Act, carried on outside Canada, or to earn income included in its aggregate investment income as defined in subsection 4 of section 129 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Supplement)) is not included in the gross cost of the property.

O.C. 1182-2017, s. 9.

**Corresponding Federal Provision:** 5202 “cost of capital”.

**771.1R3.** Any portion of the salaries and wages or of any other amount that is included in the gross cost to a corporation of a property, other than a property manufactured by the corporation and leased during the year by the corporation to another person, that is included in computing the cost of capital of the corporation for the year, or that is related to an eligible business, within the meaning of the first paragraph of section 771.1 of the Act, carried on outside Canada by the corporation, is not included in the cost of labour of the corporation for a taxation year.

O.C. 1182-2017, s. 9.

**Corresponding Federal Provision:** 5202 “cost of labour” after (b).

**771.1R4.** Where a corporation is a member of a partnership at any time in a taxation year, the following rules apply:

(a) for the purposes of determining the gross cost of a property held by the partnership, the definition of “gross cost” in section 771.1R1 applies with the necessary modifications and with “, subparagraph *c* of the second paragraph of section 736 of the Act and the third paragraph of that section” struck out;

(b) for the purposes of the definition of “cost of capital” in section 771.1R1, the cost of capital of the corporation for the year, otherwise determined, is increased by the agreed proportion, in respect of the corporation for the fiscal period of the partnership that ends in the year, of the amount that would be the cost of capital of the partnership for its fiscal period ending in the taxation year if that definition and section 771.1R2 applied to the partnership with the necessary modifications;

(c) for the purposes of the definition of “cost of labour” in section 771.1R1, the cost of labour of the corporation for the year, otherwise determined, is increased by the agreed proportion, in respect of the corporation for the fiscal period

of the partnership that ends in the year, of the amount that would be the cost of labour of the partnership for that fiscal period if that definition and section 771.1R3 applied to the partnership with the necessary modifications; and

(d) for the purposes of the expression “cost of primary and manufacturing sectors labour” in section 771.1R1, the cost of primary and manufacturing sectors labour of the corporation for the year, otherwise determined, is increased by the agreed proportion, in respect of the corporation for the fiscal period of the partnership that ends in the year, of the amount that would be the cost of primary and manufacturing sectors labour of the partnership for that fiscal period if that definition applied to the partnership with the necessary modifications.

O.C. 1182-2017, s. 9.

**Corresponding Federal Provision:** 5204.

**771.1R5.** For the purposes of the definition in the first paragraph of section 771.1 of the Act of “proportion of primary and manufacturing sectors activities” of a corporation for a taxation year, the prescribed proportion is the portion, expressed as a percentage, that the cost of primary and manufacturing sectors labour of the corporation for the year is of its cost of labour for the year.

O.C. 1182-2017, s. 9.

**Corresponding Federal Provision:** 5204.

## TITLE XXVIII

### PRESCRIBED VENTURE CAPITAL CORPORATIONS

title XX.1.2; O.C. 1149-2006, s. 37; O.C. 134-2009, s. 1.

**771.2.1.12R1.** For the purposes of section 771.2.1.12 of the Act, a prescribed venture capital corporation means a corporation referred to in section 21.19R1.

s. 771.2.1.12R1; O.C. 1149-2006, s. 37; O.C. 134-2009, s. 1.

## TITLE XXIX

### SCIENTIFIC RESEARCH TAX CREDIT

title XXI.2; O.C. 421-88, s. 27; O.C. 134-2009, s. 1.

**776.7R1.** For the purposes of paragraph *a* of section 776.7 of the Act, a prescribed security is

(a) a share in respect of which a corporation has, not later than the last day of the month following the month in which it issued the share, designated an amount under subsection 4 of section 192 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(b) a security deemed, under subsection 5 of section 195 of the Income Tax Act, not to have been acquired for the purposes of section 127.3 of that Act;

(c) a security deemed, under subsection 6 of section 195 of the Income Tax Act, not to have been acquired, for the purposes of section 127.3 of that Act, before the end of the period mentioned in that subsection, but only during that period.

s. 776.7R1; O.C. 421-88, s. 27; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**776.10R1.** For the purposes of section 776.10 of the Act, the amount that a taxable Canadian corporation may designate in respect of a qualifying security issued by it is an amount equal to the amount designated by it in respect of the same security under subsection 4 of section 194 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 776.10R1; O.C. 421-88, s. 27; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 194(4) ITA.

**776.10R2.** A corporation must make the designation provided for in section 776.10 of the Act in respect of a qualifying security issued by it by forwarding to the Minister, in duplicate, a statement, with supporting documents, certifying that it has made a similar designation in respect of the same security under subsection 4 of section 194 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 776.10R2; O.C. 421-88, s. 27; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(2); 194(4) ITA.

**776.12R1.** For the purposes of subparagraph *a* of the first paragraph of section 776.12 of the Act, the portion of an amount that a trust may attribute to an individual is the portion of that amount that it attributed to that individual under paragraph *a* of subsection 3 of section 127.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 776.12R1; O.C. 421-88, s. 27; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 127.3(3)(a) ITA.

## TITLE XXX

### MINIMUM REPLACEMENT TAX

title XXI.3; O.C. 1114-92, s. 34; O.C. 134-2009, s. 1.

**776.50R1.** For the purposes of paragraph *b* of section 776.50 of the Act, a prescribed property is a property described in subparagraph *q* or *r* of the second paragraph of Class 10 in Schedule B.

s. 776.50R1; O.C. 1114-92, s. 34; O.C. 1539-93, s. 38; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 127.52(3) “film property” ITA.

## TITLE XXXI

### CHANGE OF RESIDENCE

title XXI.4; O.C. 1466-98, s. 71; O.C. 134-2009, s. 1.

**785.1R1.** For the purposes of subparagraph ii of paragraph *d* of section 785.1 of the Act, the amount prescribed to be included in the foreign accrual property income for a taxation year is an amount equal to the amount referred to in subparagraph ii of paragraph *d* of subsection 1 of section 128.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 785.1R1; O.C. 1466-98, s. 71; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5907(13).

## TITLE XXXI.1

*(Revoked).*

O.C. 701-2013, s. 29; O.C. 229-2014, s. 12.

**786.1R1.** *(Revoked).*

O.C. 701-2013, s. 29; O.C. 229-2014, s. 12.

## TITLE XXXII

### INSURANCE CORPORATION

title XXIII; O.C. 1981-80, title XXIII; R.R.Q., 1981, c. I-3, r. 1, title XXIII; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

## CHAPTER I

*(Revoked).*

chap. 0.1; O.C. 1463-2001, s. 73; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R1.** *(Revoked).*

s. 818R0.1; O.C. 1463-2001, s. 73; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

## CHAPTER II

*(Revoked).*

chap. I; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XXIII, chap. I; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R2.** *(Revoked).*

s. 818R1; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R1; O.C. 91-94, s. 53; O.C. 67-96, s. 49; O.C. 1707-97, s. 58; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 74; O.C. 1470-2002, s. 50; O.C. 1282-2003, s. 49; O.C. 134-2009, s. 1; O.C. 390-2012, s. 43; O.C. 321-2017, s. 36.

**818R3.** *(Revoked).*

s. 818R1.1; O.C. 91-94, s. 54; O.C. 1463-2001, s. 75; O.C. 134-2009, s. 1; O.C. 390-2012, s. 44; O.C. 321-2017, s. 36.

**818R4.** *(Revoked).*

s. 818R2; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R2; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R5.** *(Revoked).*

s. 818R2.1; O.C. 91-94, s. 55; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R6.** *(Revoked).*

s. 818R3; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R3; O.C. 91-94, s. 56; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**CHAPTER III***(Revoked).*

chap. II; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. II; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R7.** *(Revoked).*

s. 818R4; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R4; O.C. 91-94, s. 57; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1470-2002, s. 51; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R8.** *(Revoked).*

s. 818R6; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R6; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R9.** *(Revoked).*

s. 818R7; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R7; O.C. 91-94, s. 59; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 76; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R10.** *(Revoked).*

s. 818R8; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R8; O.C. 2962-82, s. 79; O.C. 500-83, s. 79; O.C. 91-94, s. 60; O.C. 35-96, s. 86; O.C. 1463-2001, s. 77; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R11.** *(Revoked).*

s. 818R9; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R9; O.C. 1463-2001, s. 78; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**CHAPTER IV***(Revoked).*

chap. II.1; O.C. 91-94, s. 61; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R12.** *(Revoked).*

s. 818R9.1; O.C. 91-94, s. 61; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R13.** *(Revoked).*

s. 818R9.2; O.C. 91-94, s. 61; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R14.** *(Revoked).*

s. 818R9.3; O.C. 91-94, s. 61; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R15.** *(Revoked).*

s. 818R9.4; O.C. 91-94, s. 61; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R16.** *(Revoked).*

s. 818R9.5; O.C. 91-94, s. 61; O.C. 1707-97, s. 59; O.C. 1466-98, s. 126; O.C. 1470-2002, s. 52; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**CHAPTER V***(Revoked).*

chap. III; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XXIII, chap. III; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R17.** *(Revoked).*

s. 818R10; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R10; O.C. 91-94, s. 62; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R18.** *(Revoked).*

s. 818R11; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R11; O.C. 91-94, s. 63; O.C. 473-95, s. 19; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 79; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R19.** *(Revoked).*

s. 818R12; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R12; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R20.** *(Revoked).*

s. 818R13; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R13; O.C. 91-94, s. 64; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R21.** *(Revoked).*

s. 818R14; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R14; O.C. 91-94, s. 64; O.C. 1470-2002, s. 53; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**CHAPTER VI***(Revoked).*

chap. IV; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XXIII, chap. IV; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R22.** *(Revoked).*

s. 818R15; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R15; O.C. 91-94, s. 65; O.C. 473-95, s. 20; O.C. 1463-2001, s. 80; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R23.** *(Revoked).*

s. 818R16; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R16; O.C. 91-94, s. 66; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R24.** *(Revoked).*

s. 818R17; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R17; O.C. 91-94, s.67; O.C. 1470-2002, s.54; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R25.** *(Revoked).*

s. 818R18; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R18; O.C. 91-94, s.67; O.C. 1463-2001, s.81; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R26.** *(Revoked).*

s. 818R19; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R19; O.C. 91-94, s.67; O.C. 1463-2001, s.82; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**CHAPTER VII***(Revoked).*

chap. V; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, titre XXIII, chap. V; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R27.** *(Revoked).*

s. 818R20; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R20; O.C. 91-94, s.68; O.C. 1707-97, s.98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R28.** *(Revoked).*

s. 818R21; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R21; O.C. 91-94, s.69; O.C. 473-95, s.21; O.C. 1707-97, s.98; O.C. 1466-98, s.72; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R29.** *(Revoked).*

s. 818R22; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R22; O.C. 91-94, s.70; O.C. 1707-97, s.98; O.C. 1466-98, s.73; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R29.1.** *(Revoked).*

O.C. 390-2012, s. 45; O.C. 321-2017, s. 36.

**CHAPTER VIII***(Revoked).*

chap. VI; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, titre XIII, chap. VI; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**DIVISION I***(Revoked).*

div. I; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, titre XIII, chap. VI, div. I; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R30.** *(Revoked).*

s. 818R23; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R23; O.C. 91-94, s.71; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R31.** *(Revoked).*

s. 818R24; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R24; O.C. 91-94, s.71; O.C. 1470-2002, s.55; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**DIVISION II***(Revoked).*

div. II; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, titre XIII, chap. VI, div. II; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R32.** *(Revoked).*

s. 818R25; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R25; O.C. 91-94, s.72; O.C. 1707-97, s.98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R33.** *(Revoked).*

s. 818R26; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R26; O.C. 1707-97, s.98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R34.** *(Revoked).*

s. 818R27; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R27; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R35.** *(Revoked).*

s. 818R28; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R28; O.C. 1707-97, s.98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R36.** *(Revoked).*

s. 818R29; O.C. 3926-80, s.31; R.R.Q., 1981, c. I-3, r. 1, s. 818R29; O.C. 1707-97, s.98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.



**DIVISION III***(Revoked).*

div. II.1; O.C. 91-94, s. 73; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R37.** *(Revoked).*

s. 818R29.1; O.C. 91-94, s. 73; O.C. 1707-97, s. 98; O.C. 1466-98, s. 74; O.C. 1463-2001, s. 83; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**DIVISION IV***(Revoked).*

div. III; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. VI, div. III; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R38.** *(Revoked).*

s. 818R30; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R30; O.C. 91-94, s. 74; O.C. 1463-2001, s. 84; O.C. 1470-2002, s. 56; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R39.** *(Revoked).*

s. 818R36; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R36; O.C. 1471-91, s. 25; O.C. 91-94, s. 76; O.C. 1707-97, s. 60; O.C. 1466-98, s. 76; O.C. 1463-2001, s. 85; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R40.** *(Revoked).*

s. 818R37; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R37; O.C. 91-94, s. 76; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R41.** *(Revoked).*

s. 818R38; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R38; O.C. 91-94, s. 76; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R42.** *(Revoked).*

s. 818R38.1; O.C. 91-94, s. 77; O.C. 1466-98, s. 77; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R43.** *(Revoked).*

s. 818R38.2; O.C. 91-94, s. 77; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R44.** *(Revoked).*

s. 818R42; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R42; O.C. 91-94, s. 79; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**DIVISION V***(Revoked).*

div. IV; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. VI, div. IV; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R45.** *(Revoked).*

s. 818R43; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R43; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R46.** *(Revoked).*

s. 818R44; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R44; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R47.** *(Revoked).*

s. 818R45; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R45; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R48.** *(Revoked).*

s. 818R46; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R46; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R49.** *(Revoked).*

s. 818R47; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R47; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R50.** *(Revoked).*

s. 818R48; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R48; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R51.** *(Revoked).*

s. 818R49; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R49; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**818R52.** *(Revoked).*

s. 818R50; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, s. 818R50; O.C. 134-2009, s. 1; O.C. 321-2017, s. 36.

**CHAPTER IX****INTERPRETATION AND GENERAL**

chap. VI.0.0.1; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**DIVISION I****DEFINITIONS**

div. I; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R53.** In Chapters IX to XIV and XX,

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

(a) where the insurer elects for the year in prescribed form, 50% of the aggregate of all amounts each of which would

have been determined at the end of the taxation year or at the end of the preceding taxation year in respect of the insurer under section 818R56, if throughout the year or preceding taxation year, as the case may be, the insurer had been a life insurer resident in Canada and had not carried on any insurance business other than a life insurance business or an accident and sickness insurance business; or

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

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

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

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

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

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

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

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

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

(a) immovable property situated in Canada;

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

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

(d) a Canadian equity property;

(e) a Canadian resource property;

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

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

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

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

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

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

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

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

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

“Canadian reserve liabilities” of an insurer at the end of a taxation year means the amount determined under section 818R53.2;

“carrying value” of a taxpayer’s property for a taxation year, except as otherwise provided, means

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

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

ii. the Autorité des marchés financiers, the Superintendent of Insurance or other similar officer or authority of a province under the laws of which the insurer is incorporated and required by law to report to that officer or authority; and

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

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

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

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

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

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

“financial institution” means a corporation that is

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

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

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

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

“investment property” of an insurer for a taxation year means property described in section 818R64;

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

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

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

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

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

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

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

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

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

“reinsurance recoverable” means the aggregate of all amounts each of which is an amount reported as a reinsurance asset of the insurer at the end of a taxation year in respect of an amount recoverable from a reinsurer;

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

“weighted Canadian liabilities” of an insurer at the end of a taxation year means the amount determined under section 818R53.1;

“weighted total liabilities” of an insurer at the end of a taxation year means the amount determined under section 818R53.3.

s. 818R51; O.C. 1463-2001, s. 86; O.C. 1282-2003, s. 50; O.C. 1149-2006, s. 38; O.C. 134-2009, s. 1; O.C. 701-2013, s. 30; O.C. 321-2017, s. 37.

**818R53.1.** Weighted Canadian liabilities of an insurer at the end of a taxation year means the aggregate of

(a) 300% of the excess amount determined by the following formula:

A – B; and

(b) the amount determined by the following formula:

C – D.

In the formulas in the first paragraph,

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

(b) B is the aggregate of the insurer’s policy loans at the end of the year, other than policy loans in respect of annuities, and the reinsurance recoverable reported by the insurer at the end of the year relating to its liabilities described in subparagraph a;

(c) C is the aggregate of all amounts each of which an amount in respect of an insurance business carried on by the insurer in Canada that is reported as a liability of the insurer at the end of the year, except to the extent that the amount is

i. in respect of an insurance policy described in subparagraph a,

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

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

(d) D is the aggregate of the insurer’s policy loans in respect of annuities at the end of the year and the reinsurance recoverable, reported by the insurer at the end of the year relating to its liabilities described in subparagraph c.

O.C. 701-2013, s. 31.

**Corresponding Federal Provision:** 2400(1) “weighted Canadian liabilities”.

**818R53.2.** Canadian reserve liabilities of an insurer at the end of a taxation year means the amount determined by the following formula:

A – B.

In the formula in the first paragraph,

(a) A is the total of the insurer’s liabilities and reserves, other than liabilities and reserves in respect of a segregated fund, at the end of the taxation year, in respect of

i. life insurance policies in Canada,

ii. fire insurance policies issued or effected in respect of property situated in Canada, and

iii. insurance policies of any other class covering risks ordinarily within Canada at the time the policy was issued or effected; and

(b) B is the aggregate of the reinsurance recoverable reported as a reinsurance asset by the insurer at the end of the year relating to its liabilities and reserves described in subparagraph a.

O.C. 701-2013, s. 31.

**Corresponding Federal Provision:** 2400(1) “Canadian reserve liabilities”.

**818R53.3.** Weighted total liabilities of an insurer at the end of a taxation year means the aggregate of

(a) 300% of the excess amount determined by the following formula:

A – B; and

(b) the amount determined by the following formula:

C – D.

In the formulas in the first paragraph,

(a) A is the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer and that is reported as a liability of the insurer, other than a liability in respect of an amount payable out of a segregated fund, in respect of a life insurance policy, other than an annuity, or an accident and sickness insurance policy;

(b) B is the aggregate of the insurer’s policy loans and foreign policy loans at the end of the year, other than policy loans and foreign policy loans in respect of annuities, and the reinsurance recoverable reported by the insurer at the end of the year relating to its liabilities described in subparagraph a;

(c) C is the aggregate of all amounts each of which an amount in respect of an insurance business carried on by the

insurer and that is reported as a liability of the insurer at the end of the year, except to the extent that the amount is

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

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

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

(*d*) *D* is the aggregate of the insurer's policy loans and foreign policy loans in respect of annuities at the end of the year and the reinsurance recoverable reported by the insurer at the end of the year relating to its liabilities described in subparagraph *c*.

O.C. 701-2013, s. 31.

**Corresponding Federal Provision:** 2400(1) "weighted total liabilities".

## DIVISION II

### CANADIAN INVESTMENT FUND OF AN INSURER

div. II; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R54.** The Canadian investment fund of an insurer at the end of a taxation year is

(*a*) in the case of a life insurer resident in Canada, the amount described in section 818R55; or

(*b*) in the case of a life insurer not resident in Canada, the amount described in section 818R57.

s. 818R52; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "Canadian investment fund" (a) before (i) and (b) before (i).

**818R55.** The amount to which paragraph *a* of section 818R54 refers in respect of an insurer at the end of a taxation year is equal to the aggregate of the amount described in section 818R56 and the amount determined by the formula

$A - B$ .

In the formula in the first paragraph,

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

(*b*) *B* is the amount of the insurer's Canadian outstanding premiums and policy loans at the end of the year, to the extent that the Canadian outstanding premiums and the amount of policy loans are in respect of policies referred to

in subparagraphs i to iii of subparagraph *a* of the second paragraph of section 818R53.2 and were not otherwise deducted in computing the amount of the insurer's Canadian reserve liabilities at the end of the year.

s. 818R53; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1; O.C. 701-2013, s. 32.

**Corresponding Federal Provision:** 2400(1) "Canadian investment fund" (a) before (ii).

**818R56.** The amount to which the first paragraph of section 818R55 refers in respect of an insurer at the end of a taxation year is equal to the greater of

(*a*) the amount determined by the formula

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

(*b*) the amount determined by the formula

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

In the formulas in the first paragraph,

(*a*) *A* is 8% of the amount determined by the formula in the first paragraph of section 818R55;

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

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

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

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

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

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

(*h*) *H* is the aggregate of all amounts each of which is the amount of an item reported as a liability of the insurer at the end of the year in respect of an insurance business carried on by the insurer in the year, other than a liability that was at

any time in the year connected with an asset that was not used or held by the insurer in the course of carrying on an insurance business at any time in the year; and

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

s. 818R54; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) “Canadian investment fund” (a)(ii).

**818R57.** The amount to which paragraph *b* of section 818R54 refers in respect of an insurer at the end of a taxation year is equal to the aggregate of

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

i. the total of the insurer’s Canadian outstanding premiums and policy loans at the end of the year, to the extent that each of those amounts is in respect of policies referred to in subparagraphs i to iii of subparagraph *a* of the second paragraph of section 818R53.2 and was not otherwise deducted in computing the amount of the insurer’s Canadian reserve liabilities at the end of the year, and

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

(b) the greatest of

i. the aggregate of

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

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

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

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

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

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

iii. the aggregate of

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

(2) where the amount described in subparagraph 1 was determined without the taxpayer electing under paragraph *a* of the definition of “attributed surplus” in section 818R53, the amount described in subparagraph 2 of subparagraph i.

s. 818R55; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1; O.C. 701-2013, s. 33.

**Corresponding Federal Provision:** 2400(1) “Canadian investment fund” (b).

### DIVISION III

#### EQUITY LIMIT OF AN INSURER

div. III; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R58.** The equity limit of an insurer for a taxation year is

(a) in respect of a life insurer resident in Canada, the amount described in section 818R59;

(b) in respect of an insurer not resident in Canada, other than a life insurer, the amount described in section 818R60; or

(c) in respect of a life insurer not resident in Canada, the amount described in section 818R61.

s. 818R56; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) “equity limit” (a) before (i), (b) before (i) and (c) before (i).

**818R59.** The amount to which paragraph *a* of section 818R58 refers in respect of an insurer for a taxation year is equal to that proportion of the aggregate of all amounts each of which is the value for the year of an equity property of the insurer that the insurer’s weighted Canadian liabilities at the end of the year is of the insurer’s weighted total liabilities at the end of the year.

s. 818R57; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) “equity limit” (a).

**818R60.** The amount to which paragraph *b* of section 818R58 refers in respect of an insurer for a taxation year is equal to 25% of the aggregate of

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

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

s. 818R58; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1; O.C. 701-2013, s. 34.

**Corresponding Federal Provision:** 2400(1) "equity limit" (b).

**818R61.** The amount to which paragraph *c* of section 818R58 refers in respect of an insurer for a taxation year is equal to the aggregate of

(a) either

i. if the insurer makes an election referred to in paragraph *a* of the definition of "attributed surplus" in section 818R53 for the year, the greater of

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

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

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

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

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

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

Canada during the year was its only insurance business carried on in Canada that year.

s. 818R59; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "equity limit" (c).

#### DIVISION IV

#### GROSS CANADIAN LIFE INVESTMENT INCOME OF AN INSURER

div. IV; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R62.** The gross Canadian life investment income of a life insurer for a taxation year means the amount by which the aggregate of all amounts each of which is any of the following amounts exceeds the amount described in section 818R63:

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

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

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

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

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

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

s. 818R60; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "gross Canadian life investment income" before (b).

**818R63.** The amount to which section 818R62 refers in respect of an insurer for a taxation year is equal to the aggregate of all amounts each of which is

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

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

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

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

s. 818R61; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "gross Canadian life investment income" (b).

## DIVISION V

### INVESTMENT PROPERTY OF AN INSURER

div. V; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R64.** Property to which the definition of "investment property" of an insurer for a taxation year in section 818R53 refers is property owned by an insurer, other than a policy loan payable to the insurer, at any time in the year, that is not included in a segregated fund and that is

(a) subject to section 818R65, property acquired by the insurer for the purpose of earning gross investment revenue in the year;

(b) that proportion of property of the insurer that is property described in section 818R66 that the use made of the property by the insurer in the year for the purpose of earning gross investment revenue in the year is of the whole use made of the property by the insurer in the year;

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

(d) subject to section 818R67, a share of the capital stock of, or a debt owing to the insurer by, a corporation, other than a corporation that is a financial institution, affiliated with the insurer or an interest in a trust or partnership; or

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

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

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

s. 818R62; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "investment property".

**818R65.** Property described in paragraph *a* of section 818R64 does not include, in respect of an insurer for a taxation year,

(a) property, a proportion of which is investment property of the insurer for the year because of paragraph *b* of section 818R64;

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

(c) an interest in a trust; or

(d) an interest in a partnership.

s. 818R63; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "investment property" (a)(i) to (iii).

**818R66.** Property to which paragraph *b* of section 818R64 refers in respect of an insurer for a taxation year means property of the insurer that is land, depreciable property or property that would be depreciable property if it were situated in Canada and used or held by the insurer in the year in the course of carrying on an insurance business in Canada.

s. 818R64; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "investment property" (b) before (i).

**818R67.** Paragraph *d* of section 818R64 applies to property for a taxation year only if the value for the year of all investment property of the corporation, trust or partnership, as the case may be, for the year is not less than 75% of the value for the year of all its property.

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

s. 818R65; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) "investment property" (d).



**DIVISION VI****VALUE OF A PROPERTY OF A PERSON OR PARTNERSHIP**

div. VI; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R68.** The value for a taxation year of a property of a person or partnership, in this division referred to as the “owner”, is

(a) in the case of a property that is an obligation secured by a hypothec or mortgage, an agreement of sale or an investment property that is a deposit balance, the amount by which the amount obtained when the gross investment revenue of the owner for the year from the property is divided by the average rate of interest earned by the owner, expressed as an annual rate, on the amortized cost of the property during the year exceeds the amount described in section 818R69;

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

(c) in the case of a property, other than a property referred to in paragraph *a* or *b*, that was not owned by the owner throughout the year, the amount by which that proportion of the carrying value of the property at the end of the preceding taxation year, if the property was owned by the owner at that time, of the carrying value of the property at the end of the year, if the property was owned by the owner at that time and not at the end of the preceding taxation year or, in any other case, of the cost of the property to the owner when it was acquired, that the number of days in the year at the end of which the owner owned the property is of the number of days in the year, exceeds the amount described in section 818R69; or

(d) in the case of any other property, the amount by which 50% of the aggregate of the carrying value of the property at the end of the year and the carrying value of the property at the end of the preceding taxation year exceeds the amount described in section 818R69.

s. 818R66; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) “value”.

**818R69.** The amount to which paragraphs *a*, *c* and *d* of section 818R68 refer in respect of property of an owner for a taxation year is equal to the amount obtained when the interest payable by the owner, for the period in the year during which the property was held by the owner, on debt incurred or assumed by the owner in respect of the acquisition of the property, or another property for which the property is a substituted property, is divided by the average

rate of interest payable by the owner, expressed as an annual rate, on the debt for the year.

s. 818R67; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(1) “value” (a)(ii), (c)(ii) and (d)(ii).

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

div. VII; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R70.** The mean Canadian investment fund of an insurer for a particular taxation year is the aggregate of

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

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

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

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

s. 818R68; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2412(1).

**818R71.** For the purposes of this division, an insurer’s cash-flow adjustment for a taxation year is the amount equal to

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

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

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

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

(a) *A* is the aggregate of all amounts each of which is the amount computed under section 818R73 in respect of a full month in the year, or in respect of the part of the month that ends after the last full month in the year, if that part is greater than 15 days;

(b) *B* is the amount described in section 818R72; and

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

s. 818R69; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2412(2)(a).

**818R72.** The amount to which subparagraph *b* of the second paragraph of section 818R71 refers in respect of an insurer for a taxation year is equal to the aggregate of all amounts each of which is the amount determined, in respect of a particular full month in the year or in respect of the part of the particular month that ends after the last full month in the year, if that part is greater than 15 days, by the formula

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

In the formula in the first paragraph,

(a) *A* is the amount computed under section 818R73 in respect of the particular month or part of the particular month; and

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

s. 818R70; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2412(2)(a) B.

**818R73.** For the purposes of this division, the amount computed in respect of an insurer for a particular month or part of a particular month, in this section referred to as a “month”, in a taxation year is the positive or negative amount determined by the formula

$$A - B.$$

In the formula in the first paragraph,

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

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

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

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

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

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

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

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

s. 818R71; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2412(3).

**818R74.** For the purposes of this division, a reference to a “month” means

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

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

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

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

s. 818R72; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2412(4).

## DIVISION VIII

### GENERAL

div. VIII; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R75.** A reference in Chapters IX to XIV and XX to an amount or item reported as an asset or liability of an insurer at the end of a taxation year means an amount or item reported as an asset or liability in the insurer’s non-consolidated balance sheet at the end of the year that is accepted or, if that non-consolidated balance sheet had been prepared at the end of the year, the non-consolidated balance sheet that would have been accepted, by

(a) the Superintendent of Financial Institutions of Canada, where the insurer is required under the Insurance Companies Act (Statutes of Canada, 1991, chapter 47) to report to the Superintendent; or

(b) the Autorité des marchés financiers, the Superintendent of Insurance or other similar officer or authority of a province, where the insurer is incorporated under the laws of

a province and is required by law to report to that officer or authority.

s. 818R73; O.C. 1463-2001, s. 86; O.C. 1149-2006, s. 39; O.C. 134-2009, s. 1; O.C. 321-2017, s. 38.

**Corresponding Federal Provision:** 2400(3).

**818R76.** For the purposes of Chapters IX to XIV, XVI and XX, except section 818R87, an asset of an insurer is deemed not to have been used or held by the insurer in a taxation year in the course of carrying on an insurance business if the asset is owned by the insurer at the end of the year and is a share of the capital stock of, or a debt owing to the insurer by, a financial institution affiliated with the insurer during each of the days in the year during which the insurer owned the asset.

s. 818R74; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(5).

**818R77.** For the purposes of subparagraph *b* of the first paragraph of section 818R56, an asset of an insurer is deemed not to have been used or held by the insurer in a taxation year in the course of carrying on an insurance business if

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

(b) the asset is

i. goodwill;

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

s. 818R75; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1; O.C. 701-2013, s. 35.

**Corresponding Federal Provision:** 2400(6).

**818R78.** A particular property or a particular portion of a property may not, directly or indirectly, be used or included more than once in determining, for a taxation year, the equity property or the Canadian equity property of a person or partnership.

s. 818R76; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2400(7).

**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.

O.C. 390-2012, s. 46.

**Corresponding Federal Provision:** 2400(8).

**818R78.2.** A computation that is required to be made under this Title in respect of an insurer's taxation year that included 31 December 2010 and that is relevant to a computation, in this section referred to 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 are used in the transition year computation.

O.C. 701-2013, s. 36.

**Corresponding Federal Provision:** 2400(9).

## CHAPTER X

### DESIGNATED INSURANCE PROPERTY

chap. VI.0.0.2; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

#### DIVISION I

##### GENERAL

div. I; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R79.** In section 818 of the Act, "designated insurance property" of an insurer for a taxation year means property that is designated in accordance with sections 818R80 to 818R87 for the year by the insurer in its fiscal return under Part I of the Act for the year or by the Minister, if the Minister determines that the insurer has not made a designation that is in accordance with the rules set out in this chapter.

s. 818R77; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(1).

**818R80.** Despite any other provision in Chapters IX to XIV and XX, a policy loan payable to an insurer is not designated insurance property of the insurer.

s. 818R78; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1; O.C. 321-2017, s. 39.

**Corresponding Federal Provision:** 2401(7).

#### DIVISION II

##### DESIGNATION RULES

div. II; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R81.** For the purposes of section 818R79, the following rules apply:

(a) the insurer or, as the case may be, the Minister must designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the amount by which the insurer's mean Canadian reserve

liabilities for the year in respect of its life insurance business in Canada exceeds the aggregate of

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

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

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

(c) the insurer or, as the case may be, the Minister must designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the amount by which the insurer's mean Canadian reserve liabilities for the year in respect of its insurance business in Canada, other than a life insurance business or an accident and sickness insurance business, exceeds 50% of the aggregate of all amounts each of which is the amount, at the end of the year or at the end of its preceding taxation year, of a premium receivable or a deferred acquisition expense of the insurer in respect of that business, to the extent that the amount is included in the insurer's Canadian reserve liabilities at the end of the year or at the end of the preceding taxation year, as the case may be; and

(d) the insurer or, as the case may be, the Minister must, if the insurer's mean Canadian investment fund for a taxation year exceeds the total value for the year of all property required to be designated under paragraphs *a* to *c* for the year, designate for the year, in respect of a particular insurance business that the insurer carries on in Canada, investment property of the insurer for the year with a total value for the year equal to that excess.

s. 818R79; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1; O.C. 701-2013, s. 37.

**Corresponding Federal Provision:** 2401(2) before (e).

**818R82.** No investment property, or portion of investment property, designated for a taxation year under any of paragraphs *a* to *d* of section 818R81 may be designated again for the year under any other of those paragraphs.

s. 818R80; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(2)(e).

**818R83.** The insurer or the Minister may designate for a taxation year only a portion of a particular investment property under any of paragraphs *a* to *d* of section 818R81, if the designation of the entire property would result in a designation of property with a total value for the year

exceeding that required to be designated under that paragraph for the year.

s. 818R81; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(2)(f).

**818R84.** For the purposes of section 818R81, investment property of an insurer for a taxation year must be designated for the year in respect of the insurer's insurance businesses carried on by it in Canada in the following order:

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

i. immovable property and depreciable property,

ii. hypothecary claims, mortgages, agreements of sale or other forms of indebtedness in respect of immovable property situated in Canada or depreciable property situated in Canada or depreciable property leased to a person resident in Canada for use inside or outside of Canada, and

iii. other property;

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

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

(d) other investment property.

s. 818R82; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(3).

### DIVISION III

#### OTHER RULES

div. III; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**818R85.** Despite Division II, the following rules apply:

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

(b) for a taxation year a portion of a particular Canadian equity property of an insurer may be designated if the designation of the entire Canadian equity property would result in a designation of Canadian equity property of the

insurer for the year with a total value for the year exceeding the insurer's equity limit for the year.

s. 818R83; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(4).

**818R86.** For the purposes of section 818R84, property acquired by an insurer in a particular taxation year as consideration for or in exchange for property of the insurer that was designated insurance property of the insurer in respect of a particular insurance business of the insurer for its preceding taxation year is deemed to be designated insurance property of the insurer in respect of the particular insurance business for its preceding taxation year and to have been owned by the insurer at the beginning of the particular taxation year if the property was acquired by reason of a transaction to which any of Divisions XIII and XIII.1 of Chapter IV of Title IV of Book III of Part I of the Act, Division VI of Chapter IV of Title IX of that Book III or Chapter V of that Title IX applies, by reason of a transaction in respect of which an election is made under section 518 or 529 of the Act, by reason of an amalgamation within the meaning of section 544 of the Act or by reason of a winding-up of a corporation to which Chapter VII of Title IX of Book III of Part I of the Act applies.

s. 818R84; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(5).

**818R87.** Property owned by an insurer at any time in a taxation year, other than investment property of the insurer for the year, that is not included in a segregated fund and that is used or held by the insurer in the year in the course of carrying on an insurance business in Canada is deemed to be designated insurance property of the insurer for the year in respect of the business.

s. 818R85; O.C. 1463-2001, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2401(6).

## CHAPTER XI

### AMOUNT TO BE INCLUDED IN COMPUTING AN INSURER'S INCOME

chap. VI.0.1; O.C. 91-91, s. 80; O.C. 1463-2001, s. 87; O.C. 134-2009, s. 1.

**825R1.** In this chapter, foreign investment property of an insurer means investment property of the insurer that is not Canadian investment property of the insurer, except where the insurer is not resident in Canada and establishes that the investment property is not effectively connected with its insurance businesses in Canada.

s. 825R1; O.C. 91-94, s. 80; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2411(8).

**825R2.** Subject to section 825R3, the amount referred to in subparagraph *b* of the first paragraph of section 825 of the Act, in respect of an insurer for a taxation year, is the amount established according to the following formula:

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

In the formula in the first paragraph,

(a) A is the positive or negative amount, as the case may be, determined for the year in respect of the insurer under section 825R4;

(b) B is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R5 in respect of the insurer's investment property for the year that is designated insurance property of the insurer for the year;

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

(d) D is the amount deducted by the insurer for the year in respect of the balance of its cumulative excess account at the end of the year.

s. 825R2; O.C. 91-94, s. 80; O.C. 1463-2001, s. 88; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2411(1).

**825R3.** Where an amount computed under section 825R2 in respect of an insurer is a negative amount, it is deemed to be nil.

s. 825R3; O.C. 91-94, s. 80; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2411(2).

**825R4.** The positive or negative amount, as the case may be, that is to be determined under this section in respect of an insurer for a taxation year, for the purposes of subparagraph *a* of the second paragraph of section 825R2, is

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

$$[((A + B) / C) \times (D + K)] + [(E / F) \times G]; \text{ and}$$

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

$$[((A + B) / C) \times D] + [(E / F) \times G] + [((H + I) / J) \times K].$$

In the formulas in the first paragraph,

(a) A is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R5 in respect of Canadian investment property, other than Canadian equity property, owned by it at any time in the year;

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

(c) C is the value for the year of the aggregate of Canadian investment property, other than Canadian equity property and any property described in paragraph *i* of the definition of “Canadian investment property” in section 818R53, owned by the insurer at any time in the year;

(d) D is the value for the year of all of the insurer’s Canadian investment property for the year, other than Canadian equity property or any property described in paragraph *i* of the definition of “Canadian investment property” in section 818R53, that is designated insurance property of the insurer for the year;

(e) E is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R5 in respect of Canadian investment property that is Canadian equity property owned by it at any time in the year;

(f) F is the value for the year of the aggregate of Canadian investment property that is Canadian equity property, other than any property described in paragraph *i* of the definition of “Canadian investment property” in section 818R53, owned by the insurer at any time in the year;

(g) G is the value for the year of all of the insurer’s Canadian investment property for the year, other than any property described in paragraph *i* of the definition of “Canadian investment property” in section 818R53, that is Canadian equity property and designated insurance property of the insurer for the year;

(h) H is the positive or negative amount, as the case may be, determined in respect of the insurer for the year under section 825R5 in respect of foreign investment property owned by the insurer at any time in the year;

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

(j) J is the value for the year of the aggregate of foreign investment property, other than any property described in paragraph *e* of section 818R64, owned by the insurer at any time in the year;

(k) K is the value for the year of all of the insurer’s foreign investment property, other than any property described in

paragraph *e* of section 818R64, that is designated insurance property for the year.

s. 825R4; O.C. 91-94, s.80; O.C. 1463-2001, s.89; O.C. 1149-2006, s.40; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 2411(3).

**825R5.** The positive or negative amount, as the case may be, that is required to be determined under this section in respect of an insurer for a taxation year in respect of particular property, for the purposes of subparagraph *b* of the second paragraph of section 825R2 and subparagraphs *a*, *e* and *h* of the second paragraph of section 825R4, is the amount established according to the following formula:

A – B.

In the formula in the first paragraph,

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

i. the insurer’s gross investment income for the year derived from the particular property excluding taxable dividends that are or would be deductible in computing the insurer’s taxable income for the year under sections 738 to 745 or section 845 of the Act,

ii. *(subparagraph revoked)*,

iii. the amounts that are or would be included in computing the insurer’s taxable capital gains for the year resulting from the disposition of the particular property,

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,

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,

v. the amounts that are or would be included in computing the insurer’s income for the year in respect of the particular property under section 94 of the Act,

vi. the amounts that are or would be included in computing the insurer’s income for the year in respect of the particular property under any of paragraphs *d*, *d.1* and *i* of section 87 of the Act,

vii. the amounts that are or would be included in computing the insurer's income for the year in respect of the particular property under paragraphs *c* to *g* of section 330 or section 332.1 of the Act,

viii. (subparagraph repealed);

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

(*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:

i. the amounts that are or would be included in computing the insurer's allowable capital losses for the year resulting from the disposition of the particular property,

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,

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,

iii. (subparagraph repealed),

iv. the amounts that are or would be deductible in computing the insurer's income for the year under paragraph *a* of section 130 of the Act in respect of the capital cost of the particular property or under section 160 or 163 of the Act in respect of the interest paid or payable on borrowed money that is used to acquire the particular property,

v. where the particular property is rental property or leasing property within the meaning of section 130R88 or 130R93 respectively, the amounts that are or would be deductible in computing the insurer's income for the year in respect of expenses directly related to the earning of rental income from the particular property,

vi. the amounts that are or would be deductible in computing the insurer's income for the year as a reserve for doubtful or bad debts in respect of the particular property under any of sections 140, 140.2 and 141 of the Act,

vii. the amounts that are or would be deductible in computing the insurer's income for the year under any of sections 359 to 359.19, 362 to 418.12, 419.1 to 419.4 and 419.6 of the Act in respect of the particular property,

viii. (subparagraph repealed),

ix. any amount that is or would be deductible in computing the insurer's income for the year in respect of any other expense directly related to the earning of gross investment income from the particular property.

s. 825R6; O.C. 91-94, s. 80; O.C. 35-96, s. 86; O.C. 1454-99, s. 39; O.C. 1463-2001, s. 91; O.C. 1149-2006, s. 41; O.C. 134-2009, s. 1; O.C. 390-2012, s. 47; 2019, c. 14, s. 640.

**Corresponding Federal Provision:** 2411(4).

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

$A - B.$

In the formula in the first paragraph,

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

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

s. 825R6.1; O.C. 1463-2001, s. 92; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2411(4.1).

**825R7.** (Revoked).

s. 825R7; O.C. 91-94, s. 80; O.C. 134-2009, s. 1; O.C. 390-2012, s. 48.

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

$B - A.$

In the formula in the first paragraph,

(a) A is the amount determined under subparagraph *a* of the second paragraph of section 825R2 for the preceding taxation year; and

(b) B is the amount determined under subparagraph *b* of the second paragraph of section 825R2 for the preceding taxation year.

s. 825R8; O.C. 91-94, s. 80; O.C. 1463-2001, s. 93; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2411(6).

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

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

s. 825R9; O.C. 1463-2001, s. 94; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2411(6)(b).

## CHAPTER XII

### PRESCRIBED CORPORATION

chap. VI.1; O.C. 1472-87, s. 19; O.C. 91-94, s. 81; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**832.3R1.** For the purposes of subparagraph *b* of the first paragraph of section 832.3 of the Act, a prescribed corporation is a qualified related corporation within the meaning of subsection 8 of section 219 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the insurer referred to in that section 832.3.

s. 832.3R2; O.C. 1472-87, s. 19; O.C. 35-96, s. 75; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 138(11.5)(b) ITA.

## CHAPTER XIII

### CAPITAL COST OF DEPRECIABLE PROPERTY ACQUIRED BEFORE 1969

chap. VII; O.C. 3926-80, s. 31; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. VII; O.C. 134-2009, s. 1.

**837R1.** For the purposes of section 837 of the Act, the capital cost of property referred to therein is computed without reference to paragraph *a* of subsection 1 of section 32 of the Act to amend the Income Tax Act (S.C. 1968-69, c. 44) as it applied to the 1971 taxation year for the purposes of the former Acts within the meaning of section 1

of the Act respecting the application of the Taxation Act (chapter I-4).

s. 837R1; O.C. 1981-80, s. 837R1; R.R.Q., 1981, c. I-3, r. 1, s. 837R1; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 138(11.2) ITA.

## CHAPTER XIV

### AMORTIZED COST OF A LOAN OR LENDING ASSET OF AN INSURER

chap. VIII; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. VIII; O.C. 91-94, s. 83; O.C. 134-2009, s. 1.

**838R1.** For the purposes of the second paragraph of section 838 of the Act, “specified Canadian assets”, “Canadian investment fund for a taxation year” and “value for a taxation year” have the meaning assigned to them by the regulatory provisions made under that paragraph, as they applied to the 1977 taxation year.

s. 838R1; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 838R1; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2405(2).

## CHAPTER XV

### DEDUCTIBLE RESERVES

chap. IX; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX; O.C. 134-2009, s. 1.

## DIVISION I

### INTERPRETATION

div. I; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. I; O.C. 134-2009, s. 1.

**840R1.** In this chapter,

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

“benefit”, in respect of a policy, includes a policy dividend, other than a policy dividend in respect of a policy described in paragraph *a* of section 840R23, in respect of the policy to the extent that the dividend was specifically treated as a benefit by the insurer in determining a premium for the policy, and an expense of maintaining the policy after all premiums in respect of the policy have been paid to the extent that the expense was specifically provided for by the insurer in determining a premium for the policy, but does not include

(a) a policy loan;

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



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

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

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

“deposit accounting insurance policy” has the meaning assigned by subparagraph *p* of the first paragraph of section 835 of the Act;

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

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

“lapse-supported policy” means a life insurance policy that would require materially greater premiums if premiums were determined using policy lapse rates that are zero from the sixth policy year;

“modified net premium”, in respect of a premium under a policy, other than a prepaid premium under a policy that may be refunded only on termination of the policy, means

(a) where all benefits, other than policy dividends, and premiums, other than the frequency of payment of premiums, in respect of the policy are determined at the date of issue of the policy, the amount determined under section 840R2; or

(b) where paragraph *a* does not apply, the amount that would be determined under paragraph *a* if that paragraph applied and the amount were adjusted in a manner that is reasonable in the circumstances;

“non-cancellable or guaranteed renewable accident and sickness policy” includes a non-cancellable or guaranteed renewable accident and sickness benefit under a group policy;

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

“policy liability” of an insurer at the end of a taxation year in respect of an insurance policy or a claim, possible claim or risk under an insurance policy means the positive or negative amount of the insurer’s reserve in respect of its potential liability in respect of the policy, claim, possible claim or risk at the end of the year determined in accordance with accepted actuarial practice, but without reference to projected income and capital taxes, other than the tax payable under Part XII.3 of the Income Tax Act;

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

“post-1995 life insurance policy” means a life insurance policy that is not a pre-1996 life insurance policy;

“post-1995 non-cancellable or guaranteed renewable accident and sickness policy” means a non-cancellable or guaranteed renewable accident and sickness policy that is not a pre-1996 non-cancellable or guaranteed renewable accident and sickness policy;

“pre-1996 life insurance policy”, at a particular time, means a life insurance policy where

(a) the policy was issued before 1 January 1996; and

(b) after 31 December 1995 and before the particular time there has been no change, except in accordance with the provisions, other than a general amending provision, of the policy as they existed on 31 December 1995, to

- i. the amount of any benefit under the policy,
- ii. the amount of any premium or other amount payable under the policy, or
- iii. the number of premiums or other payments under the policy;

“pre-1996 non-cancellable or guaranteed renewable accident and sickness policy”, at a particular time, means a non-cancellable or guaranteed renewable accident and sickness policy where

(a) the policy was issued before 1 January 1996; and

(b) after 31 December 1995 and before the particular time there has been no change, except in accordance with the provisions, other than a general amending provision, of the policy as they existed on 31 December 1995, to

- i. the amount of any benefit under the policy,
- ii. the amount of any premium or other amount payable under the policy, or
- iii. the number of premiums or other payments under the policy;

“qualified annuity” means a contract, other than a deposit administration fund policy or a policy in respect of which section 628.8 of the former Regulation, within the meaning of section 2000R2, applied, as that section 628.8 read for the purposes of its application to the taxation year 1977 of the insurer, that is an annuity contract issued before 1 January 1982

(a) in respect of which regular periodic annuity payments have commenced;

(b) in respect of which a contract or certificate has been issued that provides for regular periodic annuity payments to commence within one year after the date of issue of the contract or certificate;

(c) that

- i. is not issued as or under a registered retirement savings plan, registered pension plan or deferred profit sharing plan,
- ii. does not provide for a guaranteed cash surrender value at any time, and
- iii. provides for regular periodic annuity payments to commence not later than the attainment of age 71 by the annuitant; or

(d) that

- i. is issued as or under a registered retirement savings plan, registered pension plan or deferred profit sharing plan, if
- ii. the interest rate is guaranteed for at least 10 years, and
- iii. the plan does not provide for any participation in profits, directly or indirectly;

“reinsurance recoverable amount” means the amount reported as a reinsurance asset of an insurer at the end of a taxation year in respect of an amount recoverable from a reinsurer;

“reported reserve” of an insurer at the end of a taxation year in respect of an insurance policy or a claim, possible claim, risk, dividend, premium, refund of premiums or refund of premium deposits under an insurance policy means

(a) where the insurer is required to file an annual report with the Superintendent of Financial Institutions for a period ending coincidentally with the year, the positive or negative amount of the reserve that would be reported in that report in respect of the insurer’s potential liability under the policy if the reserve were determined without reference to projected income and capital taxes, other than tax payable under Part XII.3 of the Income Tax Act;

(b) where the insurer is, throughout the year, subject to the supervision of the Superintendent of Financial Institutions and paragraph *a* does not apply, the positive or negative amount of the reserve that would be reported in its financial statements for the year in respect of the insurer’s potential liability under the policy if those financial statements were prepared in accordance with generally accepted accounting principles and the reserve were determined without reference to projected income and capital taxes, other than the tax payable under Part XII.3 of the Income Tax Act;

(c) where the insurer is the Canada Mortgage and Housing Corporation or a foreign affiliate of a taxpayer resident in Canada, the positive or negative amount of the reserve that would be reported in its financial statements for the year in respect of the insurer’s potential liability under the policy if those financial statements were prepared in accordance with generally accepted accounting principles and the reserve were determined without reference to projected income and capital taxes, other than the tax payable under Part XII.3 of the Income Tax Act; and

(d) in any other case, nil;

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

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

“Superintendent of Financial Institutions”, in respect of an insurer, means

(a) the Superintendent of Financial Institutions of Canada, where the insurer is required by law to report to the Superintendent; or

(b) in any other case, where the insurer is incorporated under the laws of Québec, the Autorité des marchés financiers or where the insurer is incorporated under the laws of another province, the Superintendent of Insurance or other similar agent or authority of the other province.

s. 840R1; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R1; O.C. 7-87, s. 14; O.C. 1472-87, s. 20; O.C. 1471-91, s. 26; O.C. 1114-93, s. 23; O.C. 91-94, s. 82; O.C. 67-96, s. 50; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1454-99, s. 40; O.C. 1463-2001, s. 95; O.C. 1470-2002, s. 57; O.C. 1155-2004, s. 36; O.C. 1149-2006, s. 42; O.C. 134-2009, s. 1; O.C. 390-2012, s. 49; O.C. 701-2013, s. 38.

**Corresponding Federal Provision:** 1408(1).

**840R2.** The amount to be determined under this section for the purposes of paragraph *a* of the definition of “modified net premium” in section 840R1, in respect of a particular premium under a policy, is determined, subject to the third paragraph, by the formula

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

In the formula in the first paragraph,

(a) A is the amount of the particular premium;

(b) B is the present value, at the date of the issue of the policy, of the amount of the benefits required to be provided under the policy after the date of the first anniversary of the issue of the policy;

(c) C is the present value, at the date of the issue of the policy, of the amount of the benefits required to be provided under the policy after the date of the second anniversary of the issue of the policy;

(d) D is the present value, at the date of the issue of the policy, of the amount of the premiums payable under the policy on or after the date of the first anniversary of the issue of the policy;

(e) E is the present value, at the date of the issue of the policy, of the amount of the premiums payable under the policy on or after the date of the second anniversary of the issue of the policy.

However, in respect of the particular premium for the second year of the policy, the amount determined by the formula in the first paragraph is deemed to be equal to one-half of the aggregate of the amount that would otherwise be determined under the formula and the amount of a one-year term life insurance premium, determined without regard to the frequency of payment of the premium, that would be payable under the policy.

s. 840R1.1; O.C. 91-94, s. 85; O.C. 1463-2001, s. 96; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408 “modified net premium” (a).

**840R3.** For the purposes of this chapter, any rider to a life insurance policy is a separate insurance policy where it provides for additional life insurance or for an annuity.

s. 840R3; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R3; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408(5).

**840R4.** For the purposes of this chapter, any rider that is attached to a policy and that provides for additional non-cancellable or guaranteed renewable accident and sickness insurance, as the case may be, is a separate non-cancellable or guaranteed renewable accident and sickness policy.

s. 840R3.1; O.C. 1463-2001, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408(6).

**840R5.** For the purposes of the definition of “pre-1996 life insurance policy” and of “pre-1996 non-cancellable or guaranteed renewable accident and sickness policy” in section 840R1, a change in the amount of any benefit or in the amount or number of any premiums or other amounts payable under a policy is deemed not to have occurred where the change results from

- (a) a change in an underwriting class;
- (b) a change in frequency of premium payments within a year that does not alter the present value, at the beginning of the year, of the total premiums to be paid under the policy in the year;
- (c) the deletion of a rider;
- (d) the correction of erroneous information;
- (e) the reinstatement of the policy after its lapse, if the reinstatement occurs not later than 60 days after the end of the calendar year in which the lapse occurred;
- (f) the redating of the policy for policy loan indebtedness; or
- (g) a change in the amount of a benefit under the policy that is granted by the insurer on a class basis, where

i. no consideration was payable by the policyholder or any other person for the change, and

ii. the change was not made because of the terms or conditions of the policy or any other policy or contract to which the insurer is a party.

s. 840R3.2; O.C. 1463-2001, s. 98; O.C. 1470-2002, s. 58; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408(7).

**840R6.** For the purposes of this chapter, the following rules apply:

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

(b) in computing the premium paid by a policyholder in respect of that policy, the insurer may deduct the part of the premium that

i. may reasonably be considered, at the time when the policy is issued, to be a deposit that, in accordance with the terms of the policy or the by-laws of the insurer, will be returned to the policyholder or credited to the policyholder’s account by the insurer on the termination of the policy, and

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

s. 840R4; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R4; O.C. 1471-91, s. 27; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 99; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408(4).

**840R7.** For the purposes of the formula in the first paragraph of section 840R2, it may be assumed that premiums are payable annually in advance.

s. 840R5; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R5; O.C. 1463-2001, s. 101; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408(3).

**840R8.** The definition of “group term life insurance policy” in section 1 of the Act does not apply to this chapter.

s. 840R6; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R6; O.C. 1463-2001, s. 101; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1408(2).

**840R8.1.** For the purposes of this chapter, any reference to an amount or item reported as an asset or a liability of an insurer at the end of a taxation year is a reference,

(a) if reporting by the insurer to the Superintendent of Financial Institutions is required at the end of the year, to the amount or item that is reported, at the end of the year, as an asset or a liability in the insurer’s non-consolidated balance sheet accepted by the Superintendent of Financial Institutions; and

(b) in any other case, to the amount or item that is reported, at the end of the year, as an asset or a liability in the insurer's non-consolidated balance sheet that is prepared in a manner consistent with the requirements that would have applied had reporting by the insurer to the Superintendent of Financial Institutions been required at the end of the year.

O.C. 701-2013, s. 39; 2019, c. 14, s. 641.

**Corresponding Federal Provision:** 1408(8).

## DIVISION II

### GENERALITIES

div. II; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. II; O.C. 134-2009, s. 1.

#### **840R9.** *(Repealed).*

s. 840R7; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R7; O.C. 1463-2001, s. 102; O.C. 134-2009, s. 1; O.C. 390-2012, s. 50; 2019, c. 14, s. 642.

**Corresponding Federal Provision:** 1401(1) before (a) and (1.1), before L.C. 2009, c. 2.

**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.

s. 840R7.1; O.C. 1463-2001, s. 103; O.C. 134-2009, s. 1; O.C. 390-2012, s. 51.

**Corresponding Federal Provision:** 1404(1) before (a).

**840R11.** Any amount determined under this chapter is determined net of relevant reinsurance recoverable amounts.

s. 840R8; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R8; O.C. 1463-2001, s. 104; O.C. 134-2009, s. 1; O.C. 701-2013, s. 40.

**Corresponding Federal Provision:** 1402 and 1406(a).

**840R12.** The following rules apply for determining the amounts that an insurer may deduct under sections 840R10 and 840R16:

(a) *(paragraph repealed);*

(b) in the case of sections 840R10 and 840R16, the amounts must be calculated without reference to any obligation to pay a benefit under a segregated fund policy if

i. the amount of the benefit varies with the fair market value of the segregated fund at the time the benefit becomes, or may become, payable, and

ii. the benefit is not in respect of a guarantee given by the insurer under the segregated fund policy; and

(c) in the case of sections 840R10 and 840R16, those amounts are determined without reference to any amount in respect of a deposit accounting insurance policy.

s. 840R9; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R9; O.C. 1463-2001, s. 104; O.C. 134-2009, s. 1; O.C. 701-2013, s. 41; O.C. 1105-2014, s. 20; 2019, c. 14, s. 643.

**Corresponding Federal Provision:** 1401(2) and 1406(b) and (c).

#### **840R13.** *(Repealed).*

s. 840R9.1; O.C. 91-94, s. 86; O.C. 1470-2002, s. 59; O.C. 134-2009, s. 1; O.C. 701-2013, s. 42; 2019, c. 14, s. 644.

**Corresponding Federal Provision:** 1401(3), before L.C. 2009, c. 2.

**840R14.** Every amount referred to in section 840R16 or Division IX or determined under that section or that division may be equal to, or less than, nil.

s. 840R9.1.1; O.C. 1463-2001, s. 105; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1407.

## DIVISION III

### UNPAID CLAIMS

div. II.1; O.C. 1463-2001, s. 105; O.C. 134-2009, s. 1.

#### **840R15.** *(Repealed).*

s. 840R9.2; O.C. 91-94, s. 86; O.C. 1463-2001, s. 106; O.C. 134-2009, s. 1; O.C. 390-2012, s. 52; 2019, c. 14, s. 645.

**Corresponding Federal Provision:** 1401(4), before L.C. 2009, c. 2.

**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

(a) the reported reserve of the insurer at the end of the year in respect of the claim; and

(b) the policy liability of the insurer at the end of the year in respect of the claim.

s. 840R9.3; O.C. 1463-2001, s. 107; O.C. 134-2009, s. 1; O.C. 390-2012, s. 53.

**Corresponding Federal Provision:** 1405.

**DIVISION IV***(Repealed).*

div. III; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. III; O.C. 1463-2001, s. 108; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**840R17.** *(Repealed).*

s. 840R10; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R11; O.C. 91-94, s. 87; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(a).

**DIVISION V***(Repealed).*

div. IV; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. IV; O.C. 91-94, s. 88; O.C. 1463-2001, s. 109; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**840R18.** *(Repealed).*

s. 840R11; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R11; O.C. 1463-2001, s. 110; O.C. 1155-2004, s. 37; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(b).

**840R19.** *(Repealed).*

s. 840R11.1; O.C. 1549-88, s. 24; O.C. 91-94, s. 89; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(d.1), before L.C. 2009, c. 2.

**840R20.** *(Repealed).*

s. 840R11.2; O.C. 91-94, s. 90; O.C. 67-96, s. 52; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 111; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(c.1).

**DIVISION VI***(Repealed).*

div. V; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. V; O.C. 1463-2001, s. 112; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**840R21.** *(Repealed).*

s. 840R12; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R12; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(e), before L.C. 2009, c. 2.

**DIVISION VII***(Repealed).*

div. VI; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. VI; O.C. 1463-2001, s. 113; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**840R22.** *(Repealed).*

s. 840R13; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R13; O.C. 1472-87, s. 21; O.C. 1470-2002, s. 60; O.C. 134-2009, s. 1; O.C. 701-2013, s. 43; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(c).

**840R23.** *(Repealed).*

s. 840R14; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R14; O.C. 67-96, s. 53; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1; O.C. 701-2013, s. 44; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(1).

**840R24.** *(Repealed).*

s. 840R15; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R15; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(3).

**840R25.** *(Repealed).*

s. 840R16; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R16; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(3)(b).

**840R26.** *(Repealed).*

s. 840R17; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R17; O.C. 91-94, s. 91; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(2) and (4).

**840R27.** *(Repealed).*

s. 840R18; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R18; O.C. 91-94, s. 92; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(5).

**840R28.** *(Repealed).*

s. 840R19; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R19; O.C. 91-94, s. 92; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(6).

**840R29.** *(Repealed).*

s. 840R20; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R20; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(7).

**840R30.** *(Repealed).*

s. 840R20.1; O.C. 1549-88, s. 25; O.C. 91-94, s. 93; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(d.2), before L.C. 2009, c. 2.

**840R31.** (Repealed).

s. 840R20.2; O.C. 91-94, s. 94; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 21; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1403(8) to (10).

**DIVISION VIII**

(Repealed).

div. VII; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. IX, div. VII; O.C. 1463-2001, s. 114; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**840R32.** (Repealed).

s. 840R21; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R21; O.C. 91-94, s. 95; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(d) before (i), before L.C. 2009, c. 2 and 1401(1)(d) after (ix).

**840R33.** (Repealed).

s. 840R22; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R22; O.C. 91-94, s. 96; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(d)(i) to (viii).

**840R34.** (Repealed).

s. 840R23; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 840R23; O.C. 1549-88, s. 26; O.C. 134-2009, s. 1; 2019, c. 14, s. 646.

**Corresponding Federal Provision:** 1401(1)(d)(ix).

**DIVISION IX**

**LIFE INSURANCE POLICIES**

div. VII.1; O.C. 1463-2001, s. 115; O.C. 134-2009, s. 1; O.C. 390-2012, s. 54.

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

(a) the amount determined under section 840R36 in respect of the insurer for the year, where that amount is greater than nil; or

(b) nil, in any other case.

s. 840R23.1; O.C. 1463-2001, s. 115; O.C. 134-2009, s. 1; O.C. 390-2012, s. 55.

**Corresponding Federal Provision:** 1404(1).

**840R36.** For the purposes of paragraph *a* of sections 840R35 and 844R1, the amount to be determined under this section in respect of an insurer for a taxation year, in respect of its life insurance policies in Canada, is the

amount, which may be positive or negative, determined by the formula

$$A + B + C + D - E.$$

In the formula in the first paragraph,

(a) *A* is the amount, in respect of the insurer's life insurance policies in Canada, except to the extent that the amount is determined in respect of a claim, dividend, premium or refund in respect of which an amount is included in computing any of the amounts determined under subparagraphs *b* to *d*, equal to the lesser of the total of the reported reserves of the insurer at the end of the year in respect of those policies and the total of the policy liabilities of the insurer at that time in respect of those policies;

(b) *B* is the amount, in respect of the insurer's life insurance policies in Canada under which there may be claims incurred before the end of the year that have not been made to the insurer before the end of the year, equal to 95% of the lesser of the total of the reported reserves of the insurer at the end of the year in respect of the possibility that there are such claims and the total of the policy liabilities of the insurer at the end of the year in respect of the possibility that there are such claims;

(c) *C* is the total of all amounts each of which is the unearned portion at the end of the year of the 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;

(d) *D* is the total of all amounts each of which

i. is not an amount deductible under paragraph *b* of section 841 of the Act,

ii. is the amount, in respect of a dividend, refund of premiums or refund of premium deposits provided for under the terms of a life insurance policy in Canada that is a group life insurance policy, 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

iii. is equal to the least of

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

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

(3) the amount of the reported reserve of the insurer at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits provided for under the terms of the policy; and

(e) E is the total of all amounts determined in respect of a life insurance policy in Canada, 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.

s. 840R23.2; O.C. 1463-2001, s. 115; O.C. 1470-2002, s. 61; O.C. 1155-2004, s. 38; O.C. 134-2009, s. 1; O.C. 390-2012, s. 56; O.C. 701-2013, s. 45.

**Corresponding Federal Provision:** 1404(3).

## CHAPTER XVI

*(Revoked).*

chap. X; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. X; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

## DIVISION I

*(Revoked).*

div. I; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. X, div. I; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

### **841R1.** *(Revoked).*

s. 841R1; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 841R1; O.C. 7-87, s. 15; O.C. 1114-93, s. 24; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

### **841R2.** *(Revoked).*

s. 841R2; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 841R2; O.C. 91-94, s. 97; O.C. 1463-2001, s. 116; O.C. 134-2009, s. 1; O.C. 390-2012, s. 57; O.C. 321-2017, s. 40.

### **841R3.** *(Revoked).*

s. 841R3; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 841R3; O.C. 91-94, s. 98; O.C. 1463-2001, s. 117; O.C. 134-2009, s. 1; O.C. 390-2012, s. 58; O.C. 321-2017, s. 40.

## DIVISION II

*(Revoked).*

div. II; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. X, div. II; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

### **841R4.** *(Revoked).*

s. 841R4; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 841R4; O.C. 91-94, s. 99; O.C. 134-2009, s. 1; O.C. 390-2012, s. 59; O.C. 321-2017, s. 40.

### **841R5.** *(Revoked).*

s. 841R5; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 841R5; O.C. 91-94, s. 100; O.C. 134-2009, s. 1; O.C. 390-2012, s. 60; O.C. 321-2017, s. 40.

## DIVISION III

*(Revoked).*

div. III; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. X, div. III; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

### **841R6.** *(Revoked).*

s. 841R6; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, s. 841R6; O.C. 1463-2001, s. 118; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

## CHAPTER XVII

*(Revoked).*

chap. XI; O.C. 3926-80, s. 32; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. XI; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

### **841R1.** *(Revoked).*

s. 841.1R1; O.C. 1981-80, s. 841.1R1; R.R.Q., 1981, c. I-3, r. 1, s. 841.1R1; O.C. 1076-88, s. 22; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

### **841R2.** *(Revoked).*

s. 841.1R2; O.C. 3926-80, s. 33; R.R.Q., 1981, c. I-3, r. 1, s. 841.1R2; O.C. 1076-88, s. 22; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 321-2017, s. 40.

## CHAPTER XVIII

### AMOUNT TO BE INCLUDED IN RESPECT OF LIFE INSURANCE POLICIES

chap. XI.2; O.C. 1463-2001, s. 120; O.C. 134-2009, s. 1; O.C. 390-2012, s. 61.

**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

(a) where the amount determined under section 840R36 in respect of the insurer for the year is less than nil, that amount expressed as a positive number; or

(b) in any other case, nil.

s. 844R2; O.C. 1463-2001, s. 120; O.C. 134-2009, s. 1; O.C. 390-2012, s. 62.

**Corresponding Federal Provision:** 1404(2).

**CHAPTER XIX***(Revoked).*

chap. XII; O.C. 3926-80, s. 33; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. XII; O.C. 134-2009, s. 1; O.C. 321-2017, s. 41.

**844.1R1.** *(Revoked).*

s. 844.1R1; O.C. 1981-80, s. 844.1R1; R.R.Q., 1981, c. I-3, r. 1, s. 844.1R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 321-2017, s. 41.

**CHAPTER XX****AMOUNTS TO BE INCLUDED IN RESPECT OF CERTAIN PROPERTY OF AN INSURER**

chap. XII.1; O.C. 91-94, s. 101; O.C. 134-2009, s. 1.

**844.3R1.** For the purposes of the first paragraph of section 844.3 of the Act, the amount prescribed in respect of an insurer's cost or capital cost of a property for a period in a taxation year is the amount determined by the formula

$$[(A \times B) \times C / 365] - D.$$

In the formula in the first paragraph,

(a) A is the average annual rate of interest computed on the basis of the rate determined in accordance with subparagraph i of paragraph a of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for the months or portions thereof in the period;

(b) B is the amount by which the average cost or average capital cost, as the case may be, of the property for the period exceeds the average amount of the debt, related to the acquisition of the property, that is outstanding during the period and that bears interest at the market rate and, for that purpose

i. the average cost or average capital cost, as the case may be, of a property is the total of

(1) the aggregate of the amounts each of which is the cost or capital cost, as the case may be, of the property immediately before the beginning of the period, and

(2) the aggregate of the amounts each of which is the proportion of an expenditure incurred on any date in the period, in respect of the cost or capital cost, as the case may be, of the property, that the number of days from that date to the end of the period is of the number of days in the period, and

ii. the average amount of the debt related to the acquisition of a property is the amount by which the aggregate of the following amounts exceeds the aggregate of the amount each of which is the proportion of an amount, other than an amount of interest, that was paid in respect of a debt referred

to in subparagraph 1 or 2 at any date in the period, that the number of days from that date to the end of the period is of the number of days in the period:

(1) the aggregate of the amounts each of which is a debt that is outstanding at the beginning of the period and is related to the acquisition, and

(2) the aggregate of the amounts each of which is the proportion of a debt related to the acquisition that was incurred at any date in the period, that the number of days from that date to the end of the period is of the number of days in the period;

(c) C is the number of days in the period; and

(d) D is the income derived from the property in the period by the person or partnership that owned the property.

s. 844.3R1; O.C. 91-94, s. 101; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 121; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2410.

**CHAPTER XXI***(Revoked).*

chap. XIV; O.C. 3926-80, s. 34; R.R.Q., 1981, c. I-3, r. 1, title XIII, chap. XIV; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 17.

**851.20R1.** *(Revoked).*

s. 851.20R1; O.C. 1981-80, s. 851.20R1; R.R.Q., 1981, c. I-3, r. 1, s. 851.20R1; O.C. 1451-2000, s. 66; O.C. 1282-2003, s. 51; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 17.

**TITLE XXXIII****FINANCIAL INSTITUTIONS**

title XXIII.0.1; O.C. 1470-2002, s. 62; O.C. 134-2009, s. 1.

**CHAPTER I****INTERPRETATION AND GENERAL**

O.C. 390-2012, s. 63.

**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.

O.C. 390-2012, s. 63.

**Corresponding Federal Provision:** 9002.1.

**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.

O.C. 390-2012, s. 63.

**Corresponding Federal Provision:** 9002.2, before L.C. 2009, c. 2.

**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.

O.C. 390-2012, s. 63.

**Corresponding Federal Provision:** 9001(1) and (2) and 9002.

**851.22.1R0.4.** For the purposes of subparagraph *c* of the second paragraph of section 851.22.1 of the Act, the following are prescribed persons:

(a) a trust, at any particular time, if at that particular time

i. the trust is a segregated fund trust within the meaning of subparagraph *k* of the first paragraph of section 835 of the Act,

ii. the trust is deemed to have been created under the first paragraph of section 851.2 of the Act at a time that is not more than two years before that particular time, and

iii. the cost of the trustee’s interest in the trust, determined with reference to 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;

(b) the Business Development Bank of Canada; and

(c) BDC Capital Inc.

O.C. 390-2012, s. 63; O.C. 66-2016, s. 18.

**Corresponding Federal Provision:** 9000.

**851.22.1R1.** For the purposes of the definition of “specified debt obligation” in the first paragraph of section 851.22.1 of the Act, a property is a prescribed property throughout a taxation year if the property is a direct financing lease, or any other financing agreement, of a taxpayer that is reported as a loan in the taxpayer’s financial statements for the year, prepared in accordance with generally accepted accounting principles, provided that an amount is deductible in computing the taxpayer’s income for the year, in respect of the property that is the subject of the

lease or agreement, under paragraph *a* of section 130 or the second paragraph of section 130.1 of the Act.

s. 851.22.1R1; O.C. 1470-2002, s. 62; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 9004.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9003.

## CHAPTER II

### INCOME FROM SPECIFIED DEBT OBLIGATIONS

O.C. 390-2012, s. 64.

#### DIVISION I

#### INTERPRETATION

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9100.

**DIVISION II****AMOUNTS TO INCLUDE OR DEDUCT IN COMPUTING INCOME**

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9101(1).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9101(2).

**DIVISION III****GENERAL ACCRUAL RULES**

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9102(1).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9102(2).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9102(3).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9102(4).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9102(5).

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

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9102(6).

#### DIVISION IV

#### SPECIAL CASES AND TRANSITIONAL RULES

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9103(1).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9103(2), before DORS/2009-222.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9103(3).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9103(4).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9103(5).

## DIVISION V

### FOREIGN EXCHANGE ADJUSTMENT

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9104(1).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9104(2).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9104(3).

### CHAPTER III

#### DISPOSITION OF SPECIFIED DEBT OBLIGATIONS

O.C. 390-2012, s. 64.

##### DIVISION I

###### TRANSITION AMOUNT

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9201.

##### DIVISION II

###### RESIDUAL PORTION OF GAIN OR LOSS

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9200(1) and (2).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9203(1).

**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 is,

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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9203(2).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9203(3).

**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

$$A \times B / C; \text{ or}$$

(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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9203(4).

### DIVISION III

#### SPECIAL RULES FOR RESIDUAL PORTION OF GAIN OR LOSS

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9204(1).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9204(1).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9204(3).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9204(4).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9204(5) and (5.1).

**851.22.11R1.** 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*.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9204(6).

#### DIVISION IV

#### NON-AMORTIZED DEBT OBLIGATIONS

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9202(2), (4) and (5).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9202(3).

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9202(1).

**CHAPTER IV***(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**DIVISION I***(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.17R1.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**DIVISION II***(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.18R1.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.18R2.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.18R3.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.18R4.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.18R5.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.18R6.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**DIVISION III***(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.19R1.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**DIVISION IV***(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**851.22.20R1.** *(Revoked).*

O.C. 390-2012, s. 64; O.C. 321-2017, s. 42.

**CHAPTER V****TRANSITIONAL RULES**

O.C. 390-2012, s. 64.

**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.

O.C. 390-2012, s. 64.

**Corresponding Federal Provision:** 9002(1).**TITLE XXXIV****TAX SHELTER INVESTMENT**

title XXIII.1; O.C. 1463-2001, s. 124; O.C. 134-2009, s. 1.

**851.42R1.** For the purposes of section 851.42 of the Act, the prescribed rate of interest at a particular time is the rate determined in accordance with subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the period that includes the particular time.

s. 851.42R1; O.C. 1463-2001, s. 124; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 4301(a)(i).**TITLE XXXV****PROFIT SHARING PLANS AND OTHER SPECIAL INCOME ARRANGEMENTS**

title XXIV; O.C. 1981-80, title XXIV; R.R.Q., 1981, c. I-3, r. 1, title XXIV; O.C. 134-2009, s. 1.

**CHAPTER I****GENERALITIES**

chap. I; O.C. 1981-80, title XXIV, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XXIV, chap. I; O.C. 134-2009, s. 1.

**853R1.** *(Revoked).*

s. 853R1; O.C. 1981-80, s. 853R1; R.R.Q., 1981, c. I-3, r. 1, s. 853R1; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 18.

**861R1.** The trustee must make the election under section 861 of the Act by filing with the Minister, in duplicate, a declaration with supporting evidence attesting that the trustee has made the election under subsection 4.1 of section 144 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 861R1; O.C. 1981-80, s. 861R1; R.R.Q., 1981, c. I-3, r. 1, s. 861R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1500(1).

**862R1.** The trustee must make the election under the first paragraph of section 862 of the Act by filing with the Minister the prescribed form in duplicate. The election must be made on or before the last day of a taxation year of the trust in respect of any capital property deemed to have been disposed of in that taxation year because of the election.

s. 862R1; O.C. 1981-80, s. 862R1; R.R.Q., 1981, c. I-3, r. 1, s. 862R1; O.C. 1451-2000, s. 66; O.C. 1282-2003, s. 52; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1500(2).

## CHAPTER I.1

### EMPLOYEE LIFE AND HEALTH TRUSTS

O.C. 701-2013, s. 46.

**869.2R1.** For the purposes of subparagraph iii of paragraph *g* of section 869.2 of the Act, a prescribed payment is a payment referred to in section 9500 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 701-2013, s. 46.

**Corresponding Federal Provision:** 9500.

## CHAPTER II

### RETIREMENT COMPENSATION ARRANGEMENTS

chap. I.1; O.C. 1466-98, s. 79; O.C. 134-2009, s. 1.

**890.1R1.** For the purposes of subparagraph *n* of the second paragraph of section 890.1 of the Act, the following plans or arrangements are prescribed:

(a) the plan instituted under the Act respecting the Québec Pension Plan (chapter R-9);

(b) a similar plan within the meaning of the Act respecting the Québec Pension Plan;

(c) a plan instituted under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23);

(d) a plan established in accordance with an agreement in writing for the purpose of deferring the salary or wages of a professional referee or linesman for services in that capacity with the National Hockey League where, in the case of a professional referee or linesman resident in Canada, the trust or any other person having custody and control of the funds, investments or other property under the plan is also resident in Canada;

(e) an arrangement under which all contributions are made pursuant to a law of Canada or a province, where one of the main purposes of the law is to enforce minimum standards with respect to wages, vacation entitlement or severance pay;

(f) an arrangement under which all contributions are made in connection with a dispute regarding the entitlement of one or more persons to receive benefits;

(g) a plan or arrangement instituted by the social security legislation of a country other than Canada or of a state, province or other political subdivision of such a country; or

(h) a trust established

i. to hold shares of Air Canada, pursuant to the June 2009 memorandum of understanding between Air Canada and certain trade unions who represent employees of Air Canada, if

(1) the shares are held by the trust for the benefit of the trade unions, and

(2) each of the trade unions may direct the trustee to contribute, from time to time, amounts received or receivable by the trust in respect of the shares, whether as dividends, proceeds of disposition or otherwise, to one or more registered pension plans under which Air Canada is a participating employer, or

ii. in relation to the wind-up of a registered pension plan sponsored by Fraser Papers Inc., if

(1) shares are held by the trust for the benefit of the registered pension plan, and

(2) the trustee will contribute amounts received or receivable by the trust in respect of the shares, whether as dividends, proceeds of disposition or otherwise, to the registered pension plan, not later than 31 December 2018.

s. 890.1R1; O.C. 1114-93, s. 27; O.C. 35-96, s. 86; O.C. 523-96, s. 20; O.C. 1707-97, s. 61; O.C. 1466-98, s. 80; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 22.

**Corresponding Federal Provision:** 6802.

**890.15R1.** An educational institution referred to in paragraph *d* of the definition of “trust” in section 890.15 of the Act means a university, college or other educational institution in Canada, designated by the Lieutenant Governor in Council of a province as a specified educational institution under the Canada Student Loans Act (Revised Statutes of Canada, 1985, chapter S-23), or designated by an appropriate authority under the Canada Student Financial Assistance Act (Statutes of Canada, 1994, chapter 28), or designated by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology for the purposes of the Act respecting financial assistance for education expenses (chapter A-13.3).

s. 890.15R1; O.C. 1451-2000, s. 30; 2005, c. 28, s. 195; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 33; 2013, c. 28, s. 205.

**Corresponding Federal Provision:** 118.6(1) “designated educational institution” (a)(i) ITA.

**CHAPTER III****REGISTERED EDUCATION SAVINGS PLANS**

chap. I.2; O.C. 1466-98, s. 81; O.C. 134-2009, s. 1.

**895R1.** For the purposes of paragraphs *f* and *f.1* of section 895 of the Act,

(a) a post-secondary educational institution means

i. an educational institution in Canada that is

(1) described in section 890.15R1, or

(2) recognized by the Minister as being an educational institution offering instruction, other than instruction designed for university credit, that furnishes a person with skills for, or improves a person's skills in, an occupation, or

ii. an educational institution outside Canada providing post-secondary education and that is

(1) a university, college or other institution, at which a beneficiary, within the meaning of section 890.15 of the Act, was enrolled in a course of not less than 13 consecutive weeks duration, or

(2) a university at which a beneficiary, within the meaning of section 890.15 of the Act, was enrolled full-time in a course of not less than 3 consecutive weeks duration;

(b) an educational program means a post-secondary level program lasting not less than three consecutive weeks, under which a participating student must devote not less than 10 hours per week to courses or to the program workload; and

(c) a training program means a post-secondary level program lasting not less than three consecutive weeks, under which a participating student must devote not less than 12 hours per month to the courses in the program.

s. 895R1; O.C. 67-96, s. 54; O.C. 1707-97, s. 63; 1997, c. 90, s. 14; O.C. 263-98; O.C. 1454-99, s. 41; O.C. 1451-2000, s. 33; O.C. 1155-2004, s. 40; O.C. 1149-2006, s. 43; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 19; O.C. 1176-2010, s. 34; O.C. 701-2013, s. 47.

**Corresponding Federal Provision:** 146.1(1) ITA.

**895.0.1R1.** For the purposes of section 895.0.1 of the Act, a prescribed post-secondary educational institution and a prescribed educational program are respectively a post-secondary educational institution referred to in paragraph *a* of section 895R1 and an educational program referred to in paragraph *b* of that section.

s. 895.0.1R1; O.C. 1282-2003, s. 53; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 35.

**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.

O.C. 390-2012, s. 65.

**CHAPTER IV****REGISTERED RETIREMENT INCOME FUNDS**

chap. III.0.1; O.C. 1631-96, s. 37; O.C. 134-2009, s. 1.

**961.1.5.0.1R1.** For the purposes of subparagraph *b* of the second paragraph of section 961.1.5.0.1 of the Act, the prescribed factor in respect of an individual for a year in connection with a retirement income fund is

(a) where the retirement income fund was a qualifying retirement income fund at the beginning of the year, the prescribed factor determined in accordance with subsection 3 of section 7308 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in respect of the individual for the year in connection with a retirement income fund; or

(b) where the retirement income fund was not a qualifying retirement income fund at the beginning of the year, the prescribed factor determined in accordance with subsection 4 of section 7308 of the Income Tax Regulations made under the Income Tax Act, in respect of the individual for the year in connection with a retirement income fund.

s. 961.1.5.0.1R1; O.C. 1451-2000, s. 35; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 7308(3) and (4).

**961.1.5.0.1R2.** For the purposes of this chapter, a retirement income fund is a qualifying retirement income fund at a particular time if

(a) the arrangement in connection therewith was entered into before 1 January 1993 and the carrier has not accepted any property as consideration under the fund after 31 December 1992 and at or before the particular time; or

(b) the carrier has not accepted any property as consideration under the fund after 31 December 1992 and at or before the particular time, other than property transferred from a retirement income fund that, immediately before the time of the transfer, was a qualifying retirement income fund.

In this section, "carrier" has the meaning assigned by paragraph *b* of section 961.1.5 of the Act.

s. 961.1.5.0.1R2; O.C. 1451-2000, s. 35; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 7308(1) and (2).

**CHAPTER V****ELECTION IN RESPECT OF A UNIT IN A QUALIFIED TRUST**

chap. III.2; O.C. 291-90, s. 12; O.C. 1249-2005, s. 25; O.C. 1116-2007, s. 31; O.C. 134-2009, s. 1.

**961.24R1.** For the purposes of section 961.24 of the Act, a qualified trust makes an election under that section by sending to the Minister a declaration, with supporting evidence, attesting that it has made the election under subsection 1 of section 259 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the period referred to in that section 961.24.

s. 961.24R1; O.C. 291-90, s. 12; O.C. 1249-2005, s. 27; O.C. 1116-2007, s. 32; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 259(3) ITA.

**CHAPTER VI****REGISTERED SUPPLEMENTARY UNEMPLOYMENT BENEFIT PLANS**

chap. IV; O.C. 1981-80, title XXIV, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title XXIV, chap. IV; O.C. 134-2009, s. 1.

**962R1.** Subject to the power of the Minister to refuse or revoke a registration, each plan validly registered as a registered supplementary unemployment benefit plan under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is deemed to be equally registered as such with the Minister.

s. 962R1; O.C. 1981-80, s. 962R1; R.R.Q., 1981, c. I-3, r. 1, s. 962R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

**CHAPTER VII**

*(Revoked).*

chap. IV.1; O.C. 544-86, s. 16; O.C. 134-2009, s. 1; O.C. 117-2019, s. 25.

**965.2R1.** *(Revoked).*

s. 965.2R1; O.C. 421-88, s. 28; O.C. 134-2009, s. 1; O.C. 117-2019, s. 25.

**965.4.5R1.** *(Revoked).*

s. 965.4.5R1; O.C. 544-86, s. 16; O.C. 1232-91, s. 23; O.C. 1633-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 117-2019, s. 25.

**965.20.1R1.** *(Revoked).*

s. 965.20.1R1; O.C. 544-86, s. 16; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 117-2019, s. 25.

**CHAPTER VIII****LIFE INSURANCE POLICIES**

chap. V; O.C. 1981-80, title XXIV, chap. V; R.R.Q., 1981, c. I-3, r. 1, title XXIV, chap. V; O.C. 134-2009, s. 1.

**DIVISION I****INTERPRETATION**

div. I; O.C. 1981-80, title XXIV, chap. V, div. I; R.R.Q., 1981, c. I-3, r. 1, title XXIV, chap. V, div. I; O.C. 134-2009, s. 1.

**966R1.** In this Chapter,

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

“death benefit” has the meaning assigned by section 92.11R1;

“life annuity contract” has the meaning assigned by sections 966R2 to 966R4;

“mortality gain” has the meaning assigned by sections 976R2 and 976R3;

“mortality loss” has the meaning assigned by sections 976.1R2 and 976.1R3;

“policy loan” has the meaning assigned by paragraph *a.1.1* of section 966 of the Act;

“proceeds of disposition” has the meaning assigned by paragraph *b.4* of section 966 of the Act.

s. 966R1; O.C. 1981-80, s. 966R1; R.R.Q., 1981, c. I-3, r. 1, s. 966R1; O.C. 7-87, s. 16; O.C. 67-96, s. 55; O.C. 1470-2002, s. 63; O.C. 1155-2004, s. 41; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 310.

**DIVISION II****LIFE ANNUITY CONTRACTS**

div. II; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**966R2.** For the purposes of section 966 of the Act, a life annuity contract means a contract between an individual and a person licensed or otherwise authorized by the laws of Canada or of a province to carry on in Canada an annuities business under which that person agrees to make annuity payments to one person or partnership, referred to in this section and in sections 966R3 and 966R4 as “annuitant”, or jointly to two or more annuitants.

s. 966R2; O.C. 7-87, s. 16; O.C. 134-2009, s. 1; 701-2013, s. 48.

**Corresponding Federal Provision:** 301(1) before (a).

**966R3.** To qualify as a life annuity contract, the contract must specify that the annuity payments covered by section 966R2 will begin on a specific date and will be paid annually or at more frequent periodic intervals to the annuitant throughout the lifetimes of one or more individuals, each of

whom is referred to in section 966R4 as “identified individual”.

s. 966R3; O.C. 7-87, s. 16; O.C. 134-2009, s. 1; O.C. 701-2013, s. 48.

**Corresponding Federal Provision:** 301(1).

**966R4.** A life annuity contract does not cease to qualify as such by reason only of containing provisions to the effect that

(a) the annuitant or the holder may transfer the annuity payments;

(b) the annuity payments will end after a specified period of not less than 10 years or, if the identified individual dies before the end of that period, on the identified individual’s death;

(c) the annuity payments will be paid to the annuitant throughout the lifetime of the identified individual or for a longer guaranteed time and, in the latter case, the payments will be made to a specified person;

(d) an additional payment will be made on the death of the identified individual;

(e) the annuitant or the holder may, at annuitant’s discretion, amend, in respect of the entire contract or part of it, the date on which the annuity payments begin or the date on which the holder becomes eligible to receive the proceeds of the disposition; or

(f) all or part of the proceeds to be paid at a particular time under the contract may be received in the form of an annuity contract other than a life annuity contract.

s. 966R4; O.C. 7-87, s. 16; O.C. 134-2009, s. 1; O.C. 701-2013, s. 49.

**Corresponding Federal Provision:** 301(2).

**966R5.** For the purposes of this chapter and section 966 of the Act, the accumulating fund at a particular time in respect of an interest in an annuity contract or in a life insurance policy is the amount determined at that time in respect of the interest in accordance with sections 92.11R2 to 92.11R13.

s. 966R5; O.C. 7-87, s. 16; O.C. 67-96, s. 56; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 307(1).

**967R1.** For the purposes of section 967 of the Act, the accumulating fund at a particular time in respect of an interest in an annuity contract or in a life insurance policy is the amount determined at that time in respect of the interest in accordance with sections 92.11R2 to 92.11R13.

s. 967R1; O.C. 7-87, s. 16; O.C. 67-96, s. 56; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 307(1).

**967R2.** An annuity contract referred to in subparagraph ii of paragraph b of section 967 of the Act for a

taxation year does not include a prescribed annuity contract for that year within the meaning assigned to that expression by sections 92.11R14 to 92.11R19.

s. 967R2; O.C. 1471-91, s. 28; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 304(1) before (a).

### DIVISION III

#### PRESCRIBED TAX

div. III; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**976R1.** The tax referred to in paragraph g of section 976 of the Act is that provided for in paragraph o of subsection 1 of section 212 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 976R1; O.C. 7-87, s. 16; O.C. 35-96, s. 76; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 148(9) “adjusted cost basis” D ITA.

### DIVISION IV

#### MORTALITY GAIN

div. IV; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**976R2.** For the purposes of paragraph h of section 976 of the Act, a mortality gain, immediately before the end of a calendar year ending after 31 December 1982, in respect of a taxpayer’s interest in a life annuity contract means the reasonable amount, in respect of the taxpayer’s interest at that time, that the life insurer determines to be the increase in the accumulating fund in respect of the interest, occurring during that year and attributable to the survival, at the end of the year, of an annuitant under the contract.

s. 976R2; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 308(2).

**976R3.** In calculating an amount referred to in section 976R2 for a year in respect of an interest in a life annuity contract, the expected value of mortality gains in respect of the interest for the year must be equal to the expected value of the mortality losses in respect of the interest for the year and the mortality rates used for the year in calculating the expected values must be those that would be appropriate to the interest and that are specified in any of paragraphs a to c of section 840R23.

s. 976R3; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 308(4).

### DIVISION V

#### NET COST OF PURE INSURANCE

div. V; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**976J1R1.** For the purposes of paragraph e of section 976.1 of the Act, the net cost of pure insurance for a

year in respect of a taxpayer's interest in a life insurance policy means

(a) if the policy is issued before 1 January 2017, the time of its issue being determined at the end of the year, the amount determined by the formula

$A \times (B - C)$ ; or

(b) if the policy is issued after 31 December 2016, the time of its issue being determined at the end of the year, the aggregate of all amounts each of which is an amount determined in respect of a coverage in respect of the interest by the formula

$D \times (E - F)$ .

In the formulas in the first paragraph,

(a) A is the probability, computed on the basis of the rates of mortality under the 1969–1975 mortality tables published in Volume XVI of the Proceedings of the Canadian Institute of Actuaries, or on the basis described in section 976.1R1.1, that an individual who has the same characteristics as the individual whose life is insured will die in the year;

(b) B is the death benefit in respect of the interest at the end of the year;

(c) C is, depending on the method regularly followed by the life insurer in computing the net cost of pure insurance, either the accumulating fund in respect of the interest at the end of the year, determined without reference to an outstanding policy loan, or the interest's cash surrender value at the end of the year;

(d) D is the probability, computed on the basis of the rates of mortality determined under subparagraph b of the first paragraph of section 92.11R12.1, or on the basis described in section 976.1R1.2, that an individual whose life is insured under the coverage will die in the year;

(e) E is the death benefit under the coverage in respect of the interest at the end of the year; and

(f) F is the aggregate of

i. the portion, in respect of the coverage in respect of the interest, of the amount that would be the present value, determined for the purposes of Division II of Chapter IV of Title XI, on the last policy anniversary that is on or before the last day of the year, of the fund value of the coverage if the fund value of the coverage were equal to the fund value of the coverage at the end of the year, and

ii. the portion, in respect of the coverage in respect of the interest, of the amount that would be determined on that policy anniversary under subparagraph f of the fourth paragraph of section 92.11R1.1 in respect of the coverage, if

the death benefit under the coverage, and the fund value of the coverage, on that policy anniversary were equal to the death benefit under the coverage and the fund value of the coverage, respectively, at the end of the year.

s. 976.1R1; O.C. 7-87, s. 16; O.C. 366-94, s. 25; O.C. 1470-2002, s. 64; O.C. 134-2009, s. 1; 2019, c. 14, s. 647.

**Corresponding Federal Provision:** 308(1) and (1.1).

**976.1R1.1.** Where premiums for a life insurance policy do not depend directly on smoking or sex classification, the probability referred to in subparagraph a of the second paragraph of section 976.1R1 may be determined using rates of mortality otherwise determined, provided that for each age for the policy, the expected value of the aggregate net cost of pure insurance, calculated using those rates of mortality, is equal to the expected value of the aggregate net cost of pure insurance, calculated using the rates of mortality under the 1969–1975 mortality tables published in Volume XVI of the Proceedings of the Canadian Institute of Actuaries.

2019, c. 14, s. 648.

**976.1R1.2.** Where premiums or costs of insurance charges for a coverage under a life insurance policy do not depend directly on smoking or sex classification, the probability referred to in subparagraph d of the second paragraph of section 976.1R1 may be determined using rates of mortality otherwise determined, provided that for each age for the coverage, the expected value of the aggregate net cost of pure insurance, calculated using those rates of mortality, is equal to the expected value of the aggregate net cost of pure insurance, calculated using the mortality tables referred to in subparagraph b of the first paragraph of section 92.11R12.1.

2019, c. 14, s. 648.

## DIVISION VI

### MORTALITY LOSS

div. VI; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**976.1R2.** For the purposes of paragraph g of section 976.1 of the Act, a mortality loss, immediately before a particular time later than 31 December 1982, in respect of an interest in a life annuity contract that is disposed of immediately after the particular time following the death of an annuitant under the policy means the reasonable amount that the life insurer determines as being the reduction, following the death, in the accumulating fund in respect of the interest, by assuming, for the purposes of computing that reduction, that the accumulating fund immediately after the death is determined in the manner described in paragraph a of section 92.11R6.

s. 976.1R2; O.C. 7-87, s. 16; O.C. 67-96, s. 58; O.C. 134-2009, s. 1; 2019, c. 14, s. 649.

**Corresponding Federal Provision:** 308(3).

**976.1R3.** Section 976R3 also applies for the purposes of calculating an amount referred to in section 976.1R2 for a year in respect of an interest in a life annuity contract.

s. 976.1R3; O.C. 7-87, s. 16; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 308(4).

**977.1R1.** For the purposes of section 977.1 of the Act, the accumulating fund at a particular time in respect of an interest in an annuity contract or in a life insurance policy is the amount determined at that time in respect of the interest in accordance with sections 92.11R2 to 92.11R13.

s. 977.1R1; O.C. 7-87, s. 16; O.C. 67-96, s. 58; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 307(1).

## TITLE XXXVI

### CHARITIES

titre XXV; O.C. 1981-80, titre XXV; R.R.Q., 1981, c. I-3, r. 1, titre XXV; O.C. 538-91, s. 4; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

## CHAPTER I

### REGISTRATION

chap. I; O.C. 538-91, s. 5; O.C. 134-2009, s. 1.

**985.5R1.** Subject to the Minister's power to refuse or revoke a registration or to change a designation, a charitable organization within the meaning of section 985.1 of the Act, a private foundation or a public foundation is also deemed to be registered with the Minister as a charitable organization, private foundation or public foundation, as the case may be, where

(a) it is deemed to possess a valid registration as such under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); or

(b) it possesses a valid registration as such under the Income Tax Act.

For the purposes of the first paragraph, the date of the taking effect of the deemed registration of a charity to which subparagraph *b* of that paragraph applies is the date determined by the Minister of National Revenue or by any other person authorized under the Income Tax Regulations made under the Income Tax Act.

s. 985.5R1; O.C. 1981-80, s. 985.5R1; R.R.Q., 1981, c. I-3, r. 1, s. 985.5R1; O.C. 615-88, s. 32; O.C. 1745-88, s. 1; O.C. 140-90, s. 6; O.C. 35-96, s. 86; O.C. 1451-2000, s. 37; O.C. 134-2009, s. 1; O.C. 321-2017, s. 43.

## CHAPTER II

### DISBURSEMENT QUOTA

chap. II; O.C. 538-91, s. 6; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 701-2013, s. 50.

**985.9R1.** (*Revoked*).

O.C. 1176-2010, s. 36; O.C. 701-2013, s. 51.

**985.9R2.** The amount referred to in subparagraph *i* of subparagraph *b* of the second paragraph of section 985.9 of the Act is determined, for a taxation year of a registered charity, in accordance with the following rules:

(a) the registered charity chooses a number, not less than 2 nor more than 8, of equal and consecutive periods that total 24 months and that end immediately before the beginning of the year;

(b) for each period chosen in accordance with subparagraph *a*, it adds together all the amounts each of which is the value, determined in accordance with section 985.9R3, of property or a portion thereof owned by the registered charity and not directly used in charitable activities or in administration on the last day of that period;

(c) it adds together all the amounts each of which is the result of the addition under subparagraph *b* for a period chosen in accordance with subparagraph *a*; and

(d) it divides the amount obtained under subparagraph *c* by the number of periods chosen under subparagraph *a*.

For the purposes of the first paragraph and subject to the third paragraph,

(a) the number of periods chosen by a registered charity for a taxation year under subparagraph *a* of the first paragraph or, in the case of a charitable foundation, under that subparagraph *a* or subparagraph *a* of the first paragraph of section 985.9.2R2, as it applied for the taxation year, as the case may be, must, unless otherwise authorized by the Minister, be used for that taxation year and for all subsequent taxation years; and

(b) a registered charity is deemed to have existed on the last day of each of the periods chosen by it.

A registered charity that is a charitable foundation may, for its first taxation year that begins after 31 December 1986, change the number of periods chosen previously under subparagraph *a* of the first paragraph of section 985.9.2R2, as it applied at that time, as the case may be, and the new number must, unless otherwise authorized by the Minister, be used for that taxation year and for all subsequent taxation years.

O.C. 1176-2010, s. 36; O.C. 701-2013, s. 52.

**Corresponding Federal Provision:** 3701(1) to (3).



**985.9R3.** For the purposes of the first paragraph of section 985.9R2, the value of property or a portion thereof owned by a registered charity and not directly used in charitable activities or in administration on the last day of a period must be determined as of that day and be equal to,

(a) in the case of a non-qualified investment, within the meaning of subsection 1 of section 149.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), of a private foundation, its fair market value on that day or its cost amount to the private foundation, whichever is greater;

(b) subject to subparagraph *c*, in the case of property other than a non-qualified investment that is

i. a share of a corporation that is listed on a designated stock exchange, the closing price or the average of the bid and asked prices of that share on that day or, if there is no closing price or bid and asked prices on that day, on the last preceding day for which there was a closing price or an average of the bid and asked prices,

ii. a share of a corporation that is not listed on a designated stock exchange, the fair market value of that share on that day,

iii. an interest in immovable property, the fair market value of that interest on that day, less the amount of any debt bearing a reasonable rate of interest incurred by the registered charity in respect of the acquisition of that interest and secured by the immovable property or the interest therein,

iv. property that has been pledged, nil,

v. an interest in property where the registered charity does not have the present use or enjoyment of the interest, nil,

vi. a life insurance policy in force, other than an annuity contract, nil, or

vii. property other than property described in subparagraphs i to vi, the fair market value of the property on that day; or

(c) in the case of property described in subparagraph *b* that is either property owned in connection with the charitable activities of the registered charity and is a share of a limited-dividend housing company referred to in paragraph *c* of section 998 of the Act or a debt arising from a loan, or property that has ceased to be used for charitable purposes and is being held pending disposition or pending use for charitable purposes, or property that has been acquired for use for charitable purposes, the lesser of the fair market value of the property on that day and the amount determined in accordance with the following formula:

$$(A / 0.035) \times (12 / B).$$

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

(a) A is the income earned from the property during the period; and

(b) B is the number of months in the period.

For the purposes of the first paragraph, the Minister may accept, as a method for determining the fair market value of property or a portion thereof on the last day of a period, an appraisal made by an independent expert,

(a) in the case of property described in subparagraph ii or iii of subparagraph *b* of the first paragraph, not more than three years before that day; or

(b) in the case of property described in subparagraph *a* or *c* of the first paragraph or in subparagraph vii of subparagraph *b* of the first paragraph, not more than one year before that day.

O.C. 1176-2010, s. 36; O.C. 701-2013, s. 53.

**Corresponding Federal Provision:** 3702(1) and (2).

**985.9R4.** Sections 985.9R2 and 985.9R3 apply to a registered museum, a registered cultural or communications organization or a recognized political education organization, as the case may be, as if it were a charity registered as a charitable organization.

O.C. 701-2013, s. 54.

#### **DIVISION I**

*(Revoked).*

div. I; O.C. 538-91, s. 6; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 37.

#### **985.9.2R1.** *(Revoked).*

s. 985.9.2R1; O.C. 538-91, s. 6; O.C. 1114-93, s. 32; O.C. 35-96, s. 77; O.C. 1633-96, s. 20; O.C. 1463-2001, s. 125; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 37.

#### **DIVISION II**

*(Revoked).*

div. II; O.C. 538-91, s. 6; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 37.

#### **985.9.2R2.** *(Revoked).*

s. 985.9.2R2; O.C. 538-91, s. 6; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 37.

#### **985.9.2R3.** *(Revoked).*

s. 985.9.2R3; O.C. 538-91, s. 6; O.C. 35-96, s. 86; O.C. 1633-96, s. 21; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 126; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 37.

**TITLE XXXVII****PRESCRIBED PERSONS**

title XXV.1; O.C. 421-88, s. 29; O.C. 134-2009, s. 1.

**998R1.** For the purposes of paragraph *c.2* of section 998 of the Act, prescribed persons are

(a) a trust all the beneficiaries of which are trusts all the beneficiaries of which are registered pension plans;

(b) a corporation incorporated before 17 November 1978 solely for the administration of a registered pension plan or in connection with such a plan;

(c) a trust created or a corporation incorporated by a law of a province or under such a law whose principal activity consists in administering, managing or investing the funds of a retirement plan created in accordance with a law of that province or an order in council or a regulation made under such a law;

(c.1) a pooled registered pension plan;

(d) the Canada Pension Plan Investment Board;

(d.1) the Public Sector Pension Investment Board;

(e) a trust created or a corporation incorporated by a law of a province or under such a law, in connection with a compensation plan or program for workers injured in an accident arising out of or in the course of their work;

(f) the State;

(g) Her Majesty in right of a province, other than Québec;

(h) a trust all the beneficiaries of which are one of the following entities or any combination thereof:

i. a registered pension plan,

ii. a trust all the beneficiaries of which are registered pension plans,

iii. a segregated fund trust, within the meaning of subparagraph *k* of the first paragraph of section 835 of the Act, all the beneficiaries of which are registered pension plans, and

iv. a person described in this section; and

(i) a corporation all of the shares of the capital stock of which are owned by one or more of the following:

i. a registered pension plan,

ii. a trust all the beneficiaries of which are registered pension plans,

iii. a segregated fund trust, within the meaning of subparagraph *k* of the first paragraph of section 835 of the Act, all the beneficiaries of which are registered pension plans, and

iv. a person described in this section.

s. 998R1; O.C. 421-88, s. 29; O.C. 538-91, s. 7; O.C. 1114-93, s. 33; O.C. 1660-94, s. 13; O.C. 1707-97, s. 98; O.C. 1466-98, s. 82; O.C. 1454-99, s. 42; O.C. 1155-2004, s. 42; O.C. 134-2009, s. 1; O.C. 390-2012, s. 66; O.C. 701-2013, s. 55; O.C. 321-2017, s. 44.

**Corresponding Federal Provision:** 4802(1).

**998R2.** For the purposes of paragraph *c.3* of section 998 of the Act, a small business investment corporation is, subject to the rule prescribed in subsection 4 of section 5101 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), a corporation that fulfils the conditions set out in subsection 1 of that section.

s. 998R2; O.C. 291-90, s. 13; O.C. 1114-93, s. 34; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5101(1).

**998R3.** For the purposes of paragraph *c.4* of section 998 of the Act, a trust is, at any time, a master trust if, at all times after its creation and before that time, it fulfils the following conditions:

(a) it is resident in Canada;

(b) its sole undertaking consists in investing its funds;

(c) it never borrowed money, except where the borrowing is for a term of not more than 90 days and it is established that the borrowing is not part of a series of loans or other transactions and repayments;

(d) it never accepted deposits; and

(e) each of its beneficiaries is a trust governed by a registered pension plan, a pooled registered pension plan or a deferred profit sharing plan.

s. 998R5; O.C. 1114-93, s. 36; O.C. 134-2009, s. 1; O.C. 321-2017, s. 45.

**Corresponding Federal Provision:** 4802(1.1).

**998R4.** (*Revoked*).

s. 998R6; O.C. 1631-96, s. 38; O.C. 134-2009, s. 1; O.C. 204-2020, s. 8.

**TITLE XXXVII.1****PROPERTY AND PRESCRIBED CONDITIONS**

O.C. 390-2012, s. 67.

**1000.2R1.** A property to which subparagraph *b* of the second paragraph of section 1000.2 of the Act refers is

(a) a property of a taxpayer included in a separate class of the taxpayer under section 130R194.1; or

(b) a property of a taxpayer included in a separate class of the taxpayer under section 130R194.2.

The conditions to which subparagraph *b* of the third paragraph of section 1000.2 of the Act refers are as follows:

(a) in the case of a property described in subparagraph *a* of the first paragraph, the conditions described in paragraphs *b* and *c* of section 130R194.1; or

(b) in the case of a property described in subparagraph *b* of the first paragraph, the conditions described in subparagraph iv of paragraph *a* of section 156.7.6R1 or in subparagraphs iv and v of paragraph *b* of that section, as the case may be.

O.C. 390-2012, s. 67; 2020, c. 16, s. 252.

**1000.3R1.** A property to which subparagraph *b* of the second paragraph of section 1000.3 of the Act refers is

(a) a property of a partnership included in a separate class of the partnership under section 130R194.1; or

(b) a property of a partnership included in a separate class of the partnership under section 130R194.2.

The conditions to which subparagraph *b* of the third paragraph of section 1000.3 of the Act refers are as follows:

(a) in the case of a property described in subparagraph *a* of the first paragraph, the conditions described in paragraphs *b* and *c* of section 130R194.1; or

(b) in the case of a property described in subparagraph *b* of the first paragraph, the conditions described in subparagraph iv of paragraph *a* of section 156.7.6R1 or in subparagraphs iv and v of paragraph *b* of that section, as the case may be.

O.C. 390-2012, s. 67; 2020, c. 16, s. 252.

**1010.0.0.1R1.** A property to which subparagraph *b* of the second paragraph of section 1010.0.0.1 of the Act refers is

(a) a property of a taxpayer or a partnership included in a separate class of the taxpayer or partnership under section 130R194.1; or

(b) a property of a taxpayer or a partnership included in a separate class of the taxpayer or partnership under section 130R194.2.

The conditions to which subparagraph *b* of the third paragraph of section 1010.0.0.1 of the Act refers are as follows:

(a) in the case of a property described in subparagraph *a* of the first paragraph, the conditions described in paragraphs *b* and *c* of section 130R194.1; or

(b) in the case of a property described in subparagraph *b* of the first paragraph, the conditions described in subparagraph iv of paragraph *a* of section 156.7.6R1 or in subparagraphs iv and v of paragraph *b* of that section, as the case may be.

O.C. 390-2012, s. 67; 2020, c. 16, s. 252.

## TITLE XXXVIII

### ADMINISTRATION

title XXVI; O.C. 1981-80, title XXVI; R.R.Q., 1981, c. I-3, r. 1, title XXVI; O.C. 134-2009, s. 1.

#### CHAPTER I

##### DEDUCTION AT SOURCE

chap. I; O.C. 1981-80, title XXVI, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XXVI, chap. I; O.C. 134-2009, s. 1.

#### DIVISION I

##### GENERALITIES

div. I; O.C. 1981-80, title XXVI, chap. I, div. I; R.R.Q., 1981, c. I-3, r. 1, title XXVI, chap. I, div. I; O.C. 134-2009, s. 1.

**1015R1.** In this chapter,

“annual pay” means the product obtained by multiplying the amount of the remuneration for the pay period by the number of pay periods in the year;

“employee” means any person receiving a remuneration;

“employer” means any person paying a remuneration;

“pay” means a remuneration;

“pay period” means a one-week period, a two-week period, a semi-monthly period or a monthly period;

“personal tax credits” in respect of a taxation year means the product obtained by multiplying 100/15

(a) by the amount determined for the year pursuant to the second paragraph of section 1015.3 of the Act with reference to the adjustment provided for in the third paragraph of that section; or

(b) where the employee has provided the employer with a return referred to in section 1015.3 of the Act, by the aggregate of all amounts that, according to the information set out in the most recent return referred to in section 1015.3 that the employee has provided to the employer, the employee

- i. may deduct from the employee's tax otherwise payable for the year under section 752.0.0.1 of the Act;
- ii. would be entitled to deduct from the employee's tax otherwise payable for the year under section 776.41.5 of the Act if subparagraphs *a* and *b* of the second paragraph of that section were read as follows:
- “(a) A is
- i. if the eligible spouse of the individual for the taxation year has not received any amount in the year that is an income replacement indemnity, or a compensation for the loss of financial support, determined under a public compensation plan and established on the basis of net income following an accident, employment injury, bodily injury or death or in order to prevent bodily injury, other than such an amount described in subparagraph *b* or *c* of the second paragraph of section 752.0.0.3, the amount obtained when the amount used for the year pursuant to the second and third paragraphs of section 1015.3 of the Act is multiplied by the percentage determined under section 750.1 of the Act for the year, and
- ii. in all other cases, nil; and
- (b) B is the tax otherwise payable of the individual's eligible spouse for the taxation year, computed without reference to the deductions provided for in this Book.”;
- iii. is entitled to deduct from the employee's tax otherwise payable under sections 752.0.1 and 752.0.7.1 to 752.0.8 of the Act, and
- iv. may deduct from the employee's tax otherwise payable for the year under section 752.0.14 of the Act, or that the employee would be entitled to deduct under that section if it were read without reference to subparagraph *d* of the first paragraph of that section;
- “remuneration” means
- (a) salary, wages, allowance, benefit or other advantage paid, allocated, granted or awarded to an employee or former employee;
- (b) a payment of commissions or other similar amounts fixed by reference to the volume of the sales made or the contracts negotiated, referred to as “commissions” in this chapter, if the payment is made to an employee or former employee;
- (c) pension benefits, including an annuity payment under a pension plan, except a distribution that
- i. is from a pooled registered pension plan and is not required to be included in computing a taxpayer's income under section 313.13 of the Act, or
- ii. is deemed to have been made under section 965.0.30 of the Act;
- (d) a retiring allowance;
- (e) a death benefit;
- (f) a payment as a benefit under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23) or a benefit under a supplementary unemployment benefit plan;
- (g) a payment as a benefit under the Act respecting parental insurance (chapter A-29.011);
- (h) an amount that is described in any of paragraphs *e.2* to *e.6* of section 311 of the Act, except the portion of the amount that relates to child care expenses and tuition costs;
- (h.1) an amount paid under the program referred to in paragraph *k.0.2* of section 311 of the Act;
- (h.2) an amount paid under a program referred to in section 313.14 of the Act;
- (i) a payment under a deferred profit sharing plan or a plan designated in subsection 15 of section 147 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) as a revoked plan, reduced by the amounts determined under sections 883, 884 and 886 of the Act;
- (j) an amount paid as proceeds of the surrender, cancellation or redemption of an income-averaging annuity contract;
- (k) a payment made during the lifetime of an annuitant, within the meaning of paragraph *d* of section 961.1.5 of the Act, under a registered retirement income fund of the annuitant, other than a particular payment to the extent that
- i. the particular payment is in relation to the minimum amount, within the meaning of paragraph *c* of that section 961.1.5, under the fund for a year, or
- ii. where the fund governs a trust, the particular payment would be in relation to the minimum amount, within the meaning of paragraph *c* of that section 961.1.5, under the fund for a year if each amount that, at the beginning of the year, must be paid after the time of the particular payment and in the year to the trust under an annuity contract that is held by the trust both at the beginning of the year and at the time of the particular payment, is paid to the trust in the year;
- (l) a payment made out of or under a registered retirement savings plan during the lifetime of an annuitant, within the meaning of paragraph *b* of section 905.1 of the Act, of such a plan for whom a retirement income is provided by the plan, other than a periodical annuity payment or a payment made by a person who has reasonable grounds to believe that the payment is deductible in computing an individual's income under section 924 of the Act;
- (m) a payment that is a benefit of a new plan referred to in section 914 of the Act or under such a plan, other than a periodical annuity payment or, where section 914 of the Act applies to the plan after 25 May 1976, a payment made in a year subsequent to the year in which that section 914 applies to the plan;
- (n) a benefit referred to in section 311R1;

(o) a payment that is an amount that may be regarded as having been received, in whole or in part, as consideration for entering into a contract for performance of services to be rendered in Québec or for an undertaking not to enter into such a contract with a third party;

(p) an amount received from a retirement compensation arrangement or under such an arrangement;

(q) an amount referred to in section 43.2 of the Act, to the extent that it is not covered by paragraph *a*;

(r) a payment out of a registered education savings plan other than

i. a refund of contributions,

ii. an educational assistance payment, or

iii. an amount, up to \$50,000, of an accumulated income payment that is made to a subscriber, as defined in section 1129.63 of the Act, or if there is no such subscriber at that time, that is made to a person that has been the spouse of an individual who was a subscriber, if

(1) that amount is transferred to a registered retirement savings plan in which the annuitant is either the recipient of the payment or the recipient's spouse, and

(2) it is reasonable for the person making the payment to believe that that portion of the accumulated income payment is deductible for the year under sections 922 and 923 of the Act in computing the recipient's income;

(s) a payment made in connection with the closing of a farm income stabilization account under sections 45 and 46 of the "Farm Income Stabilization Account" program established under the Act respecting La Financière agricole du Québec (chapter L-0.1); and

(t) a disability assistance payment made from a registered disability savings plan;

"tax credit for experienced workers" in respect of a taxation year means the product obtained by multiplying 100/15 by the amount that may be deducted in computing the employee's income otherwise payable for the year under section 752.0.10.0.3 of the Act, according to the information indicated in the employee's last return referred to in

section 1015.3 of the Act furnished by the employee to the employer.

s. 1015R1; O.C. 1981-80, s. 1015R1; O.C. 2456-80, s. 17; O.C. 3926-80, s. 38; O.C. 871-81, s. 1; O.C. 1535-81, s. 17; R.R.Q., 1981, c. I-3, r. 1, s. 1015R1; O.C. 2583-85, s. 22; O.C. 421-88, s. 30; O.C. 1076-88, s. 23; O.C. 1025-91, s. 1; O.C. 1114-93, s. 37; O.C. 473-95, s. 22; O.C. 35-96, s. 78; O.C. 523-96, s. 22; O.C. 1633-96, s. 22; O.C. 1707-97, s. 65; O.C. 1466-98, s. 83; O.C. 1451-2000, s. 38; O.C. 1463-2001, s. 127; O.C. 1470-2002, s. 65; O.C. 1282-2003, s. 54; O.C. 1155-2004, s. 43; O.C. 1249-2005, s. 28; O.C. 1149-2006, s. 45; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 20; O.C. 1176-2010, s. 38; O.C. 701-2013, s. 56; O.C. 321-2017, s. 46; O.C. 117-2019, s. 26; O.C. 204-2020, s. 9.

**Corresponding Federal Provision:** 100(1).

**1015R2.** For the purposes of this chapter, any reference to a remuneration that a person or an employer pays or that is paid is a reference to a remuneration that that person or employer pays, allocates, grants or awards, or that is paid, allocated, granted or awarded.

s. 1015R1.0.0.1; O.C. 523-96, s. 23; O.C. 134-2009, s. 1.

**1015R3.** For the purposes of subparagraph *m* of the second paragraph of section 1015 of the Act, a prescribed benefit is a benefit described in section 311R1.

s. 1015R1.0.1.1; O.C. 1707-97, s. 66; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5502.

**1015R4.** For the purposes of paragraph *b* of the definition of "remuneration" in section 1015R1, the expression "payment of commissions" in respect of a payment of commissions made in a taxation year means the amount of that payment.

However, when the employee has elected to file with the employer the declaration referred to in the first paragraph of section 1015R27 in respect of the year, within the time determined therein, and has not revoked that election, that expression means the amount by which the amount of such payment exceeds the proportion of that amount that

(a) the aggregate of the amounts that were deductible under sections 62, 63, 63.1, 64 and 78 of the Act in computing the employee's income for the preceding taxation year is of the amount of the commissions received by the employee during that last year; or

(b) the aggregate of the amounts that, according to the employee's estimation, will be deductible under sections 62, 63, 63.1, 64 and 78 of the Act in computing the employee's income for the year is of the total amount of the commissions

that, according to the employee's estimation, will be received by the employee during the year.

s. 1015R1.1; O.C. 871-81, s.2; R.R.Q., 1981, c. I-3, r. 1, s. 1015R1.1; O.C. 2583-85, s.23; O.C. 473-95, s.24; O.C. 523-96, s.25; O.C. 1631-96, s.39; O.C. 1707-97, s.67; O.C. 1155-2004, s.45; O.C. 1149-2006, s.46; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 102(2).

**1015R5.** For the purposes of this chapter, the amount obtained by subtracting, from the payment of remuneration to an employee, the aggregate determined in respect of remuneration under the first paragraph of section 1015R6 in respect of the employee, and deducted by an employer in respect of that remuneration, is deemed to be the amount of the remuneration paid or to be paid.

s. 1015R2; O.C. 1981-80, s. 1015R2; R.R.Q., 1981, c. I-3, r. 1, s. 1015R2; O.C. 2727-84, s.21; O.C. 1344-89, s.1; O.C. 134-2009, s.1; O.C. 1303-2009, s.21; O.C. 1176-2010, s.39.

**Corresponding Federal Provision:** 100(3).

**1015R6.** The aggregate mentioned in section 1015R5 in respect of remuneration is, in respect of an employee, the aggregate of

(a) the employee's premium paid to a registered retirement savings plan;

(b) the employee's eligible contribution to a registered pension plan, a pooled registered pension plan or a specified pension plan;

(c) where the amount that the employer is required to deduct under section 1015 of the Act in respect of the employee's remuneration is not established according to the mathematical formula referred to in the third paragraph of that section, the aggregate of

i. 75% of the amount deducted from the employee's remuneration by the employer, pursuant to the employee's authorization, for the purchase by that employee as first purchaser of class "A" shares issued by the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1) or class "A" or "B" shares, other than shares referred to in subparagraph ii or iii, issued by the corporation governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2), without the total of the amounts determined under this subparagraph exceeding, for a year, 75% of the amount determined by the formula

$\$5,000 - A$ ;

ii. 125% of the amount deducted from the employee's remuneration by the employer, pursuant to the employee's authorization, for the purchase by that employee as first purchaser of class "A" or "B" shares issued by the corporation governed by the Act to establish Fondation, le

Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and acquired during the period that begins on 1 June 2009 and ends on 31 May 2015, without the total of the amounts determined under this subparagraph exceeding \$6,250 for a year;

iii. the amount deducted from the employee's remuneration by the employer, pursuant to the employee's authorization, for the purchase by that employee as first purchaser of class "A" or "B" shares issued by the corporation governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and acquired during the period that begins on 1 June 2015 and ends on 31 May 2021, without the total of the amounts determined under this subparagraph exceeding the amount for a year determined by the formula

$\$5,000 - B$ ;

(d) where the amount that the employer is required to deduct under section 1015 of the Act in respect of the employee's remuneration is not established according to the mathematical formula referred to in the third paragraph of that section, the amount obtained by multiplying the appropriate percentage determined under section 1015R7 by the amount deducted from the employee's remuneration by the employer, pursuant to the employee's authorization, for the acquisition by that employee of a qualifying security within the meaning of the cooperative investment plan, established under Décret 1596-85 (1985, G.O. 2, 5580), or under the Cooperative Investment Plan Act (chapter R-8.1.1), without the total of the amounts determined under this subparagraph exceeding, for a year, 30% of the amount by which the salary or wages paid to the employee for the year exceeds the total of the amounts determined for the year under subparagraphs *a* and *b*, in respect of a qualifying security;

(e) the contribution that may be deducted by the employee under section 70.2 of the Act;

(f) the employee's remuneration or part of remuneration referred to in section 63 of the Act respecting international financial centres (chapter C-8.3), from the employee's employment with a corporation or partnership operating an international financial centre;

(g) the employee's remuneration referred to in section 1015.0.1 of the Act; and

(h) the amount that may be deductible by the employee under section 350.1 of the Act because of subparagraph *a* of the first paragraph of section 350.2 of the Act.

In the formulas in subparagraphs i and iii of subparagraph *c* of the first paragraph,

(a) A is the lesser of \$5,000 and the aggregate of all amounts, referred to in subparagraphs ii and iii of that subparagraph *c*, deducted from the employee's remuneration by the employer, in relation to the year; and

(b) B is the lesser of \$5,000 and the amount, referred to in subparagraph ii of that subparagraph *c*, deducted from the employee's remuneration by the employer, in relation to the year.

s. 1015R2.1; O.C. 1344-89, s. 1; O.C. 1025-91, s. 3; O.C. 1114-93, s. 38; O.C. 473-95, s. 25; O.C. 523-96, s. 26; O.C. 1631-96, s. 40; O.C. 1633-96, s. 23; O.C. 1707-97, s. 68; O.C. 1466-98, s. 84; O.C. 1451-2000, s. 39; O.C. 1470-2002, s. 67; O.C. 1282-2003, s. 55; O.C. 1155-2004, s. 46; 2006, c. 8, s. 31; O.C. 1116-2007, s. 33; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 40; O.C. 321-2017, s. 47; O.C. 1182-2017, s. 10; O.C. 204-2020, s. 10.

**Corresponding Federal Provision:** 100(3).

**1015R7.** The percentage to which subparagraph *d* of the first paragraph of section 1015R6 refers in relation to the acquisition of a qualifying security within the meaning of the cooperative investment plan, established under Décret 1596-85 (1985, G.O. 2, 5580), is

(a) 112.5% in the case of the acquisition of a qualifying security of a small or medium-sized cooperative, within the meaning of the cooperative investment plan, within the scope of a workers investment program;

(b) 93.75% in the case of the acquisition of a qualifying security of a small or medium-sized cooperative, within the meaning of the cooperative investment plan, otherwise than within the scope of a workers investment program;

(c) 93.75% in the case of the acquisition of a qualifying security within the scope of a workers investment program in a cooperative, other than a cooperative referred to in paragraph *a* or *b*; and

(d) 75% in the case of the acquisition of a qualifying security in respect of which any of paragraphs *a* to *c* do not apply.

The percentage to which subparagraph *d* of the first paragraph of section 1015R6 refers in relation to the acquisition of a qualifying security within the meaning of the Cooperative Investment Plan Act (chapter R-8.1.1) is 125%.

s. 1015R2.1.1; O.C. 1282-2003, s. 56; O.C. 1155-2004, s. 47; 2006, c. 8, s. 31; O.C. 1116-2007, s. 34; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 41.

**1015R8.** For the purposes of section 1015R6, a premium referred to in subparagraph *a* of the first paragraph of that section in respect of a remuneration is, in respect of an employee,

(a) the employee's premium that, after an agreement to that effect, is deducted directly from the employee's remuneration

by the employer and transferred by the latter to the issuer, within the meaning of paragraph *c* of section 905.1 of the Act, of a plan under which the employee or the employee's spouse is the annuitant within the meaning of paragraph *b* of that section 905.1;

(b) an amount equal to the employee's premium consisting of class "A" shares issued by the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1) or class "A" or "B" shares issued by the corporation governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2), that is deducted directly from the employee's remuneration and transferred by the employer to the issuer, within the meaning of paragraph *c* of section 905.1 of the Act, of a plan under which the employee or the employee's spouse is the annuitant within the meaning of paragraph *b* of that section 905.1, without the total of the amounts determined under this paragraph exceeding for a year an amount equal to \$5,000; or

(c) an amount equal to the employee's premium consisting of qualifying securities within the meaning of the cooperative investment plan, established under Décret 1596-85 (1985, G.O. 2, 5580), or the Cooperative Investment Plan Act (chapter R-8.1.1), that is deducted directly from the employee's remuneration and transferred by the employer to the issuer, within the meaning of paragraph *c* of section 905.1 of the Act, of a plan under which the employee or the employee's spouse is the annuitant within the meaning of paragraph *b* of that section 905.1.

s. 1015R2.2; O.C. 1344-89, s. 1; O.C. 1114-93, s. 39; O.C. 523-96, s. 27; O.C. 1633-96, s. 24; O.C. 1707-97, s. 98; O.C. 1466-98, s. 85; O.C. 1470-2002, s. 68; O.C. 1282-2003, s. 57; O.C. 1155-2004, s. 48; 2006, c. 8, s. 31; O.C. 1116-2007, s. 35; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 42.

**1015R9.** For the purposes of this chapter, the amount of remuneration otherwise determined in respect of an employee for a pay period in a taxation year, including the amount deemed by section 1015R5 to be the amount of the employee's remuneration, must be reduced by an amount equal to the quotient obtained by dividing the amount of the reduction for the year determined in respect of the employee under the second paragraph by the number of pay periods in the year.

For the purposes of the first paragraph, the amount of the reduction for a taxation year determined in respect of an employee is the aggregate of the amounts, as shown on the employee's most recent return referred to in section 1015.3 of the Act that the employee has provided to the employer, that the employee may deduct for the year under section 336.0.3 of the Act and section 350.1 of the Act

because of subparagraph *b* of the first paragraph of section 350.2 of the Act.

s. 1015R2.3; O.C. 1025-91, s. 4; O.C. 523-96, s. 27; O.C. 1633-96, s. 25; O.C. 1466-98, s. 86; O.C. 1451-2000, s. 40; O.C. 1463-2001, s. 128; O.C. 1470-2002, s. 69; O.C. 1282-2003, s. 58; O.C. 1155-2004, s. 49; O.C. 1249-2005, s. 29; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 100(3.1).

**1015R10.** The amount that an employer is required to deduct or withhold under the Act from any payment of remuneration made to an employee is equal to the amount determined in accordance with the tables drawn up by the Minister under section 1015 of the Act, having regard to the amount of the remuneration paid to the employee, the length of the pay period, the amount of the employee's personal tax credits and the amount of the employee's tax credit for experienced workers.

s. 1015R3; O.C. 1981-80, s. 1015R3; R.R.Q., 1981, c. I-3, r. 1, s. 1015R3; O.C. 1025-91, s. 5; O.C. 473-95, s. 26; O.C. 1633-96, s. 26; O.C. 1707-97, s. 69; O.C. 1466-98, s. 87; O.C. 1463-2001, s. 129; O.C. 1470-2002, s. 70; O.C. 134-2009, s. 1; O.C. 701-2013, s. 57.

**Corresponding Federal Provision:** 102(1).

**1015R11.** Despite section 1015R10, an employer may not make any deduction in respect of a payment of commissions made to an employee in a year if those commissions have been earned during the preceding taxation year and the employer has mentioned them in an information return respecting the employee's remuneration for that preceding taxation year.

s. 1015R3.1; O.C. 871-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 1015R3.1; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 102(5).

**1015R12.** Despite section 1015R10, where under a multi-employer insurance plan, within the meaning of section 43.1 of the Act, an employer is required to pay an amount referred to in section 43.2 of the Act for a year in respect of an employee, the employer fixes a reasonable amount as the estimated value of the benefit that would be granted to the employee for that year if the employee enjoyed coverage under the plan for the entire year, and it may reasonably be considered that the total of the amounts so required to be paid by the employer for the year in respect of the employee significantly exceeds that reasonable amount, the employer may not make any deduction in respect of the amounts among those amounts that the employer pays after the total of the amounts already paid has reached that reasonable amount.

s. 1015R3.5; O.C. 473-95, s. 27; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1.

**1015R13.** Despite section 1015R10, an employer may not make any deduction in respect of

(a) an amount determined under paragraph *d* or *d.1* of section 725 of the Act; or

(b) the remuneration of an employee from the employee's office or employment if the remuneration is exempt from tax under a regulation made pursuant to any of subparagraphs *a* to *c* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002).

s. 1015R3.6; O.C. 1149-2006, s. 47; O.C. 134-2009, s. 1; O.C. 321-2017, s. 48.

**Corresponding Federal Provision:** 102(6).

**1015R14.** Where an employee's pay period is not provided for in the tables drawn up by the Minister under section 1015 of the Act, or the amount of the employee's remuneration is greater than the amount provided for in those tables, the employer must deduct from any such payment to the employee an amount equal to that proportion of the payment that the employee's tax as estimated for the year, on the basis of current rates and the employee's personal tax credits, is of the employee's estimated annual pay.

Despite section 1015R10, the same rule applies to all other cases, if the employer obtains the assent of the Minister.

s. 1015R4; O.C. 1981-80, s. 1015R4; R.R.Q., 1981, c. I-3, r. 1, s. 1015R4; O.C. 1466-98, s. 88; O.C. 1463-2001, s. 130; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 106(1).

**1015R15.** Where a payment of a bonus or a retroactive increase is made in a particular taxation year to an employee whose estimated annual pay, including the bonus or retroactive increase, does not exceed the amount determined in accordance with the second paragraph, the employer must deduct 8% therefrom.

The amount referred to in the first paragraph is equal to the amount determined by the formula

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

In the formula in the second paragraph,

(a) A is the amount used for the particular taxation year in accordance with the second and third paragraphs of section 1015.3 of the Act;

(b) B is the percentage described in any of the paragraphs in section 750.1 of the Act that applies for the particular taxation year; and

(c) C is the rate described in paragraph *a* of section 750 of the Act.

Where the amount determined in accordance with the second paragraph is not a multiple of \$50, it must be rounded to the



nearest multiple of \$50 or, if it is equidistant from two such multiples, to the greater thereof.

s. 1015R5; O.C. 1981-80, s. 1015R5; R.R.Q., 1981, c. I-3, r. 1, s. 1015R5; O.C. 473-95, s.28; O.C. 1466-98, s.89; O.C. 1463-2001, s.131; O.C. 1470-2002, s.71; O.C. 1155-2004, s.50; O.C. 1249-2005, s.31; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 103(1).

**1015R16.** Where a bonus is paid to an employee whose estimated annual pay, including the bonus, exceeds the amount determined in accordance with the second paragraph of section 1015R15, the amount to be deducted therefrom must be established by the employer

(a) by calculating the amount established in accordance with the tables drawn up by the Minister under section 1015 of the Act in respect of a remuneration equal to the amount of regular remuneration to which was added the amount obtained by dividing the amount of the bonus by the number of pay periods in the year;

(b) by subtracting the amount appearing in the tables drawn up by the Minister under section 1015 of the Act in respect of the amount of regular remuneration from the sum obtained under paragraph *a*; and

(c) by multiplying the amount obtained under paragraph *b* by the number of pay periods in the year.

s. 1015R6; O.C. 1981-80, s. 1015R6; R.R.Q., 1981, c. I-3, r. 1, s. 1015R6; O.C. 1466-98, s.90; O.C. 1463-2001, s.132; O.C. 1470-2002, s.72; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 103(2).

**1015R17.** Where a retroactive increase in remuneration is paid to an employee whose estimated annual pay, including the retroactive increase, exceeds the amount determined in accordance with the second paragraph of section 1015R15, the amount to be deducted therefrom must be established by the employer

(a) by calculating the amount established in accordance with the tables drawn up by the Minister under section 1015 of the Act, on the basis of the new rate of remuneration;

(b) by subtracting from the amount obtained under paragraph *a* the amount established in accordance with the tables drawn up by the Minister under section 1015 of the Act, on the basis of the previous rate of remuneration; and

(c) by multiplying the amount obtained under paragraph *b* by the number of pay periods to which the increase applies.

s. 1015R7; O.C. 1981-80, s. 1015R7; R.R.Q., 1981, c. I-3, r. 1, s. 1015R7; O.C. 1466-98, s.91; O.C. 1463-2001, s.133; O.C. 1470-2002, s.73; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 103(3).

**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.

s. 1015R8; O.C. 1981-80, s. 1015R8; R.R.Q., 1981, c. I-3, r. 1, s. 1015R8; O.C. 134-2009, s.1; O.C. 390-2012, s.68.

**Corresponding Federal Provision:** 105(1) and (2).

**1015R19.** An employer who makes a lump sum payment described in section 1015R20 must deduct therefrom 15% if the payment does not exceed \$5,000 and 20% if the payment exceeds \$5,000.

However, no deduction is to be made by the employer from the amount of such payment in respect of an employee that the employer transfers directly to a trustee under a deferred profit sharing plan or a registered pension plan, to the issuer, within the meaning of paragraph *c* of section 905.1 of the Act, of a registered retirement savings plan, to a person licensed or otherwise authorized under the laws of Canada or a province to carry on an annuities business in Canada or to the carrier, within the meaning of paragraph *b* of section 961.1.5 of the Act, of a registered retirement income fund, where that amount is deductible under any of paragraphs *d* to *f* of section 339 of the Act in computing the employee's income.

s. 1015R9; O.C. 1981-80, s. 1015R9; R.R.Q., 1981, c. I-3, r. 1, s. 1015R9; O.C. 2727-84, s.22; O.C. 1025-91, s.6; O.C. 1114-93, s.40; O.C. 1466-98, s.92; O.C. 1463-2001, s.134; O.C. 1470-2002, s.74; O.C. 1155-2004, s.51; O.C. 134-2009, s.1; O.C. 117-2019, s.27.

**Corresponding Federal Provision:** 103(4).

**1015R20.** The payment to which section 1015R19 refers is

(a) a payment described in subparagraph *i* or *iii* of paragraph *a* of section 345 of the Act and in paragraph *c* or *i* of that section 345;

(b) a payment under a deferred profit sharing plan or a plan designated in subsection 15 of section 147 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Suppl.)) as a revoked plan, excluding a payment referred to in subparagraph *v* of paragraph *k* of subsection 2 of section 147 in the English text of that Act;

(c) an amount paid as proceeds of the surrender, cancellation or redemption of an income-averaging annuity contract;

(d) a retiring allowance; or

(e) a payment referred to in paragraph *r* or *s* of the definition of “remuneration” in section 1015R1.

s. 1015R11; O.C. 1981-80, s. 1015R11; O.C. 1983-80, s. 39; O.C. 2456-80, s. 18; O.C. 3926-80, s. 39; O.C. 1535-81, s. 18; R.R.Q., 1981, c. I-3, r. 1, s. 1015R11; O.C. 2583-85, s. 25; O.C. 1025-91, s. 8; O.C. 1114-93, s. 41; O.C. 35-96, s. 79; O.C. 1451-2000, s. 41; O.C. 1282-2003, s. 59; O.C. 1155-2004, s. 52; O.C. 1249-2005, s. 32; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 23.

**Corresponding Federal Provision:** 103(6)(a), (b) and (e) to (g).

**1015R21.** Subject to the third paragraph, an employer who makes a single payment described in the second paragraph must deduct 15% of the amount.

The payment to which the first paragraph refers is

(a) a payment made during the lifetime of an annuitant, within the meaning of paragraph *d* of section 961.1.5 of the Act, under a registered retirement income fund of the annuitant, other than a payment made in respect of the minimum amount, within the meaning of paragraph *c* of that section 961.1.5, that is to be paid under the fund for a year;

(b) a payment made out of or under a registered retirement savings plan during the lifetime of an annuitant, within the meaning of paragraph *b* of section 905.1 of the Act, of such a plan for whom a retirement income is provided by the plan, other than a periodical annuity payment or a payment made by a person who has reasonable grounds to believe that the payment is deductible in computing an individual’s income under section 924 of the Act; or

(c) a payment that is a benefit of a new plan referred to in section 914 of the Act or under such a plan, other than a periodical annuity payment or, where section 914 of the Act applies to the plan after 25 May 1976, a payment made in a taxation year subsequent to the taxation year in which that section 914 applies to the plan.

No amount is to be deducted by the employer on the amount of a payment in respect of an employee that is a direct transfer made by the employer to a trustee under a deferred profit sharing plan or a registered pension plan, to the issuer within the meaning of paragraph *c* of section 905.1 of the Act of a registered retirement savings plan, to a person licensed or otherwise authorized under the laws of Canada or a province to carry on an annuities business in Canada, or to the carrier within the meaning of paragraph *b* of section 961.1.5 of the Act of a registered retirement income fund, where the

amount is deductible in computing the employee’s income under any of paragraphs *d* to *f* of section 339 of the Act.

s. 1015R11.0.1; O.C. 1155-2004, s. 53; O.C. 1249-2005, s. 33; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 43; O.C. 117-2019, s. 28.

**Corresponding Federal Provision:** 103(4) and (6).

**1015R22.** Every person making a payment described in paragraph *r* of the definition of “remuneration” in section 1015R1 must deduct, in addition to any other amount required to be deducted under section 1015 of the Act on account of the tax payable under Part III.15 of the Act, an amount equal to 8% of the payment.

s. 1015R11.1; O.C. 1451-2000, s. 42; O.C. 134-2009, s. 1.

**1015R23.** Every person making a payment described in paragraph *h* of the definition of “remuneration” in section 1015R1 must deduct, where that paragraph refers to an amount described in paragraph *e.2* of section 311 of the Act as earnings supplements provided under a project sponsored by a government or government agency in Canada, otherwise than in connection with the program entitled “Return to Work Supplement” established by the Minister of Employment and Social Solidarity, an amount equal to 15% of the payment.

s. 1015R11.2; O.C. 1470-2002, s. 75; O.C. 134-2009, s. 1; 2016, c. 25, s. 45; O.C. 117-2019, s. 29.

**Corresponding Federal Provision:** 103(8).

**1015R23.1.** Every person making a payment described in paragraph *h.2* of the definition of “remuneration” in section 1015R1 to a person resident in Québec must deduct 20% from the amount.

O.C. 321-2017, s. 49.

**Corresponding Federal Provision:** 103(9).

**1015R23.2.** Every person making, in a year, a payment described in paragraph *t* of the definition of “remuneration” in section 1015R1 to an individual resident in Canada must deduct from the payment the amount determined by the following formula:

$$15\% (A - B).$$

In the formula in the first paragraph,

(a) *A* is the portion of the payment made that must be included in computing the individual’s taxable income for the year under section 694.0.0.3 of the Act; and

(b) *B* is,

i. where the beneficiary of the registered disability savings plan is deceased, zero, and

ii. in any other case, the amount by which the total of the following amounts exceeds the aggregate of all amounts each of which is the portion of a payment that has already been made in the year to the individual and that is required to be

included in computing the individual's taxable income for the year under section 694.0.0.3 of the Act:

(1) the amount, expressed in dollars, referred to in section 752.0.0.1 of the Act that, having regard to section 750.2 of the Act, is applicable for the year; and

(2) the amount, expressed in dollars, referred to in section 752.0.14 of the Act that, having regard to section 750.2 of the Act, is applicable for the year.

O.C. 321-2017, s. 49; O.C. 117-2019, s. 30.

**1015R24.** No amount is to be deducted under sections 1015R10, 1015R15 to 1015R17 and 1015R19 by the employer from the remuneration of an employee for a taxation year from the employee's office or employment with the employer if the employee has filed with the employer the return referred to in section 1015.3 of the Act, for the year, stating that the employee's income from all sources for the year will be less than the aggregate of

(a) the product obtained by multiplying the aggregate of the employee's personal tax credits and the amount of the employee's tax credit for experienced workers in respect of the year, as shown in the return, by the quotient obtained by dividing the percentage referred to in section 750.1 of the Act for the year by the rate provided for in paragraph *a* of section 750 of the Act; and

(b) the amount of the reduction for the taxation year determined in respect of the employee under the second paragraph of section 1015R9, as shown in the return.

The same applies where an employee neither performs the duties of an office or employment in Canada nor resides in Canada at the time of payment of the employee's remuneration, except in respect of remuneration described in subparagraph *i* of paragraph *b* of section 1092 of the Act that is paid to a person not resident in Canada who has, in the year or in any previous year, ceased to be resident in Québec, or in respect of remuneration reasonably attributable to the duties of any office or employment performed or to be performed in Québec by a person not resident in Canada.

s. 1015R12; O.C. 1981-80, s. 1015R12; R.R.Q., 1981, c. I-3, r. 1, s. 1015R12; O.C. 1025-91, s. 9; O.C. 1660-94, s. 14; O.C. 1633-96, s. 27; O.C. 1466-98, s. 94; O.C. 1249-2005, s. 34; O.C. 134-2009, s. 1; O.C. 701-2013, s. 58.

**Corresponding Federal Provision:** 104(2).

**1015R25.** No amount is to be deducted from a payment made by a person as a benefit of a registered retirement savings plan or under such a plan paid during the lifetime of an individual referred to in paragraph *a* of the definition of the term "annuitant" in subsection 1 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for whom a retirement income is provided under the plan, if, at the time of payment, the individual certifies in prescribed form to that person that

(a) the individual, or a disabled person related to the individual who is entitled to the deduction provided for in subsection 1 of section 118.3 of the Income Tax Act in computing tax payable under Part I of that Act, has entered into an agreement in writing to acquire a dwelling;

(b) the individual intends that the individual or the disabled person, as the case may be, will use the dwelling as a principal place of residence in Canada within one year after its acquisition;

(c) the dwelling has not previously been owned by the individual, by the disabled person or by either of their respective spouses;

(d) the individual is resident in Canada at that time;

(e) the aggregate of the payment and all other similar payments received by the individual not later than that time in respect of the dwelling does not exceed the amount referred to in paragraph *h* of the definition of "regular eligible amount" in the first paragraph of section 935.1 of the Act;

(f) except where the individual certifies that the individual is a disabled person who is entitled to the deduction provided for in subsection 1 of section 118.3 of the Income Tax Act in computing the individual's tax payable under Part I of that Act, or that the withdrawal is made for the benefit of such a person, and that the individual is a qualified purchaser of a dwelling at the time of the certificate; and

(g) where, before the calendar year in which the certificate is made, the individual withdrew an eligible amount, within the meaning assigned by the first paragraph of section 935.1 of the Act, that the aggregate of all amounts each of which is an amount received by the individual before that calendar year, does not exceed the aggregate of all amounts each of which is an amount that the individual previously designated under section 935.3 of the Act or that the individual included in computing the individual's income under section 935.4 or 935.5 of the Act.

For the purposes of the first paragraph, the individual is a qualified purchaser of a dwelling at a particular time except where

(a) the individual had an owner-occupied dwelling during the period commencing at the beginning of the fourth calendar year preceding the particular time and ending on the thirty-first day before that particular time; or

(b) the individual's spouse had an owner-occupied dwelling, during the period referred to in subparagraph *a*, that was inhabited by the individual while the individual was married to that spouse.

For the purposes of the second paragraph, an individual is deemed to have had an owner-occupied dwelling at a

particular time if the individual owned it at that time, jointly with another person or otherwise, and used it, at that time, as the principal place of residence.

For the purposes of the first, second and third paragraphs, “dwelling” means

(a) a housing unit;

(b) a share of the capital stock of a housing cooperative, where the holder of the share is entitled to possession of a housing unit; or

(c) where the context so requires, the housing unit to which a share referred to in subparagraph *b* relates.

s. 1015R12.1; O.C. 67-96, s. 59; O.C. 1631-96, s. 41; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 43; O.C. 1470-2002, s. 76; O.C. 134-2009, s. 1; O.C. 229-2014, s. 13.

**Corresponding Federal Provision:** 104(2), (3), (3.01), (3.1) and (4).

**1015R26.** No amount is to be deducted from a payment made by a person as a benefit of a registered retirement savings plan or under such a plan paid during the lifetime of an individual referred to in paragraph *a* of the definition of the term “annuitant” in subsection 1 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for whom a retirement income is provided under the plan, if, at the time of payment, the individual certifies in prescribed form to that person that

(a) the individual or the individual’s spouse fulfills any of the following conditions at the time of the certificate:

i. the individual is a full-time student in a qualifying educational program,

ii. the individual is a part-time student and is entitled to the deduction provided for in subsection 1 of section 118.3 of the Income Tax Act in computing the individual’s tax payable under Part I of that Act, or

iii. the individual received a written notice indicating that the individual has the right, either absolutely or contingently, to enroll before March of the year following the certificate, as:

(1) a full-time student in a qualifying educational program, or

(2) a part-time student in a qualifying educational program, where the individual or the individual’s spouse is entitled to the deduction provided for in subsection 1 of section 118.3 of the Income Tax Act in computing the individual’s or the individual’s spouse’s tax payable under Part I of that Act;

(b) the individual is resident in Canada;

(c) the aggregate of the payment and all other similar payments received by the individual for the year and not later than that time does not exceed \$10,000; and

(d) the aggregate of the payments received by the individual not later than that time does not exceed \$20,000 for the entire period in which the individual participates in the Lifelong Learning Plan.

For the purposes of the first paragraph, a qualifying educational program means a qualifying educational program within the meaning assigned by subsection 1 of section 146.02 of the Income Tax Act.

s. 1015R12.2; O.C. 1470-2002, s. 77; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 104.1(1) and (2).

**1015R27.** An employee who is remunerated, in whole or in part, on a commission basis at the beginning of one year or commences to be so in a year may elect to file with the employer, not later than 31 January of the year or, as the case may be, not later than the 30th day following the day where the employee commences to be so remunerated or following the day when an event occurs that may affect the proportion referred to in paragraph *a* or *b* as the case may be, of the second paragraph of section 1015R4, a return in prescribed form stating that proportion.

This election may be revoked by means of a written notice to that effect filed by the employee with the employer and the revocation is effective from the date mentioned in that notice.

s. 1015R13.1; O.C. 871-81, s. 4; R.R.Q., 1981, c. I-3, r. 1, s. 1015R13.1; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 1155-2004, s. 54; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 107(2) and (3).

## DIVISION II

### FISHERMEN’S ELECTION

div. II; O.C. 2583-85, s. 26; O.C. 134-2009, s. 1.

**1015R28.** Despite section 1015R1, in this division,

“catch” means a catch of shell fish, crustaceans, aquatic animals or marine plants caught or taken from any body of water;

“crew” means one or more fishermen;

“fisherman” means an individual engaged in making a catch other than under a contract of employment;

“remuneration” means

(a) where the boat and the gear used in making a catch are owned by a person other than a member of the crew to whom the catch is to be delivered for subsequent sale or other disposition, such part of the proceeds from the disposition of the catch that is payable to the fisherman in accordance with an arrangement under which the proceeds of disposition of the catch are to be distributed;

(b) where the boat or gear used in making a catch is owned or leased by a fisherman who alone or with another individual engaged under a contract of service makes the catch, the amount by which the proceeds from the disposition of the catch exceeds the aggregate of the amount in respect of any portion of the catch not caught by the fisherman or the other individual, the amount payable to the other individual under the contract of employment and the amount of such proportionate share of the catch as is attributable to the expenses of the operation of the boat or its gear pursuant to their share arrangement;

(c) where a crew includes the owner of the boat or gear and any other fisherman engaged in making a catch, in the case of an owner, the amount by which the proceeds from the disposition of the catch exceeds the aggregate of the amount in respect of that portion of the catch not caught by the crew or an owner of the boat or gear, the aggregate of all amounts each of which is an amount payable to a crew member other than the owner of the boat or gear pursuant to their share arrangement or to an individual engaged under a contract of employment, and the amount of such proportionate share of the catch as is attributable to the expenses of the owner's operation of the boat or its gear pursuant to their share arrangement, and in the case of any other crew member, such proceeds from the disposition of the catch as is payable to the crew member pursuant to their share arrangement; or

(d) in any other case, the proceeds of disposition of the catch payable to the fisherman.

s. 1015R13.2; O.C. 2583-85, s. 26; O.C. 1660-94, s. 15; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 105.1(1).

**1015R29.** Every person paying in a taxation year an amount of remuneration to a fisherman who, pursuant to subparagraph *n* of the second paragraph of section 1015 of the Act, has elected for the year in prescribed form in respect of all such amounts must deduct 15% of each such amount paid to the fisherman while the election is in force.

s. 1015R13.3; O.C. 2583-85, s. 26; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 1633-96, s. 29; O.C. 1466-98, s. 95; O.C. 1463-2001, s. 135; O.C. 134-2009, s. 1; O.C. 117-2019, s. 31.

**Corresponding Federal Provision:** 105.1(2).

### DIVISION III

#### PAYMENT AND RETURN

div. III; O.C. 2583-85, s. 26; O.C. 838-88, s. 1; O.C. 134-2009, s. 1.

**1015R30.** Any amount that is required to be paid to the Minister by an employer under section 1015 of the Act in respect of a remuneration that the employer pays during a calendar year must be so paid on the dates, for the periods and according to the terms prescribed in this division.

s. 1015R14; O.C. 1981-80, s. 1015R14; R.R.Q., 1981, c. I-3, r. 1, s. 1015R14; O.C. 838-88, s. 2; O.C. 223-90, s. 1; O.C. 473-95, s. 29; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 153(1) ITA.

**1015R31.** Subject to sections 1015R32 to 1015R35, an employer must pay to the Minister any amount required under section 1015 of the Act, in respect of a remuneration that the employer pays during a month, not later than the fifteenth day of the following month.

s. 1015R14.1; O.C. 838-88, s. 3; O.C. 223-90, s. 1; O.C. 473-95, s. 29; O.C. 1155-2004, s. 55; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 108(1).

**1015R32.** Subject to sections 1015R34 and 1015R35, where the average monthly withholding of an employer for the second calendar year preceding a particular calendar year is \$25,000 or more but less than \$100,000, the employer must pay to the Minister any amount required under section 1015 of the Act

(a) in respect of a remuneration that the employer pays, during a month in the particular calendar year, before the sixteenth day of that month, not later than the twenty-fifth day of that month; or

(b) in respect of a remuneration that the employer pays, during a particular month in the particular calendar year, after the fifteenth day of that month, not later than the tenth day of the month following the particular month.

s. 1015R14.2; O.C. 223-90, s. 1; O.C. 473-95, s. 29; O.C. 1155-2004, s. 56; O.C. 134-2009, s. 1; O.C. 66-2016, s. 19.

**Corresponding Federal Provision:** 108(1.1)(a).

**1015R33.** Subject to sections 1015R34 and 1015R35, where the average monthly withholding of an employer for the second calendar year preceding a particular calendar year is \$100,000 or more, the employer must pay to the Minister any amount required under section 1015 of the Act, in respect of a remuneration that the employer pays during one of the following periods, not later than the third day, excluding any holiday, following the end of that period:

(a) the period commencing on the first day of a month in the particular calendar year and ending on the seventh day of that month;

(b) the period commencing on the eighth day of a month in the particular calendar year and ending on the fourteenth day of that month;

(c) the period commencing on the fifteenth day of a month in the particular calendar year and ending on the twenty-first day of that month; or

(d) the period commencing on the twenty-second day of a month in the particular calendar year and ending on the last day of that month.

For the purposes of this section, Saturday is deemed to be a statutory holiday.

s. 1015R14.3; O.C. 223-90, s.1; O.C. 1697-92, s.57; O.C. 473-95, s.30; O.C. 1155-2004, s.57; O.C. 134-2009, s.1; O.C. 66-2016, s.20.

**Corresponding Federal Provision:** 108(1.1)(b).

**1015R34.** Where an employer referred to in section 1015R32 or 1015R33 would otherwise be required to pay to the Minister, in accordance with one of those sections, any amount required under section 1015 of the Act for a particular calendar year, the employer may elect to pay that amount

(a) in accordance with section 1015R31, where the average monthly withholding of the employer for the calendar year preceding the particular calendar year is less than \$25,000 and informs the Minister of the election; or

(b) where the average monthly withholding of the employer for the calendar year preceding the particular calendar year is \$25,000 or more but less than \$100,000 and informs the Minister of the election

i. in respect of a remuneration that the employer pays, during a month in the particular calendar year, before the sixteenth day of that month, not later than the twenty-fifth day of that month, or

ii. in respect of a remuneration that the employer pays, during a particular month in the particular calendar year, after the fifteenth day of that month, not later than the tenth day of the month following the particular month.

s. 1015R14.3.1; O.C. 473-95, s.31; O.C. 134-2009, s.1; O.C. 66-2016, s.21.

**Corresponding Federal Provision:** 108(1.11).

**1015R34.1.** Every person who deducts an amount pursuant to section 1015R18 in respect of a payment, made in a month, for services provided in Québec is required to pay that amount to the Minister on or before the fifteenth day of the following month, subject to the fourth, sixth and eighth paragraphs of section 1015 of the Act.

O.C. 1176-2010, s.44; O.C. 1182-2017, s.11.

**Corresponding Federal Provision:** 108(1).

**1015R35.** Where the sixth or eighth paragraph of section 1015 of the Act applies in relation to an amount that an employer must pay to the Minister under that section in respect of remuneration that the employer pays during a particular month of a particular calendar year, the employer must, except if the employer notifies the Minister of the employer's intention not to have the provisions of this section apply, pay that amount on or before

(a) 15 April of the particular calendar year, if the remuneration is paid in January, February or March of the particular calendar year;

(b) 15 July of the particular calendar year, if the remuneration is paid in April, May or June of the particular calendar year;

(c) 15 October of the particular calendar year, if the remuneration is paid in July, August or September of the particular calendar year;

(d) 15 January of the calendar year following the particular calendar year, if the remuneration is paid in October, November or December of the particular calendar year; or

(e) despite subparagraphs *a* to *d*, the fifteenth day of the month following the month, called "month in which the notice was sent" in this subparagraph and the second paragraph, in the particular calendar year in which the Minister sends to the employer the notice of change in the frequency of payment referred to in subparagraph *a* of the seventh paragraph of section 1015, if the remuneration is paid in the month in which the notice was sent or in a previous month of the quarter referred to in any of subparagraphs *a* to *d* that includes the month in which the notice was sent.

In addition, where subparagraph *e* of the first paragraph applies, the employer must pay to the Minister any amount required under section 1015 of the Act in respect of remuneration that the employer pays in a month of the particular calendar year that is subsequent to the month in which the notice was sent, on or before the fifteenth day of the month following the month in which the remuneration was paid.

s. 1015R14.3.2; O.C. 1155-2004, s.58; O.C. 134-2009, s.1; O.C. 1182-2017, s.12.

**Corresponding Federal Provision:** 108(1.12) and (1.13).

**1015R36.** For the purposes of this division, the average monthly withholding of an employer for a particular calendar year is equal to the quotient obtained by dividing the aggregate of the amounts that are required to be paid to the Minister by the employer and, where the employer is a corporation, the aggregate of the amounts that are required to be so paid by any other corporation that is associated with the employer in a taxation year of that employer ending during the second calendar year following the particular calendar year, under section 1015 of the Act, section 62 of the Act respecting parental insurance (chapter A-29.011), sections 34 and 37.21 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) and section 63 of the Act respecting the Québec Pension Plan (chapter R-9), in respect of the remuneration that the employer and, where applicable, each other corporation pay during the particular calendar year, by the number of months in that year, not exceeding 12, for which those amounts are required to be paid to the Minister.

s. 1015R14.4; O.C. 223-90, s.1; O.C. 473-95, s.32; O.C. 1707-97, s.98; 1999, c. 89, s.53; O.C. 149-2000; O.C. 1149-2006, s.48; O.C. 134-2009, s.1; O.C. 321-2017, s.50.

**Corresponding Federal Provision:** 108(1.2).

**1015R37.** For the purposes of section 1015R36, where a particular employer that is a corporation acquires, during a taxation year of the corporation ending during a particular calendar year, in any of the circumstances described in the second paragraph, all or substantially all of the property of another employer used by it in a business, that other employer is deemed to be a corporation that is associated with the particular employer in the taxation year and in each of the taxation years ending at any time during the two subsequent calendar years.

The first paragraph applies where the particular employer acquires all or substantially all of the property of the other employer

(a) in a transaction in respect of which an election referred to in section 518 or 529 of the Act was made;

(b) by reason of an amalgamation within the meaning of section 544 of the Act; or

(c) as the result of a winding-up to which the rules provided for in Chapter VII of Title IX of Book III of Part I of the Act apply.

s. 1015R14.6; O.C. 473-95, s. 34; O.C. 1707-97, s. 98; O.C. 1466-98, s. 96; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 108(1.13).

**1015R37.1.** For the purposes of subparagraph i of subparagraph b of the ninth paragraph of section 1015 of the Act, the monthly withholding amount, in respect of an employer for a month, is the aggregate of all amounts required to be paid to the Minister with respect to the month by the employer or, if the employer is a corporation, by each corporation associated with the employer, under section 1015 of the Act, section 62 of the Act respecting parental insurance (chapter A-29.011), sections 34 and 37.21 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) and section 63 of the Act respecting the Québec Pension Plan (chapter R-9), in respect of remuneration paid by the employer and where applicable, by each corporation, during the month.

O.C. 1182-2017, s. 13.

**Corresponding Federal Provision:** 108(1.21).

**1015R37.2.** For the purposes of subparagraph b of the ninth paragraph of section 1015 of the Act, the prescribed time in a calendar year in relation to a particular month of that year is the end of

(a) March of the calendar year, if the particular month is January, February or March of that year;

(b) June of the calendar year, if the particular month is April, May or June of that year;

(c) September of the calendar year, if the particular month is July, August or September of that year; and

(d) December of the calendar year, if the particular month is October, November or December of that year

O.C. 1182-2017, s. 13.

**Corresponding Federal Provision:** 108(1.41).

**1015R38.** Any amount that an employer who ceases to carry on business is required to pay in respect of an employee's remuneration under section 1015 of the Act must be paid to the Minister by that employer, where it has not already been so paid, within seven days from the date on which the employer ceases to carry on business.

s. 1015R15; O.C. 1981-80, s. 1015R15; R.R.Q., 1981, c. I-3, r. 1, s. 1015R15; O.C. 838-88, s. 4; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 108(2).

**1015R39.** An employer who ceases to deduct or withhold an amount that the employer formerly deducted or withheld under section 1015 of the Act must file the prescribed form not later than the twentieth day of the month following the month during which the employer last paid such amount to the Minister.

s. 1015R16; O.C. 1981-80, s. 1015R16; R.R.Q., 1981, c. I-3, r. 1, s. 1015R16; O.C. 838-88, s. 4; O.C. 223-90, s. 2; O.C. 473-95, s. 35; O.C. 134-2009, s. 1.

**1015R40.** An employer who fails to pay, on the dates set in any of sections 1015R31 to 1015R35, an amount that was required to be paid to the Minister under section 1015 of the Act must file the prescribed form not later than the twentieth day of the month following the month during which the employer should have paid that amount to the Minister.

s. 1015R16.1; O.C. 473-95, s. 36; O.C. 1155-2004, s. 59; O.C. 134-2009, s. 1.

**1015R41.** An employer must file the prescribed form with the Minister with every payment of amounts deducted or withheld under section 1015 of the Act.

s. 1015R17; O.C. 1981-80, s. 1015R17; R.R.Q., 1981, c. I-3, r. 1, s. 1015R17; O.C. 838-88, s. 4; O.C. 473-95, s. 48; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 108(3).

## DIVISION IV

### INCREASE IN THE DEDUCTION

div. IV; O.C. 2583-85, s. 27; O.C. 134-2009, s. 1.

**1017R1.** For the purposes of section 1017 of the Act, the following rules apply:

(a) a taxpayer makes the election under that section by filing with the person who pays, allocates, grants or awards an

amount referred to in section 1015 of the Act a return in prescribed form;

(b) the taxpayer may amend that election by filing with that person a new return in prescribed form; and

(c) that person is required to take that election or that amendment into consideration only if it is made, within a reasonable time limit determined by the person, before the person pays, allocates, grants or awards such amount after the election or the amendment.

s. 1017R1; O.C. 1981-80, s. 1017R1; R.R.Q., 1981, c. I-3, r. 1, s. 1017R1; O.C. 1471-91, s. 33; O.C. 473-95, s. 37; O.C. 523-96, s. 29; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 109(1), (2) and (3).

## CHAPTER II

### GENERALITIES

chap. II; O.C. 1981-80, title XXIV, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XXIV, chap. II; O.C. 134-2009, s. 1.

**1020R1.** The Minister is authorized to make adjustment payments to the Government of Canada or any province for the 1972 and subsequent taxation years.

The Minister is also authorized to sign with the Government of Canada or any other province any agreement considered to be necessary for the application of section 1020 of the Act.

s. 1020R1; O.C. 1981-80, s. 1020R1; R.R.Q., 1981, c. I-3, r. 1, s. 1020R1; O.C. 134-2009, s. 1.

**1025R1.** An individual's basic provisional account, for a year, is equal to the individual's tax payable under Part I of the Act for the same year computed

(a) without taking into account

i. sections 776.6 to 776.20 of the Act,

ii. an amount excluded from the income for the year under sections 294 to 298 of the Act in respect of an option exercised in a subsequent taxation year,

iii. an amount deducted for the year in respect of a subsequent taxation year and to which section 1012.1 of the Act refers,

iv. the specified tax consequences for the year, or

v. section 313.11 of the Act and Chapter II.1 of Title VI of Book III of Part I of the Act; and

(b) taking into account the amount that could be deducted from the individual's taxable income otherwise to be paid for the year under section 776.41.5 of the Act if an amount was not required to be included in computing the income of the

individual's eligible spouse for the year under section 313.11 of the Act.

s. 1025R1; O.C. 1981-80, s. 1025R1; R.R.Q., 1981, c. I-3, r. 1, s. 1025R1; O.C. 421-88, s. 32; O.C. 1463-2001, s. 136; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 22; O.C. 321-2017, s. 51.

**Corresponding Federal Provision:** 5300.

**1026R1.** For the purposes of section 1026 of the Act, the basic provisional account for a year is equal to the tax payable under Part I of the Act for the same year, computed in the manner described in section 1025R1.

s. 1026R1; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 421-88, s. 32; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5300 before (a).

**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.

The tax payable under the first paragraph is computed without taking into account

(a) an amount excluded from the income for the preceding year under sections 294 to 298 of the Act in respect of an option exercised in a subsequent taxation year;

(b) an amount deducted for the preceding year in respect of a subsequent taxation year and to which section 1012.1 of the Act refers; and

(c) the specified tax consequences for the year.

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.

s. 1027R1; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 421-88, s. 33; O.C. 1076-88, s. 24; Erratum, 1988 G.O. 2, 5009 and 5519; O.C. 1114-92, s. 37; O.C. 1697-92, s. 58; O.C. 1633-96, s. 30; O.C. 1707-97, s. 98; O.C. 1466-98, s. 97; O.C. 1463-2001, s. 137; O.C. 1282-2003, s. 60; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 45; O.C. 390-2012, s. 69.

**Corresponding Federal Provision:** 5301(1) and (10).

**1027R2.** For the purposes of subparagraph ii of subparagraph *a* of the first paragraph of section 1027 of the Act and subject to sections 1027R7 and 1027R9, the second basic provisional account of a corporation means its first basic provisional account for the preceding taxation year.

s. 1027R2; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1076-88, s. 25; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5301(2).

**1027R3.** Despite section 1027R1, where the preceding taxation year of a corporation contains less than 183 days, its first basic provisional account is equal to the greater of the amount determined for it under section 1027R1 and the amount that would be determined for it if the preceding taxation year referred to the last taxation year of the corporation that contained more than 182 days.

s. 1027R3; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5301(3).

**1027R4.** Despite sections 1027R1 and 1027R2, in the case of the first taxation year of a new corporation resulting from an amalgamation within the meaning of section 544 of the Act,

(a) its first basic provisional account means the aggregate of each amount that would be the first basic provisional account of a predecessor corporation for that year; and

(b) its second basic provisional account means the aggregate of each first basic provisional account of a predecessor corporation for its taxation year preceding that year.

s. 1027R4; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5301(4)(a).

**1027R5.** Despite sections 1027R1 and 1027R3, in the case of the second taxation year of a new corporation, where its preceding taxation year contains less than 183 days, its first basic provisional account is equal to the greater of the

amount determined under section 1027R1 and its first basic provisional account for its preceding taxation year.

s. 1027R5; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5301(4)(b).

**1027R6.** For the purposes of paragraph *a* of section 1027R4, where the last taxation year of a predecessor corporation contains less than 183 days, its first basic provisional account for the first year of the new corporation is equal to the greater of the amount determined under section 1027R1 and its first basic provisional account for its preceding taxation year.

s. 1027R6; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5301(5).

**1027R7.** Subject to section 1027R8, where a subsidiary, within the meaning of section 556 of the Act, is wound up, and, during the winding-up, all or substantially all of its property is distributed to the parent corporation, the following rules apply:

(a) in the case of the taxation year of the parent corporation during which the distribution of property took place, the first and the second basic provisional account of the subsidiary for its taxation year during which the distribution of property took place must be added respectively to the first and the second basic provisional account of the parent corporation;

(b) in the case of the taxation year of the parent corporation following its taxation year referred to in paragraph *a*, to its first basic provisional account must be added the amount that is the proportion of the subsidiary's first basic provisional account for the taxation year referred to in paragraph *a* that the number of complete months in the taxation year referred to in paragraph *a* of the parent corporation ending not later than the time of that distribution is of 12, and to its second basic provisional account must be added the first basic provisional account of the subsidiary for its taxation year referred to in paragraph *a*.

s. 1027R7; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 5301(6).

**1027R8.** A payment that a parent corporation is deemed, under the fourth paragraph of section 1038 of the Act, to have been required to pay for the taxation year referred to in paragraph *a* of section 1027R7 must be computed as if section 1027R7 did not apply to a distribution of property occurring after the date on which the payment should have been made.

s. 1027R8; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 22.

**Corresponding Federal Provision:** 5301(7).

**1027R9.** Where a corporation disposes of all or substantially all of its properties to another corporation with which it was not dealing at arm's length, and any of sections 518, 529 and 851.22.34 of the Act applies to the disposition of one of those properties, paragraphs *a* and *b* of section 1027R7 and section 1027R8 apply with the necessary modifications to that disposition.

s. 1027R9; O.C. 2962-82, s. 84; O.C. 500-83, s. 84; O.C. 1633-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 46.

**Corresponding Federal Provision:** 5301(8).

**1029.7R1.** For the purposes of subparagraph 1 of subparagraph vii of subparagraph *b* of the third paragraph of section 1029.7 of the Act, an expenditure described in section 230R1 or 230R2 is a prescribed expenditure.

O.C. 134-2009, s. 1.

**1029.8R1.** For the purposes of subparagraph 1 of subparagraph vi of subparagraph *b* of the third paragraph of section 1029.8 of the Act, an expenditure described in section 230R1 or 230R2 is a prescribed expenditure.

O.C. 134-2009, s. 1.

**1029.8.1R1.** (*Revoked*).

s. 1029.8.1R0.1; O.C. 1539-93, s. 39; O.C. 1707-97, s. 70; O.C. 1466-98, s. 98; O.C. 1451-2000, s. 44; O.C. 1116-2007, s. 36; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 47; O.C. 701-2013, s. 59; O.C. 1105-2014, s. 24; O.C. 66-2016, s. 23; O.C. 1182-2017, s. 14.

**1029.8.1R2.** (*Revoked*).

s. 1029.8.1R0.2; O.C. 1539-93, s. 39; O.C. 523-96, s. 31; O.C. 1707-97, s. 71; O.C. 1466-98, s. 99; O.C. 1282-2003, s. 62; O.C. 1155-2004, s. 60; O.C. 1249-2005, s. 35; O.C. 1149-2006, s. 49; O.C. 1116-2007, s. 37; O.C. 134-2009, s. 1; O.C. 390-2012, s. 70; O.C. 701-2013, s. 60; O.C. 1105-2014, s. 25; O.C. 66-2016, s. 24; O.C. 1182-2017, s. 14.

**1029.8.1R3.** (*Revoked*).

s. 1029.8.1R0.3; O.C. 1539-93, s. 39; O.C. 1707-97, s. 72; O.C. 1454-99, s. 43; O.C. 1451-2000, s. 45; O.C. 1463-2001, s. 138; O.C. 1282-2003, s. 63; O.C. 1249-2005, s. 36; O.C. 1116-2007, s. 38; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 23; O.C. 390-2012, s. 71; O.C. 229-2014, s. 14; O.C. 66-2016, s. 25; O.C. 1182-2017, s. 14.

**1029.8.1R4.** The linkage agencies referred to in paragraphs *a.2* and *b* of section 1029.8.1 of the Act are

(a) the Centre de recherche industrielle du Québec;

(b) the Centre québécois de valorisation des biomasses et des biotechnologies;

(c) the Centre francophone d'informatisation des organisations (CEFRIO);

(d) the Fonds pour la formation de chercheurs et l'aide à la recherche;

(e) the Québec Research Fund–Health;

(f) the Centre québécois de recherche et de développement de l'aluminium;

(g) the Centre interuniversitaire de recherche en analyse des organisations (CIRANO);

(h) the Centre de développement de la géomatique (CDG);

(i) the Centre de recherche informatique de Montréal inc.

s. 1029.8.1R1; O.C. 1666-90, s. 20; O.C. 1539-93, s. 40; O.C. 523-96, s. 32; O.C. 1707-97, s. 73; O.C. 1451-2000, s. 46; O.C. 1463-2001, s. 139; O.C. 134-2009, s. 1; 2011, c. 16, s. 244.

**1029.8.1R5.** The university hospital medical research centres referred to in paragraph *f* of section 1029.8.1 of the Act are

(a) the following McGill University network centres:

i. Douglas Hospital Research Centre,

ii. Douglas Hospital,

iii. Montréal Neurological Hospital, before 20 August 1998,

iv. Sir Mortimer B. Davis Jewish General Hospital,

v. Montréal Children's Hospital, before 20 August 1998,

vi. Research Institute of the McGill University Health Centre,

vii. Montreal General Hospital, before 7 April 1999,

viii. Royal Victoria Hospital, before 20 August 1998, and

ix. McGill University Health Centre;

(b) the following Université de Montréal network centres:

i. Institut du cancer de Montréal,

ii. Montréal Heart Institute,

iii. Institut de réadaptation de Montréal,

iv. Clinical Research Institute of Montréal,

v. Hôpital Louis-H. Lafontaine,

vi. Hôpital Maisonneuve-Rosemont,

vii. Hôpital Notre-Dame,

viii. Hôpital du Sacré-Coeur de Montréal,

- ix. l'Hôpital Saint-Luc,
- x. Hôpital Sainte-Justine,
- xi. Centre hospitalier Côte-des-Neiges,
- xii. Hôtel-Dieu de Montréal, and
- xiii. l'Institut Philippe Pinel de Montréal;
- (c) the following Université Laval network centres:
- i. Centre hospitalier de l'Université Laval, before 12 December 1995,
- ii. Hôpital l'Enfant-Jésus, before 11 April 1997,
- iii. Hôpital Laval,
- iv. Hôtel-Dieu de Québec, before 12 December 1995,
- v. Hôpital Saint-François d'Assise, before 12 December 1995,
- vi. Centre hospitalier universitaire de Québec, and
- vii. Centre hospitalier affilié universitaire de Québec;
- (d) Centre hospitalier universitaire de Sherbrooke, before 1 July 1995;
- (e) Centre universitaire de santé de l'Estrie, after 30 June 1995 and before 12 July 2000;
- (f) Centre hospitalier universitaire de Sherbrooke.  
s. 1029.8.1R2; O.C. 1666-90, s. 20; O.C. 1471-91, s. 29; O.C. 1539-93, s. 41; O.C. 1707-97, s. 74; O.C. 1463-2001, s. 140; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 26.
- 1029.8.1R6.** For the purposes of paragraph *f* of section 1029.8.1 of the Act, the following are prescribed bodies:
- (a) (*paragraph revoked*);
- (b) the Canadian Centre for Automation and Robotics in Mining;
- (c) the Mineral Exploration Research Institute;
- (d) the Société de microélectronique industrielle de Sherbrooke Inc.;
- (e) the Centre de caractérisation microscopique des matériaux (cm)<sup>2</sup>;
- (f) the Institut universitaire en santé mentale de Québec;
- (g) the Institut de recherche en pharmacie industrielle IRPI Inc.;
- (h) the Institut de recherche en biologie végétale de Montréal;
- (i) the Centre de recherche en calcul appliqué (CERCA);
- (j) the Centre de recherche Louis-Charles Simard;
- (k) the Canadian Dental Research Institute (CDRI);
- (l) the Centre François-Charon;
- (m) the Institut des biomatériaux du Québec I.B.Q. Inc.;
- (n) the Centre de développement rapide de produits et de procédés.  
s. 1029.8.1R3; O.C. 1666-90, s. 20; O.C. 1471-91, s. 30; O.C. 1539-93, s. 42; O.C. 523-96, s. 33; O.C. 1707-97, s. 75; O.C. 1454-99, s. 44; O.C. 1249-2005, s. 38; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 27; O.C. 204-2020, s. 11.
- 1029.8.5.1R1.** For the purposes of paragraph *a* of section 1029.8.5.1 of the Act, an expenditure described in section 230R1 or 230R2 is a prescribed expenditure.  
s. 1029.8.5.1R1; O.C. 1697-92, s. 60; O.C. 134-2009, s. 1.
- 1029.8.6R1.** For the purposes of section 1029.8.6 of the Act, a prescribed linking agency is a body mentioned in section 1029.8.1R4.  
s. 1029.8.6R1; O.C. 1666-90, s. 20; O.C. 134-2009, s. 1.
- 1029.8.7R1.** For the purposes of section 1029.8.7 of the Act, a prescribed linking agency is a body mentioned in section 1029.8.1R4.  
s. 1029.8.7R1; O.C. 1666-90, s. 20; O.C. 134-2009, s. 1.
- 1029.8.9.0.1R1.** The university hospital medical research centres referred to in section 1029.8.9.0.1 of the Act are those mentioned in section 1029.8.1R5.  
s. 1029.8.9.0.1R1; O.C. 1539-93, s. 43; O.C. 134-2009, s. 1.
- 1029.8.9.0.2.2R1.** For the purposes of paragraph *a* of section 1029.8.9.0.2.2 of the Act, an expenditure described in section 230R1 or 230R2 is a prescribed expenditure.  
s. 1029.8.9.0.2.2R1; O.C. 1149-2006, s. 50; O.C. 134-2009, s. 1.
- 1029.8.9.1R1.** For the purposes of the definition of “qualified expenditure” in section 1029.8.9.1 of the Act, the prescribed proxy amount of a taxpayer in respect of a business for a taxation year in respect of which the taxpayer has made the election under subparagraph *c* of the first paragraph of section 230 of the Act is equal to 55% of the aggregate of the amounts each of which represents the portion of an expenditure incurred in the year by the taxpayer for the salary or wages of an employee of the taxpayer who is

directly engaged in scientific research and experimental development carried out in Canada that may reasonably be considered to be attributable to that research and development having regard to the working time spent by the employee thereon.

s. 1029.8.9.1R1; O.C. 1707-97, s. 76; O.C. 1282-2003, s. 65; O.C. 134-2009, s. 1; O.C. 229-2014, s. 15.

**Corresponding Federal Provision:** 2900(4).

**1029.8.9.1R2.** For the purposes of section 1029.8.9.1R1 and subject to sections 1029.8.9.1R3 to 1029.8.9.1R5, the portion of an expenditure is deemed to be equal to the amount of the expenditure where it represents all or substantially all thereof.

s. 1029.8.9.1R2; O.C. 1707-97, s. 76; O.C. 134-2009, s. 1.

**1029.8.9.1R3.** The amount determined under section 1029.8.9.1R1 as being the prescribed proxy amount of a taxpayer in respect of a business for a taxation year may not exceed the amount by which the aggregate of the amounts deducted in computing the taxpayer's income for the year from the business exceeds the aggregate of the amounts each of which represents

(a) an amount deducted in computing the taxpayer's income for the year from the business under sections 128, 130 and 130.1, paragraph *b* of section 135, sections 137 to 143, 145 to 154, 155, 156, 157 to 157.3, 157.5 to 157.14, 158, 160 to 163.1, 167, 167.1, 176 to 179, 183, 188 to 189.0.1 and 198 of the Act, Divisions I, VI and XI of Chapter V of Title III of Book III of Part I of the Act, Chapter X of Title VI of that book, excluding sections 360 and 361, and Title XII of that book, excluding sections 650 to 651.1, 661, 662, 665, 665.1 and 683 to 692.4; or

(b) an amount incurred by the taxpayer in the year in respect of an outlay made or expenditure incurred for the use of or the right to use a building other than a special-purpose building described in section 230.0.0.2R1.

s. 1029.8.9.1R3; O.C. 1707-97, s. 76; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 48.

**1029.8.9.1R4.** For the purposes of computing the prescribed proxy amount of a taxpayer for a taxation year, the portion of an expenditure incurred in the year by the taxpayer for the salary or wages of a specified employee of the taxpayer that is included in computing the aggregate referred to in section 1029.8.9.1R1 may not exceed the lesser of

(a) 75% of the amount of the expenditure incurred in the year by the taxpayer for the salary or wages of the employee; and

(b) the amount determined according to the following formula:

$$2.5 \times A \times (B / 365).$$

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

(a) A is the Maximum Pensionable Earnings, as determined under section 40 of the Act respecting the Québec Pension Plan (chapter R-9), for the calendar year in which the taxation year ends; and

(b) B is the number of days in the taxation year on which the employee is employed by the taxpayer.

s. 1029.8.9.1R4; O.C. 1707-97, s. 76; O.C. 1454-99, s. 45; O.C. 134-2009, s. 1.

**1029.8.9.1R5.** Where, during a taxation year ending in a particular calendar year, a corporation employs an individual who is a specified employee of the corporation, the corporation is associated with another corporation during a taxation year of the other corporation ending in the particular calendar year and the individual is an employee of the other corporation during that taxation year of the other corporation, the total of the amounts that may be included, for the salary or wages of the individual, in computing the aggregate referred to in section 1029.8.9.1R1 by the corporation and by any other corporation associated with it, for their respective taxation year ending in the particular calendar year, may not exceed the product obtained by multiplying 2.5 by the Maximum Pensionable Earnings, as determined under section 40 of the Act respecting the Québec Pension Plan (chapter R-9), for the particular calendar year.

s. 1029.8.9.1R5; O.C. 1707-97, s. 76; O.C. 1454-99, s. 46; O.C. 134-2009, s. 1.

**1029.8.9.1R6.** For the purposes of sections 1029.8.9.1R1 and 1029.8.9.1R4, an expenditure incurred in the year by the taxpayer for the salary or wages of an employee does not include

(a) an amount referred to in any of sections 34 to 58.3 of the Act;

(b) an expenditure deemed to have been made under the first paragraph of section 482 of the Act; or

(c) a remuneration based on profits or a bonus.

s. 1029.8.9.1R6; O.C. 1707-97, s. 76; O.C. 134-2009, s. 1.

**1029.8.9.1R7.** For the purposes of section 1029.8.9.1R5, the following are deemed to be a corporation associated with a particular corporation:

(a) an individual who is related to the particular corporation; and

(b) a partnership at least one of whose members is an individual related to or a corporation associated with the particular corporation.

s. 1029.8.9.1R7; O.C. 1707-97, s. 76; O.C. 134-2009, s. 1.

**1029.8.15.1R1.** For the purposes of paragraph *a* of section 1029.8.15.1 of the Act, an expenditure described in section 230R1 or 230R2 is a prescribed expenditure.

s. 1029.8.15.1R1; O.C. 1697-92, s. 61; O.C. 134-2009, s. 1.

**1029.8.16.1R1.** For the purposes of the definition of “qualified expenditure” in the first paragraph of section 1029.8.16.1.1 of the Act, the prescribed proxy amount is that determined under sections 1029.8.9.1R1 to 1029.8.9.1R7.

O.C. 134-2009, s. 1.

**1029.8.16.1.6R1.** For the purposes of subparagraph *i* of paragraph *a* of section 1029.8.16.1.6 of the Act, an expenditure described in section 230R1 or 230R2 is a prescribed expenditure.

O.C. 134-2009, s. 1.

**1029.8.17R1.** For the purposes of subparagraph *ii* of paragraph *c* of section 1029.8.17 of the Act, a prescribed amount is an amount received from the Canadian Commercial Corporation as an amount received by that Corporation from a government, municipality or other public authority other than the Government of Canada or a provincial government, a Canadian municipality or other Canadian public authority.

s. 1029.8.17R2; O.C. 1232-91, s. 24; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 4606.

**1029.8.18R1.** For the purposes of subparagraphs *a* and *b* of the first paragraph of section 1029.8.18 of the Act, the prescribed proxy amount is that determined under sections 1029.8.9.1R1 to 1029.8.9.1R7.

s. 1029.8.18R1; O.C. 1707-97, s. 78; O.C. 134-2009, s. 1.

**1029.8.18.0.1R1.** For the purposes of subparagraphs *a* and *b* of the first paragraph of section 1029.8.18.0.1 of the Act, the prescribed proxy amount is that determined under sections 1029.8.9.1R1 to 1029.8.9.1R7.

s. 1029.8.18.0.1R1; O.C. 1707-97, s. 78; O.C. 134-2009, s. 1.

**1029.8.18.2R1.** For the purposes of paragraph *a* of section 1029.8.18.2 of the Act, the prescribed proxy amount is that determined under sections 1029.8.9.1R1 to 1029.8.9.1R7.

s. 1029.8.18.2R1; O.C. 1707-97, s. 78; O.C. 134-2009, s. 1.

**1029.8.21.17R1.** (*Revoked*).

s. 1029.8.21.17R1; O.C. 1463-2001, s. 141; O.C. 1282-2003, s. 67; O.C. 1155-2004, s. 61; O.C. 1249-2005, s. 39; O.C. 1149-2006, s. 51; O.C. 1116-2007, s. 40; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 49; O.C. 390-2012, s. 72; O.C. 701-2013, s. 61; O.C. 1105-2014, s. 28; O.C. 66-2016, s. 26; O.C. 1182-2017, s. 15.

**1029.8.21.17R2.** For the purposes of the definition of “eligible liaison and transfer centre” in the first paragraph of section 1029.8.21.17 of the Act, the following liaison and transfer centres are prescribed liaison and transfer centres:

- (a) the Centre de recherche en calcul appliqué (CERCA);
- (b) the Centre de recherche informatique de Montréal inc.;
- (c) the Centre francophone d’informatisation des organisations (CEFRIO);
- (d) the Centre interuniversitaire de recherche en analyse des organisations (CIRANO);
- (e) the Centre québécois de recherche et de développement de l’aluminium; and
- (f) the Centre québécois de valorisation des biomasses et des biotechnologies.

s. 1029.8.21.17R2; O.C. 1463-2001, s. 141; O.C. 134-2009, s. 1.

**1029.8.21.17R3.** (*Revoked*).

s. 1029.8.21.17R3; O.C. 1463-2001, s. 141; O.C. 1470-2002, s. 78; O.C. 1249-2005, s. 40; O.C. 134-2009, s. 1; O.C. 321-2017, s. 52.

**1029.8.21.17R4.** For the purposes of the definition of “eligible liaison and transfer service” in the first paragraph of section 1029.8.21.17 of the Act, the following products and services are prescribed liaison and transfer products or services:

- (a) locating and brokering research results;
- (b) assessment of the needs of businesses;
- (c) bringing together stakeholders;
- (d) the carrying out of technical feasibility studies and studies assessing the commercial potential of innovation projects;
- (e) supporting businesses through the various stages of realizing innovation projects; and
- (f) software certification tests.

s. 1029.8.21.17R4; O.C. 1463-2001, s. 141; O.C. 134-2009, s. 1.

**1029.8.21.17R5.** (*Revoked*).

s. 1029.8.21.17R5; O.C. 1463-2001, s. 141; O.C. 134-2009, s. 1; O.C. 321-2017, s. 52.

**1029.8.33.2R1.** For the purposes of paragraph *c* of the definition of “eligible trainee” in the first paragraph of section 1029.8.33.2 of the Act, the following are prescribed programs:

(a) a program approved by the Ministère de l'Éducation, du Loisir et du Sport in accordance with the section "A NEW PATH IN VOCATIONAL EDUCATION" of the Experimental Program for Offering a Greater Variety of Options to Young People in Vocational Education;

(b) a program that is an individualized path for learning in life skills and work skills education (*cheminement particulier de formation visant l'insertion sociale et professionnelle des jeunes (ISPJ)*) at the secondary level; and

(c) a program developed in accordance with the Sociovocational Integration Services (SIS) program at the secondary level.

s. 1029.8.33.2R1; O.C. 1633-96, s. 33; O.C. 1707-97, s. 79; O.C. 1466-98, s. 100; 2005, c. 28, s. 195; O.C. 134-2009, s. 1.

**1029.8.36.0.17R1.** (*Revoked*).

s. 1029.8.36.0.17R1; O.C. 1155-2004, s. 62; O.C. 1149-2006, s. 53; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 50.

**1029.8.61.19R1.** The rules to which section 1029.8.61.19 of the Act refers for the purpose of determining if a child has an impairment or a mental function disability that substantially limits the child in performing the life habits of a child of his or her age during a foreseeable period of at least one year are those set out in sections 1029.8.61.19R2 to 1029.8.61.19R6.

For the purposes of the first paragraph, life habits are the life habits that a child should perform, for the child's age, to take care of himself or herself and participate in social life and that consist of nutrition, personal care, mobility, communication, interpersonal relationships, responsibilities and education.

s. 1029.8.61.19R1; O.C. 1249-2005, s. 41; O.C. 134-2009, s. 1; 2017, c. 29, s. 260.

**1029.8.61.19R2.** A child whose condition during a foreseeable period of at least one year corresponds to any of the cases specified in Schedule A is presumed to be handicapped within the meaning of section 1029.8.61.19R1.

In all other cases, the extent of the child's limitations in performing the life habits of a child of his or her age is to be assessed on the basis of the outcome, for the child's life habits in his or her various living environments, of the interaction between the following criteria:

(a) the disabilities resulting from the impairment or the mental function disability; and

(b) the environmental factors as facilitators of, or barriers to, the performance of life habits.

s. 1029.8.61.19R2; O.C. 1249-2005, s. 41; O.C. 134-2009, s. 1; 2017, c. 29, s. 261.

**1029.8.61.19R3.** A child whose condition corresponds to a case mentioned in Schedule A is not presumed to be handicapped within the meaning of section 1029.8.61.19R1 if the child is covered by an exclusion prescribed in that Schedule for that case or if the assessment parameters prescribed in that Schedule in relation to that case are not complied with.

s. 1029.8.61.19R3; O.C. 1249-2005, s. 41; O.C. 134-2009, s. 1; 2017, c. 29, s. 262.

**1029.8.61.19R4.** An impairment is manifested by a persistent histological, anatomical or metabolic alteration of any of the organ systems or by the persistent alteration of the corresponding physiological function.

The alteration must be confirmed by objective signs through a physical examination, biological tests or medical imaging or, for the visual system or the hearing system, a recognized measurement of visual acuity or hearing. The results must be attested to by a member of a professional order.

s. 1029.8.61.19R4; O.C. 1249-2005, s. 41; O.C. 134-2009, s. 1; 2017, c. 29, s. 262.

**1029.8.61.19R5.** A mental function disability is manifested by clinically significant and persistent disturbances in a child's cognition, language, behaviour and emotional regulation that hinder or delay the integration of experiences and learning or compromise the child's adaptation.

The disability must be assessed by a member of a professional order according to the practice guides and guidelines established by the professional order to which the member belongs.

The assessment report must include, among other things, an anamnesis, an analysis of the results of the normalized tests, the observations obtained from significant persons on the child's functioning in his or her various living environments and a description of the child's abilities and disabilities in connection with the diagnosed disability.

Where a normalized test is used, the derived score must be expressed in percentiles, standard deviations or quotients and the confidence interval must be stated in the professional's report.

A normalized test is a test where the raw score is converted into a relative measure that allows the child's profile to be ranked in relation to a normative group.

If the profile of the child assessed does not directly correspond to the normative group of reference for the tests used due to language or culture, the professional's report must include a qualitative analysis describing the child's

abilities and disabilities to allow the corroboration of the scores obtained on the tests.

s. 1029.8.61.19R5; O.C. 1249-2005, s. 41; O.C. 134-2009, s. 1; 2017, c. 29, s. 262.

**1029.8.61.19R6.** Impairments and mental function disabilities are not presumed to substantially limit the performance of life habits of a child before the beginning of diagnostic intervention, or if they affect a function that is not yet developed in a healthy child.

If a child's state of health can be improved by a therapeutic intervention, recognized by the scientific community, the extent of the child's limitations in performing the life habits of a child of his or her age is assessed once the treatment is implemented.

If required for assessing a premature infant's condition, the age of the infant is adjusted by subtracting the number of weeks of prematurity.

s. 1029.8.61.19R6; O.C. 1249-2005, s. 41; O.C. 134-2009, s. 1; 2017, c. 29, s. 263.

**1029.8.61.19.1R1.** The rules to which each of subparagraphs *a* and *b* of the first paragraph of section 1029.8.61.19.1 of the Act refers for the purpose of determining if a child is in any of the situations described in subparagraphs *i* and *ii* of that subparagraph *a* or *b* are the rules prescribed in sections 1029.8.61.19.1R2 to 1029.8.61.19.1R5.

2017, c. 29, s. 264; 2020, c. 16, s. 253.

**1029.8.61.19.1R2.** Sections 1029.8.61.19R4 to 1029.8.61.19R6 apply, with the necessary modifications, for determining if a child has an impairment or a mental function disability entailing serious and multiple disabilities that prevent the child from independently performing the life habits of a child of his or her age.

2017, c. 29, s. 264; 2019, c. 14, s. 650.

**1029.8.61.19.1R3.** For the purpose of computing the amount for the first level and for the purposes of subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.61.19.1 of the Act, a child who has an impairment or a mental function disability entailing serious and multiple disabilities is considered to have disabilities preventing him or her from independently performing the life habits of a child of his or her age only if the outcome of the interaction between the child's disabilities and the environmental factors as facilitators of, and barriers to, the performance of the child's life habits in the child's various living environments causes,

(a) if the child is less than four years of age, an absolute limitation in performing the life habits that are nutrition, mobility and communication; and

(b) if the child is four years of age or over,

*i.* an absolute limitation in performing four life habits and a serious or absolute limitation in performing at least one other life habit, or

*ii.* an absolute limitation in performing three life habits, including mobility, and a serious or absolute limitation in performing at least two other life habits.

For the purpose of computing the amount for the second level and for the purposes of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.61.19.1 of the Act, a child who has an impairment or a mental function disability entailing serious and multiple disabilities is considered to have disabilities preventing him or her from independently performing the life habits of a child of his or her age only if the outcome of the interaction between the child's disabilities and the environmental factors as facilitators of, and barriers to, the performance of the child's life habits in the child's various living environments causes,

(a) if the child is less than four years of age, an absolute limitation in performing one life habit among the life habits that are nutrition, mobility and communication and a serious or absolute limitation in performing at least one other life habit among those life habits; and

(b) if the child is four years of age or over,

*i.* an absolute limitation in performing two life habits and a serious or absolute limitation in performing at least one other life habit, or

*ii.* an absolute limitation in performing a life habit in respect of mobility and a serious or absolute limitation in performing at least one other life habit.

2017, c. 29, s. 264; 2019, c. 14, s. 651; 2020, c. 16, s. 254.

**1029.8.61.19.1R4.** A child whose state of health requires specified complex medical care at home is considered to be limited in performing the life habits of a child of his or her age only if the child has

(a) an absolute limitation in performing a life habit, other than that relating to interpersonal relationships; or

(b) a serious limitation in performing two life habits, other than that relating to interpersonal relationships.

2017, c. 29, s. 264.

**1029.8.61.19.1R5.** For the purposes of sections 1029.8.61.19.1R3 and 1029.8.61.19.1R4,

(a) the life habits that may be taken into consideration are those prescribed in the second paragraph of section 1029.8.61.19R1; and

(b) a limitation in performing a life habit is

i. absolute, where the child absolutely cannot independently perform the life habit according to his or her age, despite the existence of environmental factors that are facilitators, or

ii. serious, where the child always or almost always has a serious difficulty in independently performing that life habit according to his or her age, despite the existence of environmental factors that are facilitators.

2017, c. 29, s. 264.

**1029.8.66.9RL.** For the purposes of section 1029.8.66.9 of the Act, a receipt issued by a person or partnership offering a recognized program of activities must contain

(a) the name and address of the person or partnership;

(b) the name of the program or activity;

(c) the total amount of the payment received, the date of receipt and the amount of the eligible expense;

(d) the name of the payee;

(e) the name and date of birth of the child; and

(f) the signature of the individual authorized by the person or partnership except if the receipt is sent to the payee in an electronic format.

For the purposes of the first paragraph, “eligible expense” and “recognized program of activities” have the meaning assigned by section 1029.8.66.6 of the Act.

O.C. 321-2017, s. 53.

**1029.8.66.14RL.** For the purposes of section 1029.8.66.14 of the Act, a receipt issued by a person or partnership offering a recognized program of activities must contain

(a) the name and address of the person or partnership;

(b) the name of the program or activity;

(c) the total amount of the payment received, the date of receipt and the amount of the eligible expense;

(d) the name of the payee;

(e) the name of the participant in the activity; and

(f) the signature of the individual authorized by the person or partnership except if the receipt is sent to the payee in an electronic format.

For the purposes of the first paragraph, “eligible expense” and “recognized program of activities” have the meaning assigned by section 1029.8.66.11 of the Act.

O.C. 321-2017, s. 53.

**1029.8.67RL.** For the purposes of the definition of “child care expense” in section 1029.8.67 of the Act, a prescribed expense is an expense that is paid by an individual

(a) as a reduced contribution required under the Educational Childcare Act (chapter S-4.1.1);

(b) as a contribution provided for by the budgetary rules established in accordance with section 472 of the Education Act (chapter I-13.3), section 84 of the Act respecting private education (chapter E-9.1) or section 15.1 of the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14), where the contribution is, according to the rules, related to the basic services provided for a school day for a child who regularly attends childcare at school; or

(c) in relation to the basic services provided for a child registered in childcare at school for a pedagogical day in respect of which an allocation is granted under the budgetary rules established in accordance with any of the sections referred to in paragraph *b* or would have been so granted had the child attended childcare on that day, up to the amount of the maximum daily financial contribution that, according to the rules, would have been payable if that day had been a school day and the child had regularly attended childcare at school.

s. 1029.8.67RL; O.C. 1466-98, s.101; O.C. 1454-99, s.48; O.C. 1149-2006, s. 54; O.C. 134-2009, s. 1; O.C. 66-2016, s. 27.

**1029.8.116.5.1RL.** The amounts of the work premium reduction thresholds in subparagraphs *i* and *ii* of subparagraphs *b* and *c* of the second paragraph of section 1029.8.116.5 of the Act that are applicable for a particular taxation year are the highest of the reduction thresholds that were applicable for the preceding taxation year and the amounts determined by the Minister of Finance as the work income over which a person would cease to be entitled, for the particular taxation year, to a benefit under the Social Assistance Program established under the Individual and Family Assistance Act (chapter A-13.1.1), if the work income was wages received by that person in the particular taxation year and the benefit was computed on an annual basis, taking into account,

(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

(c) the amount that would be payable in respect of the work income as the employee's premium under the Act respecting parental insurance (chapter A-29.011), contribution under the Act respecting the Québec Pension Plan (chapter R-9) and premium under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), considering in that respect the rate applicable for an employee who reports to an establishment of the employer in Québec, and the amount of the federal tax that would be payable in respect of the amount by which the work income exceeds the amount of the first additional employee contribution to be paid on that income under the Act respecting the Québec Pension Plan, as if that tax were computed taking into account only the basic tax credit, the spousal tax credit, if any, the tax credit for Canadian employment and the tax credit for Québec Pension Plan member contributions and parental insurance plan and employment insurance plan employee premiums.

For the purposes of the first paragraph, if the work income is not a multiple of \$2, it must be rounded to the nearest multiple of \$2 or, if it is equidistant from two multiples, to the higher multiple of \$2.

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.

s. 1029.8.116.5.1R1; O.C. 1116-2007, s. 41; O.C. 134-2009, s. 1; O.C. 390-2012, s. 73; O.C. 204-2020, s. 12.

**1029.8.116.5.1R2.** The amounts of the adjusted work premium reduction thresholds in subparagraphs i and ii of subparagraphs *b* and *c* of the third paragraph of section 1029.8.116.5.0.1 of the Act that are applicable for a particular taxation year are the highest of the reduction thresholds that were applicable for the preceding taxation year and the amounts determined by the Minister of Finance as the work income over which a person would cease to be entitled, for the particular taxation year, to a benefit under the

Social Solidarity Program established under the Individual and Family Assistance Act (chapter A-13.1.1), if the work income was wages received by that person in the particular taxation year and the benefit was computed on an annual basis, taking into account,

(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

(c) the amount that would be payable in respect of the work income as the employee's premium under the Act respecting parental insurance (chapter A-29.011), contribution under the Act respecting the Québec Pension Plan (chapter R-9) and premium under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), considering in that respect the rate applicable for an employee who reports to an establishment of the employer in Québec, and the amount of the federal tax that would be payable in respect of the amount by which the work income exceeds the amount of the first additional employee contribution to be paid on that income under the Act respecting the Québec Pension Plan, as if that tax were computed taking into account only the basic tax credit, the spousal tax credit, if any, the tax credit for Canadian employment and the tax credit for Québec Pension Plan member contributions and parental insurance plan and employment insurance plan employee premiums.

For the purposes of the first paragraph, if the work income is not a multiple of \$2, it must be rounded to the nearest multiple of \$2 or, if it is equidistant from two multiples, to the higher multiple of \$2.

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.

O.C. 1176-2010, s. 51; O.C. 390-2012, s. 74; O.C. 204-2020, s. 13.

**1032R1.** An election by a legal representative under section 1032 of the Act is made by filing with the Minister the prescribed form on or before the balance-due day that would otherwise have been applicable to the individual referred to in the first paragraph of that section 1032 for the taxation year referred to in that paragraph.

s. 1032R1; R.R.Q., 1981, c. I-3, r. 1, s. 1032R1; O.C. 1466-98, s. 104; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1001.

**1054R1.** For the purposes of subparagraph *d* of the first paragraph of section 1054 of the Act, the following documents are prescribed documents:

(a) a declaration from the legal representative specifying the part of one or more capital losses from the disposition of capital property referred to in subparagraph *a* of the first paragraph of section 1054 of the Act and the part of any deductible amount referred to in subparagraph *b* of that paragraph in respect of which that subparagraph *a* or subparagraph *b*, as the case may be, applies;

(b) where the declaration specifies the part of one or more capital losses from the disposition of capital property referred to in subparagraph *a* of the first paragraph of section 1054 of the Act, a statement of the capital gains and capital losses from the dispositions of the capital property referred to in paragraph *a* of section 1055 of the Act; and

(c) where the declaration specifies the part of any deductible amount referred to in subparagraph *b* of the first paragraph of section 1054 of the Act,

i. a statement of the undepreciated capital cost of depreciable property of each prescribed class referred to in paragraph *b* of section 1055 of the Act,

ii. a statement of the amount which, but for that section 1054, would be the non-capital loss of the succession for its first taxation year, and

iii. a statement of the amount which, but for that section 1054, would be the farm loss of the succession for its first taxation year.

s. 1054R1; O.C. 1981-80, s. 1054R1; R.R.Q., 1981, c. I-3, r. 1, s. 1054R1; O.C. 421-88, s. 34; O.C. 1549-88, s. 28; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 24.

**Corresponding Federal Provision:** 1000(1).

**1054R2.** The amended fiscal return and the prescribed documents referred to in subparagraph *d* of the first paragraph of section 1054 of the Act must be filed with the Minister on or before the filing-due date that applies to the

taxpayer for the taxation year of the taxpayer's death or, if later, the filing-due date that applies to the first taxation year of the deceased taxpayer's succession.

s. 1054R2; O.C. 1981-80, s. 1054R2; R.R.Q., 1981, c. I-3, r. 1, s. 1054R2; O.C. 1549-88, s. 29; O.C. 1466-98, s. 105; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 25.

**Corresponding Federal Provision:** 1000(2).

**1055.1R1.** An election under section 1055.1 of the Act is made by the legal representative of a deceased taxpayer by filing with the Minister a return from the legal representative setting out the following:

(a) the amount of the benefit referred to in the portion of paragraph *a* of that section 1055.1 before subparagraph *i*;

(b) the value of the right referred to in subparagraph *i* of paragraph *a* of that section 1055.1, and the amount paid by the taxpayer for the right;

(c) the amount referred to in subparagraph *ii* of paragraph *a* of that section 1055.1 that has been deducted in computing the taxpayer's taxable income; and

(d) the amount of the loss referred to in paragraph *b* of that section 1055.1.

s. 1055.1R1; O.C. 1149-2006, s. 55; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1000.1(1).

**1055.1R2.** The return referred to in section 1055.1R1 must be filed on or before the day that is the later of

(a) the filing due-date that applies to the taxpayer for the taxation year of the taxpayer's death; and

(b) the filing due-date that applies to the first taxation year of the deceased taxpayer's succession.

s. 1055.1R2; O.C. 1149-2006, s. 55; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 1000.1(2).

**1056.4R1.** For the purposes of section 1056.4 of the Act, a prescribed election is an election under

(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 659, 935.7, 935.18 and 1055.1 of the Act; or

(b) any of sections 130R128, 130R129 and 130R137.

For the purposes of subparagraph *a* of the first paragraph,

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

(a.1) a reference to section 96 or 279 of the Act is a reference to that section when it applies as a consequence of the application of section 96.0.1 or 278.1, as the case may be, of the Act;

(b) a reference to any of sections 442, 444, 450 and 454 of the Act is a reference to that section as it read in respect of a transfer or distribution made before 26 March 1997; and

(c) a reference to section 659 of the Act is a reference to that section as it read in respect of an election made for a taxation year of a trust that ended before 1 April 1998.

s. 1056.4R1; O.C. 67-96, s.60; O.C. 1707-97, s.80; O.C. 1466-98, s.106; O.C. 1451-2000, s.47; O.C. 1463-2001, s.142; O.C. 1282-2003, s.68; O.C. 1155-2004, s.64; O.C. 1149-2006, s.56; O.C. 1116-2007, s.42; O.C. 134-2009, s.1; O.C. 1303-2009, s.26; O.C. 390-2012, s.75; O.C. 321-2017, s.54.

**Corresponding Federal Provision:** 600.

## TITLE XXXIX

### INFORMATION RESPECTING TAX SHELTERS

title XXVI.1; O.C. 1114-92, s.38; O.C. 134-2009, s.1.

**1079.1R1.** For the purposes of this Title, “promoter” has the meaning assigned by the first paragraph of section 1079.1 of the Act.

s. 1079.1R1; O.C. 1114-92, s.38; O.C. 1451-2000, s.48; O.C. 134-2009, s.1.

**1079.1R2.** For the purposes of the definition of “tax shelter” in the first paragraph of section 1079.1 of the Act, property that is a registered pension plan, a registered retirement savings plan, a deferred profit sharing plan, a registered retirement income fund, a registered education savings plan, a property in respect of which section 241.0.1 of the Act applies or a property described in the second paragraph is a prescribed property in relation to a tax shelter.

The property mentioned in the first paragraph refers to

(a) *(subparagraph revoked)*;

(b) shares subject to a stipulation to the effect that they may be included in an SME growth stock plan within the meaning of the first paragraph of section 965.55 of the Act;

(c) shares meeting the requirements of sections 73 to 80 of the Savings and Credit Unions Act (chapter C-4.1), as they read on 30 June 2001, and which are issued by a savings and credit union governed by that Act;

(d) Class “A” shares issued by the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1);

(e) class “A” or “B” shares issued by the corporation governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2);

(f) eligible shares within the meaning of the cooperative investment plan, established under Décret 1596-85 (1985, G.O. 2, 5580);

(g) qualifying security within the meaning of the Cooperative Investment Plan Act (chapter R-8.1.1);

(h) common shares with full voting rights within the meaning of the Act respecting Québec business investment companies (chapter S-29.1); and

(i) class “A” or “B” shares of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

s. 1079.1R2; O.C. 1114-92, s.38; O.C. 1114-93, s.42; O.C. 473-95, s.41; O.C. 523-96, s.35; O.C. 1633-96, s.34; O.C. 1707-97, s.98; O.C. 1466-98, s.126; O.C. 1454-99, s.49; O.C. 1451-2000, s.49; O.C. 1282-2003, s.69; 2006, c.8, s.31; O.C. 1116-2007, s.43; O.C. 134-2009, s.1; O.C. 1176-2010, s.52; O.C. 117-2019, s.32; 2019, c.14, s.652.

**Corresponding Federal Provision:** 3101.

**1079.1R3.** For the purposes of the definition of “tax shelter” in the first paragraph of section 1079.1 of the Act, a prescribed benefit in relation to an interest in a property means any amount that may reasonably be expected, having regard to statements or representations made in respect of the interest, to be received or enjoyed by a person, in this section referred to as “the purchaser”, who acquires the interest, or a person with whom the purchaser does not deal at arm’s length, which receipt or enjoyment would have the effect of reducing the impact of any loss that the purchaser may sustain in respect of the interest, and includes the amounts described in the second paragraph, but, subject to subparagraph ii of subparagraph *b* of that paragraph, does not include profits earned in respect of the interest.

The amounts mentioned in the first paragraph are in reference to

(a) an amount owed, immediately or in the future, by the purchaser, or a person with whom the purchaser does not deal at arm’s length, to any other person to the extent that

i. liability to pay that amount is contingent,

ii. payment of that amount is or will be guaranteed, security is or will be provided in respect of the amount or an agreement to indemnify the other person to whom the amount is owed is or will be entered into by one of the following persons:

(1) a promoter in respect of the interest,

(2) a person with whom the promoter does not deal at arm's length, or

(3) a person who is to receive a payment, other than a payment made by the purchaser, in respect of the guarantee, security or agreement to indemnity,

iii. the rights of that other person against the purchaser, or against a person with whom the purchaser does not deal at arm's length, in respect of the collection of all or part of the purchase price, are limited to a maximum amount, are enforceable only against certain property, or are otherwise limited by agreement, or

iv. payment of that amount is to be made in a foreign currency or is to be determined by reference to its value in a foreign currency and it may reasonably be considered, having regard to the history of the exchange rate between the foreign currency and Canadian currency, that the aggregate of all such payments, when converted to Canadian currency at the exchange rate expected to prevail at the date on which each such payment would be required to be made, will be substantially less than that aggregate would be if each such payment was converted to Canadian currency at the time that each such payment became owing;

(b) an amount that the purchaser or a person with whom the purchaser does not deal at arm's length is entitled at any time to receive, directly or indirectly, or to have available

i. as a form of assistance from a government, municipality or other public authority, whether as a subsidy, grant, forgivable loan, deduction from tax, other than an amount described in subparagraph *b* of the second paragraph of section 1079.1 of the Act, or investment allowance, or as any other form of assistance, or

ii. by reason of a revenue guarantee or other agreement in respect of which revenue may be earned by the purchaser or a person with whom the purchaser does not deal at arm's length, to the extent that the revenue guarantee or other agreement may reasonably be considered to ensure that the purchaser or person will receive a return of all or a portion of the purchaser's outlays in respect of the interest;

(c) an amount that is the proceeds of disposition to which the purchaser is entitled by way of an agreement or other arrangement under which the purchaser has a right, either absolutely or contingently, to dispose of the interest, otherwise than as a consequence of the purchaser's death, including the fair market value of any property that the agreement or arrangement provides for the acquisition of in exchange for all or any part of the interest; and

(d) an amount that is owed to a promoter, or a person with whom the promoter does not deal at arm's length, by the

purchaser or a person with whom the purchaser does not deal at arm's length in respect of the acquisition of the interest.

s. 1079.1R3; O.C. 1114-92, s. 38; O.C. 1466-98, s. 126; O.C. 1451-2000, s. 50; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 53; O.C. 701-2013, s. 62.

**Corresponding Federal Provision:** 3100(1) and (2).

**1079.1R4.** For the purposes of the definition of "tax shelter" in the first paragraph of section 1079.1 of the Act, a prescribed benefit in respect of an interest in a property includes an amount that is a limited-recourse amount under any of sections 851.38, 851.42 and 851.48 of the Act, but does not include an amount of indebtedness that is a limited-recourse amount

(a) solely because it is not required to be repaid within 10 years from the time the indebtedness arose where the debtor would, if the interest were acquired by the debtor immediately after that time, be

i. a partnership at least 90% of the fair market value of the property of which is attributable to the partnership's corporeal capital property located in Canada, and at least 90% of the value of all interests in which are held by limited partners within the meaning of section 613.6 of the Act, except where it is reasonable to conclude that one of the main reasons for the acquisition of one or more properties by the partnership, or for the acquisition of one or more interests in the partnership by limited partners, is to avoid the application of this section, or

ii. a member of a particular partnership having fewer than six members, except where

(1) the particular partnership is a member of another partnership,

(2) there is a limited partner, within the meaning of section 613.6 of the Act, of the particular partnership,

(3) less than 90% of the fair market value of the particular partnership's property is attributable to the particular partnership's corporeal capital property located in Canada, or

(4) it is reasonable to conclude that one of the main reasons for the existence of a partnership that is a member of a group of partnerships, one of which is the particular partnership, or for the acquisition of one or more properties by the particular partnership, is to avoid the application of this Title to the member's indebtedness;

(b) of a partnership where

i. the indebtedness is secured by and used to acquire the partnership's corporeal capital property located in Canada, other than specified energy property within the meaning of section 130R51, rental property within the meaning of section 130R88 and leasing property within the meaning of section 130R93,

ii. the person to whom the indebtedness is repayable is a member of the Canadian Payments Association, and

iii. throughout the period during which any amount is outstanding in respect of the indebtedness, except where it is reasonable to conclude that one of the main reasons for the acquisition of one or more properties by the partnership, or for the acquisition of one or more interests in the partnership by limited partners, is to avoid the application of this section,

(1) at least 90% of the fair market value of the property of the partnership is attributable to corporeal capital property located in Canada of the partnership,

(2) at least 90% of the value of all interests in the partnership are held by limited partners, within the meaning of section 613.6 of the Act, that are corporations, and

(3) the principal business of each limited partner referred to in subparagraph 2 is related to the principal business of the partnership; or

(c) of a corporation where the amount is a *bona fide* business loan made to the corporation for the purpose of financing a business that the corporation operates and the loan is made pursuant to a loan program of the Government of Canada or of a province the purpose of which is to extend financing to small and medium-sized Canadian businesses.

s. 1079.1R4; O.C. 1282-2003, s. 70; O.C. 1249-2005, s. 42; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 3100(3).

## TITLE XXXIX.1

### CERTIFICATE FROM REVENU QUÉBEC

O.C. 586-2015, s. 1.

**1079.8.18R1.** The prescribed manner of verifying the authenticity of a certificate from Revenu Québec is to use the electronic process provided for that purpose on its website.

O.C. 586-2015, s. 1; O.C. 1182-2017, s. 16.

**1079.8.19R1.** The prescribed manner of applying for a certificate from Revenu Québec is to use the electronic process provided for that purpose on its website.

O.C. 586-2015, s. 1; O.C. 1182-2017, s. 16.

**1079.8.34.3R1.** The prescribed manner of verifying the authenticity of a certificate and of reporting an amount referred to in the second paragraph of section 1079.8.34.3 of the Act is to use the electronic process provided for that purpose on Revenu Québec's website.

2020, c. 5, s. 18 [in force : O.C. 1080-2020].

## TITLE XL

### INFORMATION

title XXVII; O.C. 1981-80, title XXVII; R.R.Q., 1981, c. I-3, r. 1, title XXVII; O.C. 134-2009, s. 1.

**1086R1.** Every person who makes a payment mentioned in section 1015 of the Act that is not an annuity payment related to an interest in an annuity contract to which section 1086R9 applies must file an information return in prescribed form.

Except as provided in the third and fourth paragraphs, an information return must also be submitted by every person who pays, grants or allocates an amount as

(a) a scholarship, fellowship or bursary, or a prize for achievement in a field of endeavour ordinarily carried on by the recipient, other than a bursary received by the recipient from a school board, which relates to the actual costs of periodic transportation incurred by the recipient, or by an individual who is a member of the recipient's household, in accordance with the budgetary rules established by the Minister of Education, Recreation and Sports for the purpose of applying the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14);

(b) a grant paid to a recipient to carry on research or any similar work;

(c) an amount that is required to be included by any of paragraphs e.2 to e.6 of section 311 of the Act in computing a taxpayer's income;

(d) a benefit under regulations made under an Appropriation Act providing for a scheme of transitional assistance benefits to persons employed in the production of products to which the Canada - United States Agreement on Automobile Products, signed on 16 January 1965, applies;

(e) a benefit described in section 311R1;

(f) an amount payable on a periodic basis to a beneficiary in respect of the loss of all or part of income from an office or employment, under an insurance plan to which the employer has paid a contribution;

(g) a benefit whose value must be included in computing the income of an individual pursuant under section 37, 37.1, 41, 47.1 or 119.1 of the Act;

(h) a benefit whose value must be included in computing the income of a shareholder under section 117 of the Act;

(i) a contribution that is required to be included in computing the income of an individual under section 43.2 of the Act; or

(j) a payment made under a registered education savings plan, other than a refund of contributions.

An information return in prescribed form must also be filed by an employer of an individual where a person related to that employer either makes an automobile available to the individual or to a person related to the individual, or pays a premium in respect of the individual under a personal insurance plan.

An information return in prescribed form must also be filed by a corporation where a person related thereto makes an automobile available to a shareholder of the corporation or to a person related to the shareholder.

Where a particular qualifying person, within the meaning of section 47.18 of the Act, has agreed to sell or issue a security, within the meaning of that section, of the particular qualifying person or of a qualifying person with which it does not deal at arm's length, to a taxpayer who is an employee of the particular qualifying person or of a qualifying person with which it does not deal at arm's length, and the taxpayer has acquired the security under the agreement in circumstances referred to in section 58.0.1 of the Act, as it read before being repealed, each of the particular qualifying person, the qualifying person of which the security is acquired and the qualifying person that is the taxpayer's employer must, for the taxation year in which the security is acquired, file an information return in prescribed form in respect of the benefit that the taxpayer would be deemed to have received, but for that section 58.0.1, because of the taxpayer's office or employment in that year and, for that purpose, an information return filed by one of the qualifying persons in respect of the taxpayer's acquisition of the security is deemed to be filed by each of the qualifying persons.

s. 1086R1; O.C. 1981-80, s. 1086R1; O.C. 1983-80, s.40; O.C. 3926-80, s.40; R.R.Q., 1981, c. I-3, r. 1, s. 1086R1; O.C. 2962-82, s.85; O.C. 500-83, s.85; O.C. 2727-84, s.24; O.C. 2583-85, s.29; O.C. 615-88, s.35; O.C. 1471-91, s.33; O.C. 1114-92, s.39; O.C. 473-95, s.42; O.C. 35-96, s.86; O.C. 1707-97, s.81; O.C. 1451-2000, s.52; O.C. 1282-2003, s.71; O.C. 1155-2004, s.65; 2005, c. 28, s.195; O.C. 134-2009, s.1; O.C. 1303-2009, s.27; O.C. 1176-2010, s.54; O.C. 701-2013, s.63.  
**Corresponding Federal Provision:** 200(1), (1.1)(a) and (2) to (5).

**1086R2.** Every trustee of a profit sharing plan must file an information return in prescribed form and an employer may file it in lieu of the trustee.

s. 1086R2; O.C. 1981-80, s. 1086R2; R.R.Q., 1981, c. I-3, r. 1, s. 1086R2; O.C. 1471-91, s.33; O.C. 473-95, s.48; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 212.

**1086R2.1.** An administrator of a pooled registered pension plan must file an information return in prescribed form for each calendar year in respect of the pooled

registered pension plan on or before the day on which the information return required by section 213 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Supplement)) is to be filed.

In the first paragraph, "administrator" has the meaning assigned by section 965.0.19 of the Act.

O.C. 321-2017, s. 55.

**Corresponding Federal Provision:** 213.

**1086R3.** Every person must file an information return in prescribed form if the person pays

(a) an amount that, pursuant to section 929 of the Act, must be included in computing a taxpayer's income for a taxation year;

(b) an amount that is an eligible amount within the meaning of the first paragraph of section 935.1 of the Act; or

(c) an amount that is an eligible amount within the meaning of the first paragraph of section 935.12 of the Act.

Where an amount in respect of a plan to which section 914 of the Act applies must be included in computing a taxpayer's income for a taxation year, or where an annuitant is deemed, under the first paragraph of section 915.2 of the Act, to have received an amount as a benefit out of or under a registered retirement savings plan and the amount of which must be included in computing the annuitant's income for a taxation year pursuant to section 929 of the Act, the issuer of such plan must file an information return in prescribed form.

Where, in a taxation year, any of sections 928, 932 and 933 of the Act applies in respect of a trust governed by a registered retirement savings plan, the trustee of that plan must file an information return in prescribed form.

Where a payment or transfer of property of a registered retirement savings plan under which a taxpayer is the annuitant is made to another registered retirement savings plan or to a registered retirement income fund under which the spouse or former spouse of the transferor is the annuitant and section 913 of the Act applies in respect of the payment or transfer, the issuer of the plan from which the payment or transfer is made must file an information return in prescribed form in respect of the payment or transfer.

In this section, "issuer" has the meaning assigned by paragraph c of section 905.1 of the Act and "annuitant" has the meaning assigned by paragraph b of that section.

s. 1086R3; O.C. 1981-80, s. 1086R3; O.C. 3926-80, s.41; R.R.Q., 1981, c. I-3, r. 1, s. 1086R3; O.C. 2583-85, s.30; O.C. 1471-91, s.33; O.C. 1114-93, s.43; O.C. 473-95, s.48; O.C. 1707-97, s.82; O.C. 1282-2003, s.72; O.C. 1149-2006, s.58; O.C. 134-2009, s.1; O.C. 1303-2009, s.28; O.C. 701-2013, s.64.

**Corresponding Federal Provision:** 214(1) to (7).

**1086R4.** Every carrier of a registered retirement income fund must file an information return in prescribed form

(a) in respect of an amount that the annuitant is deemed to have received under the first paragraph of section 961.17.1 of the Act during a taxation year;

(b) in respect of an amount that the beneficiary pays out of that fund or under that fund and in respect of which

i. a portion of the amount must be included in computing the income of a taxpayer under the first paragraph of section 961.17 of the Act, or

ii. subparagraph *b* of the second paragraph of section 961.17 of the Act applies in respect of the amount;

(c) where, for a taxation year, a taxpayer who is a annuitant under the fund is required to include an amount in computing the taxpayer's income in accordance with section 961.18 or 961.19 of the Act or may be allowed pursuant to section 961.21 of the Act to deduct an amount in computing the taxpayer's income; and

(d) where, for a taxation year, a taxpayer is required to include an amount in computing the taxpayer's income in accordance with section 961.9 of the Act.

In this section, "carrier" has the meaning assigned by paragraph *b* of section 961.1.5 of the Act and "annuitant" has the meaning assigned by paragraph *d* of that section.

s. 1086R6.1; O.C. 1983-80, s.41; R.R.Q., 1981, c. I-3, r. 1, s. 1086R6.1; O.C. 421-88, s.35; O.C. 1471-91, s.33; O.C. 473-95, s.48; O.C. 1454-99, s.50; O.C. 1282-2003, s.73; O.C. 1155-2004, s.66; O.C. 1149-2006, s.59; O.C. 134-2009, s.1; O.C. 701-2013, s.65.

**Corresponding Federal Provision:** 215.

**1086R5.** An information return in prescribed form must be filed, in respect of the part of the payment mentioned hereinafter for which an information return was not previously filed under this section or under any of sections 1086R6 to 1086R9 and 1086R54, by every person who makes, to an individual resident in Québec or to a corporation having an establishment therein, one of the following payments:

(a) a dividend or an amount deemed by the Act to be a dividend other than a dividend deemed to have been paid to a person under sections 504 to 506, 507 and 508 of the Act where, pursuant to section 510.1 of the Act, those sections do not apply to deem the dividend to have been received by the person;

(b) an interest, excluding the part of that interest to which any of sections 1086R6 to 1086R8 applies, paid in respect of

i. a registered bond,

ii. money on loan or on deposit or property of any kind deposited or placed with a corporation, association, organization or institution,

iii. an investment with an investment dealer or broker,

iv. an insurance policy or an annuity contract by an insurer, or

v. an amount payable in respect of a compensation for property expropriated;

(c) royalties for the use of a work, invention or right to remove natural resources;

(d) a payment referred to in section 120 of the Act, where such payment was made by a corporation, association, organization or institution;

(e) an amount paid from a person's NISA Fund No. 2;

(f) an amount that is required by section 979.21 of the Act to be added in computing a person's income for a taxation year; and

(g) a payment in respect of the portion of the price for which a debt obligation was disposed of, which portion is deemed under section 167.1.1 of the Act to be interest that accrued on the debt obligation that the transferee has become entitled to receive for a period commencing before the time of the disposition (in this section referred to as the "particular time") and ending at the particular time and that is not payable until after the particular time, if the payment is made by a person that is a financial institution for the purposes of section 1086R10, on its behalf or as a mandatary.

s. 1086R7; O.C. 1981-80, s. 1086R7; O.C. 3926-80, s.42; R.R.Q., 1981, c. I-3, r. 1, s. 1086R7; O.C. 2583-85, s.33; O.C. 615-88, s.36; O.C. 1471-91, s.33; O.C. 473-95, s.48; O.C. 67-96, s.61; O.C. 1707-97, s.98; O.C. 1466-98, s.108; O.C. 1454-99, s.51; O.C. 134-2009, s.1; 2019, c.14, s.653.

**Corresponding Federal Provision:** 201(1).

**1086R6.** A person or partnership that is indebted in a calendar year under a debt obligation in respect of which section 92.1 of the Act and paragraph *b* of section 1086R5 apply with respect to a taxpayer must file an information return in prescribed form in respect of the amount (other than an amount in respect of which paragraph *g* of section 1086R5 applies) that would, if the year were a taxation year of the taxpayer, be included as interest in respect of the debt obligation in computing the taxpayer's income for the year.

s. 1086R7.1; O.C. 615-88, s.37; O.C. 1076-88, s.28; O.C. 1471-91, s.33; O.C. 366-94, s.26; O.C. 473-95, s.48; O.C. 1707-97, s.98; O.C. 1454-99, s.52; O.C. 134-2009, s.1; 2019, c.14, s.654.

**Corresponding Federal Provision:** 201(4).

**1086R7.** A person or partnership that is indebted in a calendar year under an indexed debt obligation in respect of which paragraph *b* of section 1086R5 applies must, for each taxpayer who holds an interest in the debt obligation at any time in the year, file an information return in prescribed form in respect of the amount that would, if the year were a taxation year of the taxpayer, be included as interest in respect of the debt obligation in computing the taxpayer's income for the year.

s. 1086R7.1.1; O.C. 1454-99, s. 53; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 201(4.1).

**1086R8.** Where, at any time in a calendar year, a person or partnership holds, on behalf or as a mandatary of a taxpayer resident in Québec, an interest in a debt obligation referred to in the second paragraph, that person or partnership must file an information return in prescribed form in respect of the amount that would, if the year were a taxation year of the taxpayer, be included as interest in respect of the debt obligation in computing the taxpayer's income for the year.

The debt obligation to which the first paragraph refers is an obligation referred to in paragraph *b* of section 1086R5 that is

(a) an obligation in respect of which section 92.1 of the Act applies with respect to the taxpayer; or

(b) an indexed debt obligation.

s. 1086R7.1.2; O.C. 1454-99, s. 53; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 201(4.2).

**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.

s. 1086R7.2; O.C. 615-88, s. 37; O.C. 1471-91, s. 33; O.C. 366-94, s. 26; O.C. 473-95, s. 48; O.C. 67-96, s. 62; O.C. 1454-99, s. 54; O.C. 134-2009, s. 1; O.C. 390-2012, s. 76.

**Corresponding Federal Provision:** 201(5).

**1086R9.1.** Section 1086R9 applies to an insurer in relation to a leveraged insured annuity policy for a calendar year only if

(a) the insurer is notified in writing by or on behalf of the policyholder, before the end of the calendar year, that the policy is a leveraged insured annuity policy; or

(b) it is reasonable to conclude that the insurer knew, or ought to have known, before the end of the calendar year, that the policy is a leveraged insured annuity policy.

O.C. 1182-2017, s. 17.

**Corresponding Federal Provision:** 201(5.1).

**1086R10.** Every financial institution making a payment for interest accrued after the redemption, assignment or any other transfer of a bond, debenture or similar security, other than an income bond, an income debenture or an investment contract in respect of which section 1086R6 applies, must, unless the payment is made to another financial institution, file an information return in prescribed form not later than the fifteenth day of the month following the month during which the payment is made and remit to the beneficiary, at the time of payment, one copy of the return concerning the beneficiary.

For the purposes of this section, a financial institution includes a taxpayer referred to in paragraphs *a* to *f* of section 250.3 of the Act.

s. 1086R7.3; O.C. 1797-90, s. 1; O.C. 1471-91, s. 33; O.C. 366-94, s. 27; O.C. 473-95, s. 48; O.C. 134-2009, s. 1; O.C. 701-2013, s. 66.

**Corresponding Federal Provision:** 211.

**1086R11.** Every person authorized to redeem Québec or Canada savings bond who pays in respect of any of those bonds a cash bonus, payment of which was not planned at the time of the issue of the bond, must file an information return in prescribed form not later than the fifteenth day of the month following the month during which the payment is made and remit to the beneficiary, at the time of payment, one copy of the return concerning the beneficiary.

s. 1086R7.4; O.C. 1797-90, s. 1; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 134-2009, s. 1; O.C. 701-2013, s. 67.

**Corresponding Federal Provision:** 220.

**1086R12.** Every person who, in respect of the disposition or redemption of a bearer debt obligation, makes a payment to an individual resident in Québec or acts on behalf or as the mandatary of such individual, must file an information return in prescribed form in respect of that transaction, indicating therein, in particular, the proceeds of that disposition or the amount of that redemption.

For the purposes of the first paragraph, a bearer debt obligation does not include a debt obligation redeemed at an amount equal to its issue price, a debt obligation referred to in subparagraph *b* of the first paragraph of section 92.5R3 or a coupon, warrant or cheque referred to in section 54 of the Tax Administration Act (chapter A-6.002).

s. 1086R7.5; O.C. 1471-91, s. 31; O.C. 473-95, s. 48; O.C. 134-2009, s. 1; 2010, c. 31, s. 175.

**Corresponding Federal Provision:** 201(6) and (7).

**1086R13.** Where a financial institution designated for the purposes of the Subsidy and Loan Program for Workers, administered by the Ministère de l'Emploi et de la Solidarité sociale, receives from an individual, before the end of a year an amount that is deductible by the individual under paragraph *k* of section 336 of the Act, that institution must file an information return in prescribed form in respect of the amount so received, unless an information return in



prescribed form was previously filed in respect of that amount.

s. 1086R7.6; O.C. 1539-93, s.45; O.C. 473-95, s.48; O.C. 523-96, s.36; 1997, c. 63, s.138; O.C. 1466-98, s.109; O.C. 1454-99, s.55; 2001, c. 44, s.30; O.C. 1155-2004, s.67; O.C. 134-2009, s.1.

**1086R14.** A cooperative that, in a calendar year, redeems preferred shares it issued as a qualified patronage dividend, within the meaning of section 726.27 of the Act, must file an information return in prescribed form in respect of the transaction, indicating therein, in particular, the amount of the redemption.

For the purposes of the first paragraph, a cooperative is deemed to redeem the preferred shares issued by the cooperative that are identical properties in the order in which it issued them.

s. 1086R7.7; O.C. 1249-2005, s.44; O.C. 134-2009, s.1.

**1086R14.1.** An issuer of a tax-free savings account who pays an amount for which subparagraph *b* of the first paragraph of section 935.26.1 of the Act requires inclusion in computing the income of a taxpayer for a taxation year must file an information return in prescribed form.

In the first paragraph, “issuer” has the meaning assigned by subsection 1 of section 146.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 1176-2010, s.55.

**Corresponding Federal Provision:** 223(2).

**1086R15.** Any person who pays an amount that is required by section 313.1 of the Act to be included in computing a taxpayer’s income for a taxation year, must file an information return in prescribed form.

s. 1086R8; O.C. 1981-80, s. 1086R8; R.R.Q., 1981, c. I-3, r. 1, s. 1086R8; O.C. 1471-91, s.33; O.C. 473-95, s.48; O.C. 134-2009, s.1.

**Corresponding Federal Provision:** 224.

**1086R15.1.** Any person who pays an amount that is required by paragraph *i* of section 312 of the Act to be included in computing a taxpayer’s income for a taxation year must file an information return in prescribed form.

O.C. 229-2014, s.16.

**1086R16.** Every person who pays an amount that, pursuant to section 694.0.0.1 of the Act, must be included in computing a taxpayer’s taxable income for a taxation year, must file an information return in prescribed form.

s. 1086R8.0.1; O.C. 1116-2007, s.44; O.C. 134-2009, s.1.

**1086R17.** (*Revoked*).

s. 1086R8.1; O.C. 1983-80, s.42; R.R.Q., 1981, c. I-3, r. 1, s. 1086R8.1; O.C. 2727-84, s.25; O.C. 1666-90, s.21; O.C. 473-95, s.48; O.C. 134-2009, s.1; O.C. 117-2019, s.33.

**1086R18.** Any broker or any qualified mutual fund referred to in section 965.56 of the Act with which an individual has made an arrangement that is an SME growth stock plan must file an information return in prescribed form for any year during which the plan is in force.

s. 1086R8.1.0.1; O.C. 1149-2006, s.60; O.C. 134-2009, s.1.

**1086R19.** Where a Québec business investment company within the meaning of paragraph *f* of section 965.29 of the Act makes a qualified investment within the meaning of paragraph *d* of that section 965.29, Investissement Québec must file an information return in prescribed form in respect of each person who is the owner, at the time the qualified investment was made, of a share used to determine an interest in that qualified investment within the meaning of paragraph *c* of that section 965.29.

s. 1086R8.1.1; O.C. 1666-90, s.22; O.C. 473-95, s.48; O.C. 523-96, s.37; 1998, c. 17, s.64; 2001, c. 69, s.12; O.C. 134-2009, s.1.

**1086R20.** A qualified cooperative within the meaning of paragraph *a* of section 965.35 of the Act that, in the course of a year, issues qualifying security within the meaning of paragraph *d* of that section, must file an information return in prescribed form in respect of that security for the entire year during which it issues such security.

s. 1086R8.1.3; O.C. 1666-90, s.22; O.C. 473-95, s.48; O.C. 134-2009, s.1.

**1086R21.** A qualified cooperative or qualified federation of cooperatives within the meaning of section 965.39.1 of the Act that, in the course of a year, issues a qualifying security within the meaning of that section to a qualified investor within the meaning of section 9 of the Cooperative Investment Plan Act (chapter R-8.1.1), must file an information return in prescribed form in respect of that security for any year during which it issues such security.

A qualified cooperative or qualified federation of cooperatives must also send to each qualified investor having acquired a qualifying security an information return stating the adjusted cost of the qualifying security.

s. 1086R8.1.3.1; O.C. 1116-2007, s.45; O.C. 134-2009, s.1.

**1086R22.** An eligible research consortium within the meaning of section 1029.8.9.0.2 of the Act must, within 60 days following the end of a fiscal period of that eligible research consortium during which taxpayers or partnerships that are members thereof pay to it eligible fees within the

meaning of that section, file an information return in prescribed form in respect of each of those members.

s. 1086R8.1.5; O.C. 1539-93, s.46; O.C. 473-95, s.48; O.C. 1707-97, s. 84; O.C. 134-2009, s. 1.

**1086R23.** A corporation governed by an Act establishing a labour-sponsored fund must file an information return in prescribed form in respect of the following shares:

(a) any class “A” share of its capital stock that it issues and, if it is governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2), any class “B” share of its capital stock that it issues; and

(b) any replacement share, within the meaning assigned by the first paragraph of section 776.1.5.0.1 or 776.1.5.0.6 of the Act, that was not acquired and should have been acquired in accordance with subdivision 2 of Division II of Chapter III of Title III of Book V of Part I of the Act or in accordance with subdivision 2 of Division III of that Chapter III, as the case may be.

The information return in respect of a share described in subparagraph *a* of the first paragraph must be sent to the Minister not later than

(a) where the share is issued during the first 60 days of a calendar year, 31 March of that calendar year; and

(b) in all other cases, 31 March of the calendar year following the year in which the share is issued.

The information return in respect of a share described in subparagraph *b* of the first paragraph must be sent to the Minister not later than 31 March of the calendar year following the calendar year for which that replacement share should have been acquired.

s. 1086R8.1.6; O.C. 473-95, s.43; O.C. 1633-96, s.35; O.C. 1707-97, s.98; O.C. 1466-98, s.126; O.C. 1470-2002, s.80; O.C. 134-2009, s.1.

**1086R24.** The corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) must file, in relation to a particular taxation year, an information return in prescribed form in respect of

(a) a class “A” share of its capital stock that it issues to an individual in the period referred to in the first paragraph of section 776.1.5.0.11 of the Act in relation to the particular year, except where, as the case may be,

i. the individual requested that the share be subject to a redemption transaction described in subparagraph *a* of the third paragraph, or

ii. before 1 March of the year that follows the particular year, the corporation, at the request of the individual and in relation to another share of its capital stock held by the individual, carried out a redemption transaction described in subparagraph *b* of the third paragraph or a purchase transaction described in subparagraph *c* of that paragraph;

(b) a consideration that an individual has undertaken to pay under a promise to purchase by way of exchange that was made at a particular time in the period referred to in the first paragraph of section 776.1.5.0.15.2 of the Act in relation to the particular year and that the corporation accepted after 9 July 2018 and before 19 June 2019, except where, before 1 March of the year that follows the particular year, the corporation, at the request of the individual and in relation to a share of its capital stock held by the individual, carried out a redemption transaction described in subparagraph *b* of the third paragraph or a purchase transaction described in subparagraph *c* of that paragraph; and

(c) a class “B” share of its capital stock that it issues to an individual in the period referred to in the first paragraph of section 776.1.5.0.15.4 of the Act in relation to the particular year, except where, as the case may be,

i. that share was issued as a consequence of a promise to purchase by way of exchange,

ii. the individual requested that the share be subject to a redemption transaction described in subparagraph *a* of the third paragraph, or

iii. before 1 March of the year that follows the particular year, the corporation, at the request of the individual and in relation to another share of its capital stock held by the individual, carried out a redemption transaction described in subparagraph *b* of the third paragraph or a purchase transaction described in subparagraph *c* of that paragraph.

The return must be sent to the Minister not later than 31 March following the end of the period referred to in subparagraph *a*, *b* or *c* of the first paragraph, as the case may be.

The redemption or purchase transactions to which subparagraphs *a* to *c* of the first paragraph refer are the following:

(a) a redemption under paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins;

(b) a redemption under paragraph 1 or 4 of section 12 of the Act constituting Capital régional et coopératif Desjardins; and

(c) a purchase under the purchase by agreement policy approved by the Minister of Finance under the second paragraph of section 11 of the Act constituting Capital régional et coopératif Desjardins, except where the purchase

is made in accordance with a provision of that policy under which the corporation governed by that Act may, by agreement, purchase a share that it issued because no amount was deducted in respect of the share under any of sections 776.1.5.0.11, 776.1.5.0.15.2 and 776.1.5.0.15.4 of the Act, as the case may be.

In this section, “promise to purchase by way of exchange” has the meaning assigned by section 8.1 of the Act constituting Capital régional et coopératif Desjardins.

s. 1086R8.1.6.1; O.C. 1282-2003, s. 74; O.C. 134-2009, s. 1; 2019, c. 14, s. 655.

**1086R25.** Where a partnership that carries on a business in Canada causes scientific research and experimental development to be undertaken on its behalf in Québec as part of a contract and makes an expenditure, as part of the contract, that is a portion of the consideration referred to in any of subparagraphs *c*, *e*, *g* and *i* of the first paragraph of section 1029.8 of the Act, the partnership must transmit in writing, within 60 days following the end of its fiscal period during which the expenditure is made, to each taxpayer who is a member thereof at the end of that fiscal period, the information required by section 1029.8.0.0.1 of the Act in respect of that contract.

s. 1086R8.1.8; O.C. 1633-96, s. 36; O.C. 1707-97, s. 98; O.C. 1454-99, s. 56; O.C. 1451-2000, s. 53; O.C. 134-2009, s. 1.

**1086R26.** Where the principal filming or taping work of a property that is a certified feature film, a certified production, a certified Québec film or a Québec film production, within the meaning assigned to those expressions by the first paragraph of section 130R3, has occurred during a year or has been completed not later than 60 days after the end of the year, the producer of the property, the corporation producing it or the mandatary of the producer or of the corporation must file an information return in prescribed form in respect of any person or partnership that is the owner of a share in the property at the end of the year.

s. 1086R8.2; O.C. 2727-84, s. 26; O.C. 1076-88, s. 29; O.C. 1471-91, s. 33; O.C. 1539-93, s. 47; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 225(1).

**1086R27.** The Commission des normes, de l'équité, de la santé et de la sécurité du travail must file an information return in prescribed form in respect of an income replacement indemnity or compensation for the loss of financial support it determines.

s. 1086R8.7; O.C. 1666-90, s. 23; O.C. 473-95, s. 48; O.C. 1633-96, s. 37; O.C. 1149-2006, s. 62; O.C. 134-2009, s. 1; 2015, c. 15, s. 237.

**Corresponding Federal Provision:** 232.

**1086R28.** The Société de l'assurance automobile du Québec must file an information return in prescribed form in

respect of an income replacement indemnity or compensation for the loss of financial support it determines.

s. 1086R8.8; O.C. 1666-90, s. 23; O.C. 473-95, s. 48; O.C. 523-96, s. 39; O.C. 1451-2000, s. 54; O.C. 1149-2006, s. 62; O.C. 134-2009, s. 1.

**1086R29.** The Société de l'assurance automobile du Québec must issue, for a calendar year, an information return to an eligible taxpayer in respect of each taxi owner's permit of which the taxpayer is the holder.

The information return that must be issued to an eligible taxpayer under the first paragraph must be sent to the taxpayer at the taxpayer's last known address or delivered personally to the taxpayer, on or before the last day of February of the following year.

In this section, “eligible taxpayer”, “taxi owner's permit” and “holder” have the meaning assigned by the first paragraph of section 1029.8.36.59.9 of the Act.

s. 1086R8.8.1; O.C. 1155-2004, s. 68; O.C. 134-2009, s. 1.

**1086R30.** The Minister of Employment and Social Solidarity must file an information return in prescribed form in respect of the following amounts:

(a) a benefit the Minister of Employment and Social Solidarity pays under the Act respecting income security (chapter S-3.1.1), other than a benefit paid under Chapter III of that Act, a payment described in section 311.1R1, or an amount described in subparagraph *a* or *b* of the second paragraph of section 311.1 of the Act;

(b) a benefit the Minister pays under the Act respecting income support, employment assistance and social solidarity (chapter S-32.001), other than a benefit paid under Chapter III of Title II of that Act, an amount described in subparagraph *a* or *b* of the second paragraph of section 311.1 of the Act, or a payment described in section 311.1R1; and

(c) a benefit the Minister pays under the Individual and Family Assistance Act (chapter A-13.1.1), other than an amount described in subparagraphs *a*, *b*, *e* and *f* of the second paragraph of section 311.1 of the Act, or a payment described in section 311.1R1.

Every person, other than the person referred to in the first paragraph, who pays an amount described in section 311.1 of the Act to a particular person must file an information return in prescribed form in respect of the payment, except where

(a) in the case where the amount is paid as government assistance similar to last resort financial assistance paid under the Act respecting income support, employment assistance and social solidarity, the amount is an amount described in subparagraph *a* or *b* of the second paragraph of section 311.1 of the Act or is a payment described in section 311.1R1;

(b) in the case where the amount is paid as government assistance similar to last resort financial assistance paid under the Individual and Family Assistance Act, the amount is an amount described in subparagraph *a* or *b* of the second paragraph of section 311.1 of the Act or is a payment described in section 311.1R1; or

(c) in all other cases, the amount is

i. an amount paid in respect of child care expenses within the meaning that would be assigned by section 1029.8.67 of the Act if the definition of that expression were read with the words “neither prescribed nor” replaced by the word “not”, incurred by or on behalf of the particular person or a person related to the particular person,

ii. an amount paid in respect of the funeral expenses of a person related to the particular person,

iii. an amount paid in respect of judicial expenses incurred by or on behalf of the particular person or a person related to the particular person,

iv. an amount paid in respect of vocational training or counselling of the particular person or a person related to the particular person,

v. an amount paid in a particular year as a part of a series of payments, the total of which in the year does not exceed \$500, or

vi. an amount paid that is not a part of a series of payments.

s. 1086R8.9; O.C. 1666-90, s.23; O.C. 1539-93, s.49; O.C. 473-95, s.48; O.C. 523-96, s.40; O.C. 1633-96, s.38; O.C. 1466-98, s.110; O.C. 1454-99, s.57; 2001, c. 44, s.30; O.C. 1282-2003, s.76; O.C. 1249-2005, s.45; O.C. 1149-2006, s.63; O.C. 1116-2007, s.46; O.C. 134-2009, s.1; O.C. 701-2013, s.68; I.N. 2016-01-01 (NCCP); O.C. 1182-2017, s.18; O.C. 204-2020, s.14.

**Corresponding Federal Provision:** 233.

**1086R31.** The Commission des normes, de l'équité, de la santé et de la sécurité du travail and the Société de l'assurance automobile du Québec must forward, not later than the last day of February of each year, a copy of their payment record for the preceding year.

The payment record mentioned in the first paragraph must contain any information the Minister considers relevant for the application of the Act.

s. 1086R8.10; O.C. 1666-90, s.23; O.C. 134-2009, s.1; 2015, c.15, s.237.

**1086R32.** Every person who pays an amount as a lost-wages insurance or income insurance benefit or as a replacement for wages or income, other than a payment made owing to a strike or a payment referred to in section 1086R1,

must file an information return, in prescribed form in respect of that amount.

s. 1086R8.11; O.C. 1666-90, s.23; O.C. 473-95, s.48; O.C. 134-2009, s.1.

**1086R33.** Every eligible employer must file a statement of the amount of wages that is eligible income, in relation to a foreign researcher's employment with the eligible employer, paid for a taxation year to the foreign researcher by the eligible employer, and give one copy of the statement to the foreign researcher in person or send the copy to the foreign researcher at the foreign researcher's last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign researcher” have the meaning assigned to them by section 737.19 of the Act.

s. 1086R8.12; O.C. 1666-90, s.23; O.C. 1633-96, s.44; O.C. 1463-2001, s.143; O.C. 1249-2005, s.46; O.C. 134-2009, s.1; O.C. 701-2013, s.69.

**1086R34.** (*Revoked*).

s. 1086R8.12.0.0.1; O.C. 1463-2001, s.144; O.C. 134-2009, s.1; O.C. 390-2012, s.77; O.C. 701-2013, s.70.

**1086R35.** Every eligible employer must file a statement of the amount of wages that is eligible income, in relation to the employment of a foreign researcher on a post-doctoral internship with the eligible employer, paid for a taxation year to the foreign researcher on a post-doctoral internship by the eligible employer, and give one copy of the statement to the foreign researcher in person or send the copy to the foreign researcher at the foreign researcher's last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign researcher on a post-doctoral internship” have the meanings assigned by section 737.22.0.0.1 of the Act.

s. 1086R8.12.0.0.1; O.C. 1451-2000, s.55; O.C. 1463-2001, s.145; O.C. 1249-2005, s.47; O.C. 134-2009, s.1; O.C. 701-2013, s.71.

**1086R36.** Every eligible employer must file a statement of the amount of wages that is eligible income, in relation to a foreign expert's employment with the eligible employer, paid for a taxation year to the foreign expert by the eligible employer, and give one copy of the statement to the foreign expert in person or send the copy to the foreign expert at the foreign expert's last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign expert” have the meanings assigned by section 737.22.0.0.5 of the Act.

s. 1086R8.12.0.0.2; O.C. 1463-2001, s. 146; O.C. 1249-2005, s. 48; O.C. 134-2009, s. 1; O.C. 701-2013, s. 72.

**1086R37.** Every eligible employer must file a statement of the amount of wages that is eligible income, in relation to a foreign specialist’s employment with the eligible employer, paid for a taxation year to the foreign specialist by the eligible employer, and give one copy of the statement to the foreign specialist in person or send the copy to the foreign specialist at the foreign specialist’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign specialist” have the meanings assigned by section 737.22.0.1 of the Act.

s. 1086R8.12.0.1; O.C. 1466-98, s. 111; O.C. 1463-2001, s. 147; O.C. 1249-2005, s. 49; O.C. 134-2009, s. 1; O.C. 701-2013, s. 73.

**1086R38.** Every eligible employer must file a statement of the amount of wages that is eligible income, in relation to a foreign professor’s employment with the eligible employer, paid for a taxation year to the foreign professor by the eligible employer, and give one copy of the statement to the foreign professor in person or send the copy to the foreign professor at the foreign professor’s last known address, on or before the last day of February of each year in respect of the preceding calendar year.

In this section, “eligible employer”, “eligible income” and “foreign professor” have the meanings assigned by section 737.22.0.5 of the Act.

s. 1086R8.12.0.2; O.C. 1282-2003, s. 77; O.C. 1249-2005, s. 50; O.C. 134-2009, s. 1; O.C. 701-2013, s. 74.

**1086R39.** The administrator of a multi-employer insurance plan within the meaning of section 43.1 of the Act must disclose, to any employer that is a member of that plan and to any other person who pays a contribution referred to in section 157.15 of the Act, the part of any contribution required to be paid by that employer or that other person under the plan which may reasonably be attributed to a plan for the insurance of persons, other than in relation to coverage against a loss of all or part of an income from an office, employment or business.

s. 1086R8.12.1; O.C. 473-95, s. 45; O.C. 1633-96, s. 39; O.C. 134-2009, s. 1.

**1086R40.** The administrator of a multi-employer insurance plan within the meaning of section 43.1 of the Act must file an information return in prescribed form where, for a taxation year, an individual is required to include an amount in computing the individual’s income under section 43.2 of the Act in relation to that plan or, if such is

not the case, where the individual enjoys, at any time in the year, coverage under that plan, other than coverage against a loss of all or part of an income from an office, employment or business.

s. 1086R8.12.2; O.C. 473-95, s. 45; O.C. 1633-96, s. 39; O.C. 134-2009, s. 1.

**1086R41.** The administrator of a plan for the insurance of persons, other than a multi-employer insurance plan within the meaning of section 43.1 of the Act, must disclose, not later than the fifteenth day of January of each year in respect of the preceding calendar year, to any employer that is a member of the plan after 20 May 1993, the information that the administrator has and that is necessary to determine the value of the benefit conferred for that preceding calendar year upon an employee in relation to coverage under the plan, other than coverage against loss of all or part of an income from an office or employment.

s. 1086R8.12.3; O.C. 473-95, s. 45; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1.

**1086R42.** Every corporation that has renounced an amount under any of sections 359.2, 359.2.1, 359.4 and 359.6 of the Act to a person must file an information return in prescribed form in respect of the amount renounced.

The return referred to in the first paragraph must be forwarded to the Minister with the prescribed form required under section 359.12 of the Act in respect of the amount renounced.

s. 1086R8.13; O.C. 538-91, s. 8; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 1466-98, s. 112; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 228.

**1086R43.** Where a corporation or a partnership has renounced, under section 726.4.17.12 or 726.4.17.13 of the Act, as the case may be, an amount in respect of an issue of flow-through shares or an issue of securities that are interests in the partnership, and where part of that amount is added to the account relative to certain issue costs of an individual having acquired such share or such security or would be added, if it were an individual, to the account relative to certain issue costs of a particular partnership having acquired such share or such security, the corporation that issued such share or the partnership that issued such security must file an information return in prescribed form, indicating the amount that, as applicable, is added to the account relative to certain issue costs of that individual or would be added to the account relative to certain issue costs of the particular partnership if the partnership were an individual.

The return filed under the first paragraph must be forwarded to the Minister on or before the later of

(a) the last day of the month following the month in which the renunciation referred to in the first paragraph was made; and

(b) the day on which a document must be filed at the latest with the Minister under section 359.12 of the Act where the return must be filed by a corporation, or under section 359.11 of the Act where it must be filed by a partnership or, as the case may be, under section 359.12.1 of the Act with regard to the renunciation of an amount in respect of Canadian exploration expenses that may reasonably be considered as having resulted in the amount that must be indicated in the return in accordance with the first paragraph.

s. 1086R8.14; O.C. 1539-93, s. 50; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**1086R44.** Where a corporation or a partnership has renounced, under section 726.4.17.12 or 726.4.17.13 of the Act, as the case may be, an amount in respect of an issue of flow-through shares or an issue of securities that are interests in the partnership, and where part of that amount is added to the account relative to certain issue costs of an individual by reason of the fact that that individual is a member of a particular partnership that acquired such share or such security, the particular partnership must file an information return in prescribed form, indicating the amount that is thus added to the account relative to certain issue costs of that individual.

The return filed under the first paragraph must be forwarded to the Minister on or before the later of

(a) the last day of the month following the month in which the renunciation referred to in the first paragraph was made; and

(b) the day on which a document must be filed at the latest with the Minister by the particular partnership under section 359.11 of the Act or, as applicable, under section 359.12.1 of the Act with regard to the renunciation of an amount in respect of Canadian exploration expenses that may reasonably be considered as having resulted in the amount that must be indicated in the return in accordance with the first paragraph.

s. 1086R8.15; O.C. 1539-93, s. 50; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**1086R45.** Every government, municipality or municipal or public body referred to as a “government” in sections 1086R46 and 1086R47, or producer organization or association that makes a payment to a person or partnership of an amount that is a farm support payment, other than an amount paid out of a net income stabilization account, must file an information return in prescribed form in respect of that amount.

For the purposes of the first paragraph, a farm support payment includes

(a) a payment that is computed in respect of an area of farm land;

(b) a payment that is made in respect of a unit of farm commodity grown or disposed of or a farm animal raised or disposed of; and

(c) a rebate of, or compensation for, all or a portion of

i. a cost or capital cost incurred in respect of farming, and

ii. unsowed or unplanted land or crops, or destroyed farm animals, crops or other farm output.

s. 1086R8.17; O.C. 67-96, s. 63; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 234.

**1086R46.** Every corporation or trust in respect of which a government or a producer organization or association is required to file a return under this Regulation must provide the government or the producer organization or association with its name, address and taxpayer identification number for the purposes of the Act.

s. 1086R8.18; O.C. 67-96, s. 63; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 235.

**1086R47.** Every person who is a member of a partnership in respect of which a government or a producer organization or association is required to file a return under this Regulation must provide the government or the producer organization or association with

(a) the person’s name, address and social insurance number or, where the person is not an individual other than a trust, its name, address and taxpayer identification number for the purposes of the Act; and

(b) the partnership’s name and address.

s. 1086R8.19; O.C. 67-96, s. 63; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 236.

**1086R48.** The Minister of Education, Recreation and Sports must issue, for a calendar year, to an individual recognized as an athlete having achieved the “Excellence”, “Élite” or “Relève” performance level, as the case may be, in respect of an individual sport or a team sport in which the individual participated in the year, a certificate stating that recognition.

The certificate must contain, in addition to the information required by subparagraphs *a* to *f* of the first paragraph of section 1029.8.120 of the Act, the individual’s name and address and social insurance number, and be sent to the individual at the individual’s last known address or delivered personally to the individual, on or before the last day of February of the following year.

s. 1086R8.20; O.C. 1470-2002, s. 81; O.C. 559-2003; O.C. 1282-2003, s. 78; O.C. 1155-2004, s. 69; O.C. 120-2005; O.C. 134-2009, s. 1; O.C. 701-2013, s. 75.

**1086R49.** Subject to the third paragraph, a department of the Government of Québec or a body referred to in Schedule 1, 2 or 3 of the Financial Administration Act (chapter A-6.001) that pays, directly or indirectly, an amount that is a contract payment to a person or a partnership must file an information return in prescribed form in respect of the amount, except in the case of

- (a) an amount paid to a person whose identity must be protected;
- (b) an amount paid in respect of a service provided outside Canada, to a person who is not resident in Canada at the time that the service is provided;
- (c) an amount not required to be included in computing an individual's income for a taxation year, where the individual is employed by the department or the body;
- (d) an amount in respect of which another information return in prescribed form must be filed under this Title;
- (e) an amount paid to a government or a person exempt from tax under Book VIII of Part I of the Act; or
- (f) an amount paid by credit card.

For the purposes of the first paragraph, "contract payment" means an amount received by a person or a partnership in full or partial satisfaction of the price stipulated in

- (a) a contract of enterprise or for services;
- (b) a contract of carriage;
- (c) a contract of mandate;
- (d) a contract in respect of the consumption of food or drink; or
- (e) a contract whose object is an enterprise, a service, carriage or a mandate and the sale or lease of a property, other than such a contract whose price is all or substantially all of the value of a property sold or leased in connection with the contract.

An information return is not to be filed by a department or a body under the first paragraph where the aggregate of the amounts paid, other than an amount described in any of subparagraphs *a* to *f* of that paragraph, to a person or a partnership in a year is less than \$1,000.

s. 1086R8.21; O.C. 1470-2002, s. 81; O.C. 1249-2005, s. 52; O.C. 1149-2006, s. 64; O.C. 134-2009, s. 1.

**1086R50.** A department of the Gouvernement du Québec or a body referred to in any of Schedules 1, 2 and 3 of the Financial Administration Act (chapter A-6.001) that pays an amount to a person or a partnership, in connection with a business or a property carried on by that person or that

partnership or in respect of medical expenses giving right to the tax credit for medical expenses provided for in section 752.0.11 of the Act, as a form of assistance in respect of the cost of a property, an outlay or an expenditure, or as inducement, whether as a grant, a subsidy, a forgivable loan, an allowance or a government transfer, must file an information return in respect of the amount in prescribed form, except in the case of

- (a) a benefit paid by the Commission des normes, de l'équité, de la santé et de la sécurité du travail under the Act respecting industrial accidents and occupational diseases (chapter A-3.001);
- (b) an amount paid under the Crime Victims Compensation Act (chapter I-6);
- (c) an amount paid under the Act to promote good citizenship (chapter C-20);
- (d) an indemnity paid by the Société de l'assurance automobile du Québec under Chapter V of Title II of the Automobile Insurance Act (chapter A-25);
- (e) a social assistance payment described in section 311.1R1;
- (f) a government transfer paid to help fund

- i. a public body,
- ii. an organization of the health and education networks,
- iii. a municipality, or
- iv. a municipal body;

(g) an amount in respect of which another information return in prescribed form must be filed under this Title; or

(h) an amount paid to a government or to a person exempt from tax under Book VIII of Part I of the Act.

s. 1086R8.22; O.C. 1470-2002, s. 81; O.C. 134-2009, s. 1; 2015, c. 15, s. 237.

**1086R51.** A department of the Gouvernement du Québec or a body required to file an information return under section 1086R49 or 1086R50 must forward to each person or partnership in respect of whom the return is filed one copy of the part of the return that concerns that person or that partnership not later than the last day of February in respect of the previous calendar year.

s. 1086R8.23; O.C. 1470-2002, s. 81; O.C. 1282-2003, s. 79; O.C. 1149-2006, s. 65; O.C. 134-2009, s. 1.

**1086R52.** Every minister or body responsible for rendering a decision or issuing a certificate or similar document for the purposes of the Act and, where applicable, for revoking such a document must send to the Minister an

information return containing a list of the documents that the minister or body issues in any month, and the information that the documents contain that is necessary for the purposes of the Act.

Such an information return must also be sent to the Minister in respect of any documents referred to in the first paragraph that are subsequently amended or revoked by the minister or body in any month.

The information returns referred to in the first and second paragraphs must be sent to the Minister on or before the last day of the month that follows the month in which a document referred to in the first paragraph is issued, amended or revoked.

s. 1086R8.24; O.C. 1155-2004, s. 70; O.C. 134-2009, s. 1.

**1086R53.** Where a taxpayer must, under section 310 of the Act where it refers to sections 968 and 968.1 of the Act, include an amount in computing the taxpayer's income by reason of the disposition of an interest in a life insurance policy and where the insurer who issued the policy is a party to the disposition or is informed thereof in writing, the insurer must file an information return in prescribed form in respect of that amount.

In this section,

“disposition” has the meaning assigned by paragraph *a* of section 966 of the Act and includes everything that is deemed to be a disposition of an interest in a life insurance policy under section 967 of the Act;

“insurer” has the meaning assigned by paragraph *a.1* of section 966 of the Act.

s. 1086R9; O.C. 1981-80, s. 1086R9; R.R.Q., 1981, c. I-3, r. 1, s. 1086R9; O.C. 421-88, s. 36; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 67-96, s. 64; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 217.

**1086R54.** Every person who receives a payment to which section 1086R5 applies, for the account of or as the mandatary of an individual resident in Québec or a corporation having an establishment therein, must file the return mentioned in that section.

s. 1086R10; O.C. 1981-80, s. 1086R10; R.R.Q., 1981, c. I-3, r. 1, s. 1086R10; O.C. 615-88, s. 38; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 201(2).

**1086R55.** Every person who is licensed or otherwise authorized under the laws of Canada or of a province to carry on in Canada or in a province an annuities business or to offer trustee services there must file an information return in prescribed form in respect of

(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

(b) any amount deemed, under section 346 of the Act, to have been received by an individual resident in Québec as proceeds of the disposition of an income-averaging annuity contract that was made with that person.

s. 1086R11; O.C. 1981-80, s. 1086R11; R.R.Q., 1981, c. I-3, r. 1, s. 1086R11; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 134-2009, s. 1; O.C. 390-2012, s. 78.

**Corresponding Federal Provision:** 208 before SOR/2010-93.

**1086R56.** Every person who is licensed or otherwise authorized under the laws of Québec or Canada to carry on in Québec an annuities business or to offer trustee services in Québec and who is authorized by the Minister, under section 346.0.3 of the Act, to offer an income-averaging annuity respecting income from artistic activities must file an information return in prescribed form in respect of

(a) any amount paid by the person as an annuity payment under an income-averaging annuity contract respecting income from artistic activities; and

(b) any amount paid by the person as a payment in full or partial commutation of an income-averaging annuity respecting income from artistic activities or as proceeds of disposition because of the cancellation or redemption of such an annuity.

s. 1086R11.1; O.C. 1149-2006, s. 66; O.C. 134-2009, s. 1.

**1086R57.** Every person who, as a trustee or in similar capacity, controls or receives income, gains or benefits meant for an individual resident in Québec or for a corporation having an establishment therein must file an information return in prescribed form.

Such return must be filed within 90 days following the end of the taxation year and must be in respect of the taxation year.

The first paragraph does not require a trust to file an information return for a taxation year at the end of which it is a registered charity or a cemetery care trust, or is governed by an eligible funeral arrangement, a profit sharing plan, a deferred profit sharing plan, a registered education savings plan, a plan referred to in subsection 15 of section 147 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Supplement)) as a revoked plan, a tax-free savings account, an arrangement that is deemed to be such an account because of subparagraph *a* of the first paragraph of section 935.26.1 of the Act or a registered disability savings



plan except if any of sections 905.0.10 to 905.0.12 of the Act apply in its respect.

s. 1086R12; O.C. 1981-80, s. 1086R12; R.R.Q., 1981, c. I-3, r. 1, s. 1086R12; O.C. 1471-91, s. 33; O.C. 1114-93, s. 44; O.C. 473-95, s. 48; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 1466-98, s. 114; O.C. 1451-2000, s. 56; O.C. 1282-2003, s. 80; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 56; O.C. 321-2017, s. 56.

**Corresponding Federal Provision:** 204(1) to (3).

**1086R57.0.1.** Every person required to file, for a taxation year, one or more particular information returns in respect of a person under section 1086R57 may send to the person an information return in prescribed form, instead of each copy of the part of the return concerning the person, and that information return must be sent to the person in the manner set out in section 1086R70 within 90 days after the end of that taxation year.

O.C. 117-2019, s. 34.

**1086R57.1.** In this section and section 1086R57.2,

“public investment trust”, at any time, means a public trust all or substantially all of the fair market value of the property of which is, at that time, attributable to the fair market value of property of the trust that is

- (a) units of public trusts;
- (b) partnership interests in public partnerships within the meaning of section 1086R81.1;
- (c) shares of the capital stock of public corporations; or
- (d) any combination of properties referred to in paragraphs *a* to *c*;

“public trust”, at any time, means a mutual fund trust the units of which are, at that time, listed on a designated stock exchange in Canada.

O.C. 1176-2010, s. 57.

**Corresponding Federal Provision:** 204.1(1).

**1086R57.2.** A trust that is at any time in a taxation year a public trust must, on or before the day determined in the second paragraph, make public, in prescribed form, information in respect of the trust for the taxation year by posting that prescribed form, in a manner that is accessible to the general public, on the Internet website of CDS Innovations Inc. and notify the Minister in writing as to when the posting of the prescribed form has been made.

The day to which the first paragraph refers is

- (a) where the public trust is, at any time in the taxation year, a public investment trust, the sixty-seventh day after the end of the calendar year in which the taxation year ends; and
- (b) in all other cases, the sixtieth day after the end of the taxation year.

O.C. 1176-2010, s. 57.

**Corresponding Federal Provision:** 204.1(2) and (3).

**1086R57.3.** A trust resident in Canada outside Québec during a taxation year, other than an excluded trust in respect of the year, and that, at any time in the year, is the owner of a specified immovable or a member of a partnership that is the owner of a specified immovable must file for that year an information return in prescribed form.

The information return must be filed within 90 days after the end of the taxation year.

For the purposes of the first paragraph,

(a) “excluded trust” in respect of a taxation year means

- i. a succession,
- ii. a testamentary trust resident in Québec on the last day of the year and that owns property the aggregate of the cost amounts of which is, throughout the year, less than \$1,000,000,
- iii. a testamentary trust not resident in Québec on the last day of the year and that owns property situated in Québec the aggregate of the cost amounts of which is, throughout the year, less than \$1,000,000,
- iv. a unit trust,
- v. an insurance segregated fund trust,
- vi. a mutual fund trust,
- vii. a specified investment flow-through trust, and
- viii. a trust exempt from tax payable;

(b) “specified immovable” has the meaning assigned by section 1129.77 of the Act; and

(c) each member of a partnership, at any time, is deemed to be a member of another partnership of which the first partnership is a member at that time.

O.C. 229-2014, s. 17.

**1086R58.** In this section and in sections 1086R59 to 1086R63,

“administrator” means an administrator within the meaning of paragraph *a* of section 307.1 of the Act, as it read before being repealed;

“designated security” means a security issued or granted by a corporation in respect of which the corporation has designated an amount pursuant to section 776.10 of the Act,

“first purchaser” of a designated security means the first registered holder of such a security, other than a trader or dealer in securities;

“security” means

- (a) a share of the capital stock of a corporation;
- (b) a debt obligation issued by a corporation; or
- (c) a right granted by a corporation under a scientific research financing contract;

“trader or dealer in securities” means a trader or dealer in securities within the meaning of paragraph *c* of section 307.1 of the Act, as it read before being repealed.

s. 1086R12.1; O.C. 421-88, s. 37; O.C. 1707-97, s. 98; O.C. 1249-2005, s. 53; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(1).

**1086R59.** Any corporation which designates an amount under section 776.10 of the Act in respect of a security that it issued or granted must file an information return, in prescribed form in respect of that security.

s. 1086R12.2; O.C. 421-88, s. 37; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(2).

**1086R60.** Any trader or dealer in securities who acquires and disposes of a designated security during the course of the primary distribution of that security, pursuant to an offer made to the public, must file an information return, in prescribed form, in respect of that security.

s. 1086R12.3; O.C. 421-88, s. 37; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(3).

**1086R61.** Any bank, savings and credit union or trust corporation which, as an agent, acquires a designated security for the first purchaser of such a security must file an information return, in prescribed form, in respect of that security.

s. 1086R12.4; O.C. 421-88, s. 37; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(4).

**1086R62.** Any trader or dealer in securities who, as an administrator of an indexed security investment plan, acquires a designated security for the first purchaser of that security must file an information return, in prescribed form, in respect of that security.

s. 1086R12.5; O.C. 421-88, s. 37; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(5).

**1086R63.** Despite section 1086R65, the following returns must be forwarded to the Minister not later than 31 March 1984:

- (a) any return filed under section 1086R59 in respect of a security issued by a corporation before 1 March 1984;

- (b) any return filed under section 1086R60 in respect of a designated security that was disposed of before 1 March 1984 in the manner indicated in that section; and

- (c) any return filed under section 1086R61 or 1086R62 in respect of a designated security that was acquired before 1 March 1984 in the manner indicated in section 1086R61 or 1086R62, as the case may be.

s. 1086R12.6; O.C. 421-88, s. 37; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 226(6).

**1086R64.** Any person who pays an amount that is required by section 317.2 of the Act to be included in computing the income of a taxpayer for a taxation year must file an information return in prescribed form in respect of that taxpayer for that amount.

s. 1086R12.8; O.C. 1707-97, s. 86; O.C. 134-2009, s. 1.

**1086R65.** The returns required under this Title, with the exception of the returns required by sections 1086R29, 1086R57.0.1 and 1086R87.1 and except as otherwise expressly provided, must be filed with the Minister on or before the last day of February of each year in respect of the preceding calendar year.

s. 1086R13; O.C. 1981-80, s. 1086R13; R.R.Q., 1981, c. I-3, r. 1, s. 1086R13; O.C. 1155-2004, s. 71; O.C. 134-2009, s. 1; O.C. 1182-2017, s. 19; O.C. 117-2019, s. 35.

**Corresponding Federal Provision:** 205(1).

**1086R66.** The return required by section 1086R26 must be sent to the Minister not later than 31 March of each year in regard to the preceding calendar year.

s. 1086R13.1; O.C. 2727-84, s. 27; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 225(2).

**1086R67.** A person who ceases to carry on a business and who has to file a return under this Title, must file a return within 30 days from the day of the cessation of the carrying on of such business and the return must be in respect of the whole period for which a return has not been filed.

s. 1086R14; O.C. 1981-80, s. 1086R14; R.R.Q., 1981, c. I-3, r. 1, s. 1086R14; O.C. 1471-91, s. 33; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 205(2).

**1086R68.** Where a person is required to file a return under this Title has died, such return must be filed by the person’s legal representatives within 90 days from the date of death and must be in respect of that whole period previous to the death for which no return has been filed.

s. 1086R15; O.C. 1981-80, s. 1086R15; R.R.Q., 1981, c. I-3, r. 1, s. 1086R15; O.C. 1471-91, s. 33; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 206(1).

**1086R69.** Every bankruptcy trustee, cessionary, liquidator, curator, trustee of sequestrated property, agent or

other person who administers, liquidates or controls in any manner whatsoever the property, business, estate or income of a person who has not filed an information return in accordance with this Title, must file such return.

s. 1086R16; O.C. 1981-80, s. 1086R16; R.R.Q., 1981, c. I-3, r. 1, s. 1086R16; O.C. 1471-91, s. 33; O.C. 134-2009, s. 1; [2020, c. 11, s. 254 — the amendment provided by this section, which comes into force on the date or dates to be set by the Government, will be incorporated into the Act on that date: 2020, c. 11, s. 257].

**Corresponding Federal Provision:** 206(2).

**1086R70.** Every person required under this Title to file an information return, other than the information returns required by sections 1086R16, 1086R52 and 1086R88, must, subject to the second paragraph and sections 1086R57.0.1 and 1086R87.1, send to each person in respect of whom the return is filed a copy of the part of the return concerning the person; the copy of the return must be sent to the person at the person's last known address or delivered personally to the person, on or before the day on which the return is to be filed with the Minister.

The copy of the part of the information return may, if the person has received the express consent of the person in respect of which it is filed, be sent in an electronic format on or before the date on which the return is to be filed with the Minister.

For the purposes of the second paragraph, “express consent” means consent given in writing or in an electronic format.

A person required to send to a particular person a copy of the part of the return concerning the person using the RL-1 slip: Employment and other income, may instead send it to the person in an electronic format, on or before the date on which the return is to be filed with the Minister, unless

- (a) any of the conditions determined under subparagraph *e.4* of the first paragraph of section 1086 of the Act are not met;
- (b) the particular person has requested that the return be provided in paper format; or
- (c) at the time the return is required to be sent,
  - i. the particular person is on extended leave or is no longer an employee of the person, or
  - ii. the particular person cannot reasonably be expected to have access to the return in electronic format.

s. 1086R17; O.C. 1981-80, s. 1086R17; R.R.Q., 1981, c. I-3, r. 1, s. 1086R17; O.C. 1471-91, s. 33; O.C. 522-95, s. 1; O.C. 1463-2001, s. 149; O.C. 1282-2003, s. 81; O.C. 1155-2004, s. 72; O.C. 1116-2007, s. 47; O.C. 134-2009, s. 1; O.C. 701-2013, s. 76; O.C. 321-2017, s. 57; O.C. 1182-2017, s. 20; O.C. 117-2019, s. 36; O.C. 204-2020, s. 15.

**Corresponding Federal Provision:** 209(1) to (4).

**1086R71.** A person who ceases or fails to remit, at the time provided for, amounts that were previously deducted or withheld according to section 1015 of the Act, or under an interpretation thereof, must file an information return in prescribed form on or before the twentieth of the month following the month during which the person made the last remittance.

Every person, whether or not required to file the return referred to in the first paragraph, must, upon formal request, file with the Minister within the time stipulated therein the return to be filed under paragraph.

s. 1086R18; O.C. 1981-80, s. 1086R18; R.R.Q., 1981, c. I-3, r. 1, s. 1086R18; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 1282-2003, s. 82; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 210.

**1086R72.** Where, in respect of a particular period provided for in section 1015 of the Act, the Minister forwards a prescribed form to a person, the latter must file that form with the Minister within the time that is granted to the person for the payment of an amount payable to the Minister under that section 1015 for the particular period, or within the time that would be granted to the person if such a payment were for the particular period.

s. 1086R18.1; O.C. 1025-91, s. 11; O.C. 134-2009, s. 1.

**1086R73.** *(Revoked).*

s. 1086R19; O.C. 1981-80, s. 1086R19; R.R.Q., 1981, c. I-3, r. 1, s. 1086R19; O.C. 1076-88, s. 31; O.C. 1471-91, s. 33; O.C. 473-95, s. 46; O.C. 1149-2006, s. 68; O.C. 134-2009, s. 1; O.C. 701-2013, s. 77.

**1086R74.** *(Revoked).*

s. 1086R20; O.C. 1981-80, s. 1086R20; R.R.Q., 1981, c. I-3, r. 1, s. 1086R20; O.C. 1471-91, s. 33; O.C. 473-95, s. 46; O.C. 1149-2006, s. 68; O.C. 134-2009, s. 1; O.C. 701-2013, s. 77.

**1086R75.** *(Revoked).*

s. 1086R21; O.C. 1981-80, s. 1086R21; R.R.Q., 1981, c. I-3, r. 1, s. 1086R21; O.C. 134-2009, s. 1; O.C. 701-2013, s. 77.

**1086R76.** Every person who, within the meaning of sections 786 to 796 of the Act, makes a patronage dividends payment to an individual resident in Québec or to a corporation having an establishment therein, must file an information return in prescribed form.

Every person who received a payment referred to in the first paragraph as nominee or agent for an individual resident in Québec or for a corporation having an establishment therein must also file an information return in prescribed form.

s. 1086R22; O.C. 1981-80, s. 1086R22; R.R.Q., 1981, c. I-3, r. 1, s. 1086R22; O.C. 1471-91, s. 33; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 218.

**1086R77.** Where in any taxation year a reporting person, other than a registered investment, claims that a share of its capital stock issued by it, or an interest as a beneficiary under it, is a qualified investment within the meaning of section 890.15 of the Act, the reporting person must, for the year and within 90 days after the end of the year, file an information return in prescribed form.

For the purposes of the first paragraph,

(a) a reporting person is

- i. a mutual fund corporation,
- ii. an investment corporation,
- iii. a mutual fund trust,
- iv. a trust that would be a mutual fund trust if section 1120R1 were read without reference to paragraph *b*, or
- v. any other person described in paragraph 1 of section 221 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(b) a registered investment means a trust or corporation accepted for the purposes of the Income Tax Act by the Minister of National Revenue as a registered investment and the registration of which is in effect.

s. 1086R23; O.C. 1981-80, s. 1086R23; R.R.Q., 1981, c. I-3, r. 1, s. 1086R23; O.C. 421-88, s. 38; O.C. 1471-91, s. 33; O.C. 1114-93, s. 45; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 1282-2003, s. 83; O.C. 1149-2006, s. 69; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 221(1) and (2).

**1086R78.** Every member of a partnership that, at any time in the fiscal period of the partnership is a partnership described in the second paragraph, must file for that fiscal period an information return in prescribed form containing the following information:

(a) the income or loss of the partnership for the fiscal period;

(b) the name, address and, in the case of an individual, the Social Insurance Number of each member of the partnership who is entitled to a share referred to in subparagraph *c* or *d* for the fiscal period;

(c) the share of each member of the income or loss of the partnership for the fiscal period;

(d) the share of each member for the fiscal period of each deduction, credit or other amount in respect of the partnership that is relevant in determining the member's income, taxable income, tax payable or other amount under the Act;

(e) the prescribed information contained in the form prescribed for the purposes of section 230.0.0.4.1 of the Act, where the partnership has made an expenditure in respect of scientific research and experimental development in the fiscal period; and

(f) such other information as may be required by the prescribed form.

A partnership to which the first paragraph refers is a partnership

(a) that carries on a business in Québec, or carries on a business outside Québec in Canada and one of the members of which is an individual resident in Québec or a corporation having an establishment in Québec;

(b) that is a Canadian partnership or a SIFT partnership one of the members of which is an individual or a corporation referred to in subparagraph *a*; or

(c) that is the owner of a specified immovable and one of the members of which is a specified trust, within the meaning assigned to those expressions by section 1129.77 of the Act.

This section does not apply to a member of a partnership described in subparagraph *a* of the second paragraph if the member is not considered to be carrying on a business in Canada under section 1091.3 of the Act.

For the purposes of the first paragraph, an information return referred to therein made by any member of a partnership is deemed to have been made by each member of the partnership.

s. 1086R23.1; O.C. 1114-92, s. 40; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 1466-98, s. 115; O.C. 1451-2000, s. 57; O.C. 1282-2003, s. 84; O.C. 1155-2004, s. 73; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 29; O.C. 229-2014, s. 18; O.C. 1105-2014, s. 29.

**Corresponding Federal Provision:** 229(1) and (2).

**1086R79.** Every person who holds an interest in a partnership as mandatary or representative must make an information return in prescribed form in respect of that interest.

s. 1086R23.2; O.C. 1114-92, s. 40; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 229(3).

**1086R80.** Subject to section 1086R81, an information return required to be filed pursuant to section 1086R78 or 1086R79, must be filed with the Minister without notice or demand

(a) in the case of a fiscal period of a partnership all the members of which are corporations throughout the fiscal period, within five months after the end of the fiscal period;

(b) in the case of a fiscal period of a partnership all the members of which are individuals throughout the fiscal period, not later than 31 March of the calendar year immediately following the calendar year in which the fiscal period ended or with which the fiscal period ended coincidentally; and

(c) in the case of any other fiscal period of a partnership, not later than the earlier of

i. the last day of the fifth month after the end of the fiscal period, and

ii. 31 March in the calendar year immediately following the calendar year in which the fiscal period ended or with which the fiscal period ended coincidentally.

s. 1086R23.3; O.C. 1114-92, s. 40; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 229(5).

**1086R81.** Where a partnership discontinues its business or activity, the information return referred to in section 1086R78 or 1086R79 must be filed, in respect of any fiscal period or portion thereof prior to the discontinuance of the business or activity for which an information return has not previously been filed pursuant to those sections, no later than the earlier of

(a) the 90th day following the discontinuance of the business or activity; and

(b) the time period referred to in section 1086R80 within which the information return is required to be filed.

s. 1086R23.4; O.C. 1114-92, s. 40; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 229(6).

**1086R81.1.** In this section and section 1086R81.2,

“public investment partnership”, at any time, means a public partnership all or substantially all of the fair market value of the property of which is, at that time, attributable to the fair market value of property of the partnership that is

(a) units of public trusts within the meaning of section 1086R57.1;

(b) partnership interests in public partnerships;

(c) shares of the capital stock of public corporations; or

(d) any combination of properties referred to in paragraphs *a* to *c*;

“public partnership”, at any time, means a partnership the partnership interests in which are, at that time, listed on a designated stock exchange in Canada if, at that time, the partnership carries on a business in Canada or is a Canadian partnership.

O.C. 1176-2010, s. 58.

**Corresponding Federal Provision:** 229.1(1).

**1086R81.2.** Where a partnership is, at any time in a taxation year of the partnership, a public partnership, every member of the partnership must, on or before the day determined in the second paragraph, make public, in prescribed form, information in respect of the partnership for the fiscal period by posting that prescribed form, in a manner that is accessible to the general public, on the Internet website of CDS Innovations Inc. and notify the Minister in writing as to when the posting of the prescribed form has been made.

The day to which the first paragraph refers is

(a) where the public partnership is, at any time in the fiscal period, a public investment partnership, the sixty-seventh day after the end of the calendar year in which the fiscal period ends; and

(b) in all other cases, the sixtieth day after the end of the fiscal period, or the day, if earlier, that is four months after the end of the fiscal period.

Every member of a partnership is deemed to have satisfied the requirements of the first paragraph in respect of the partnership for a fiscal period of the partnership if a member of the partnership who has authority to act for the partnership has satisfied those requirements for the fiscal period.

O.C. 1176-2010, s. 58.

**Corresponding Federal Provision:** 229.1(2), (3) and (4)

**1086R82.** For the purposes of this section and sections 1086R83 to 1086R87,

“publicly traded” means, with respect to any security, a security that is listed or posted for trading on a stock exchange, commodity exchange, futures exchange or any other exchange, or a security in respect of the sale and distribution of which a prospectus, registration statement or similar document has been filed with a public authority;

“sale” includes the granting of an option and a short sale;

“security” means

(a) a publicly traded share of the capital stock of a corporation;

(b) a publicly traded debt obligation;

(c) a debt obligation issued or guaranteed by the Government of Canada, the government of a province or an agent thereof, a municipality in Canada, a public or municipal body performing a function of government in Canada or the government of a foreign country or of a political subdivision of a foreign country or a local authority of such a government;

(c.1) a debt obligation that is, at any time, described in section 92.5R3 because of subparagraph *d* of the first paragraph of that section;

(d) a publicly traded interest in a trust;

(e) a publicly traded interest in a partnership;

(f) an option or contract in respect of any property described in any of paragraphs *a* to *e*; or

(g) a publicly traded option or contract in respect of any property including any commodity, financial futures, foreign currency or precious metal or in respect of any index relating to any property;

“trader or dealer in securities” means a person who, by virtue of being registered or licensed under the laws of a province, is authorized to trade in securities, or a person who, in the ordinary course of carrying on a business, sells securities as a mandatary on behalf of others.

s. 1086R23.6; O.C. 1114-92, s. 40; O.C. 1707-97, s. 87; O.C. 134-2009, s. 1; 2019, c. 14, s. 656.

**Corresponding Federal Provision:** 230(1).

**1086R83.** Every trader or dealer in securities who is an individual resident in Québec or a corporation having an establishment in Québec, who, in a calendar year, purchases from such individual or corporation a security as principal or sells a security as a mandatary of such individual or corporation, must file an information return for the year in prescribed form in respect of the purchase or sale.

s. 1086R23.7; O.C. 1114-92, s. 40; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 230(2).

**1086R84.** Every person who is an individual resident in Québec, other than an individual who is not a trust, or any corporation having an establishment in Québec, or any other entity described in the second paragraph and who, in a calendar year, redeems, acquires or cancels in any manner whatever, any security issued by that person to a person who, at the time of the redemption, acquisition or cancellation, is an individual resident in Québec or a corporation having an establishment in Québec, must file an information return for the year in prescribed form in respect of each such transaction, other than a transaction to which Division XIII or XIII.1 of Chapter IV of Title IV of Book III of Part I of the Act, Chapter V of Title IX of that book, where there is no consideration receivable other than new shares of the corporation referred to therein, Chapter VI of Title IX of that book or Division II or IV of Chapter IV of Title XI of that book applies.

The other entity referred to in the first paragraph is

(a) the State or Her Majesty in right of Canada or a province, other than Québec;

(b) a municipal or public body performing a function of government in Canada; or

(c) a mandatary of a person referred to in subparagraph *a* or *b*.

s. 1086R23.8; O.C. 1114-92, s. 40; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 1454-99, s. 58; O.C. 1282-2003, s. 85; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 230(3) and (4).

**1086R85.** Every person who is an individual resident in Québec or a corporation having an establishment in Québec, who, in the ordinary course of business of certificates, bullion or coins, makes a payment in a calendar year to another person who is such an individual or corporation in respect of a sale by that other person of any such property, must file an information return for the year in prescribed form in respect of each such sale.

s. 1086R23.9; O.C. 1114-92, s. 40; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 230(5).

**1086R86.** Every person who is an individual resident in Québec or a corporation having an establishment in Québec, who, while acting as representative or agent of such individual or corporation in respect of a sale or of any other transaction to which any of sections 1086R83 to 1086R85 applies, receives the proceeds of the sale or transaction, must, where the transaction is carried out in the name of the representative or agent, file an information return in prescribed form in respect of the sale or other transaction.

s. 1086R23.10; O.C. 1114-92, s. 40; O.C. 473-95, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 230(6).

**1086R87.** Sections 1086R82 to 1086R86 do not apply in respect of

(a) a purchase of a security by a trader or dealer in securities from another trader or dealer in securities other than a non-resident trader or dealer in securities;

(b) a sale of currencies or precious metals in the form of jewellery, works of art or numismatic coins;

(c) a sale of precious metals by a person who, in the ordinary course of business, produces or sells precious metals in bulk or in commercial quantities;

(d) a sale of securities by a trader or dealer in securities on behalf of a person who is exempt from tax under Part I of the Act; or

(e) a redemption by the issuer or a mandatary of the issuer of a debt obligation where

i. the debt obligation was issued for its principal amount,

ii. the redemption satisfied all of the issuer's obligations in respect of the debt obligation,

iii. each person with an interest in the debt obligation is entitled in respect thereof to a proportion of all payments of principal equal to the proportion to which the person is entitled of all payments other than principal, and

iv. an information return is required, by reason of the redemption, to be made pursuant to this Title, without having regard to sections 1086R82 to 1086R86, in respect of each person with an interest in the debt obligation.

s. 1086R23.11; O.C. 1114-92, s. 40; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 230(7).

**1086R87.L.** Every person required to file, in respect of a calendar year, one or more particular information returns in respect of a person under any of sections 1086R83 to 1086R86 may send to the person an information return in prescribed form, instead of each copy of the part of the return concerning the person, and that information return must be sent to the person in the manner set out in section 1086R70 on or before the day on which the particular information returns are to be filed with the Minister.

O.C. 1182-2017, s. 21.

**1086R88.** Where, during a taxation year or a fiscal period, as the case may be, a particular person, other than a corporation referred to in section 1086R89 or a person exempt from tax for the year under Book VIII of Part I of the Act, or a partnership incurs expenditures for renovation, improvement, maintenance or repair work in respect of a building, structure or land that is property situated in Québec and used in the course of carrying on a business or to derive income therefrom, that particular person or a member of that partnership designated by the members of the partnership must attach to the fiscal return that the person or member files for that year or for the person's or the member's taxation year during which the partnership's fiscal period ends, under Part I of the Act, an information return in prescribed form in respect of every person having carried out the work, other than a person who is

- (a) an employee of the particular person or the partnership;
- (b) the operator of a gas, telecommunications or electricity distribution network; or
- (c) a government body.

For the purposes of the first paragraph,

- (a) where no member of the partnership is designated for the purposes of filing the information return referred to therein, each of the members of the partnership is required to do so; and
- (b) where the particular person or the member of the partnership designated for the purpose of filing the information return is not required to file a fiscal return under Part I of the Act for the year or for the taxation year in which

the partnership's fiscal period ends, that particular person or that member must file the information return with the Minister on or before the filing-due date of the particular person or member for that year.

s. 1086R23.12; O.C. 522-95, s.2; O.C. 523-96, s.41; O.C. 1707-97, s.98; O.C. 1466-98, s.116; O.C. 1454-99, s.59; O.C. 134-2009, s.1.

**1086R89.** The corporation to which the first paragraph of section 1086R88 refers is a corporation whose assets as shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, are not less than \$25,000,000.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph is to be read as if the reference therein to "submitted to the shareholders" were a reference to "submitted to the members".

s. 1086R23.12.1; O.C. 1454-99, s. 60; O.C. 134-2009, s. 1.

**1086R90.** For the purposes of section 1086R89, in computing the assets of a corporation at the time referred to therein, the amount representing the surplus reassessment of its property and the amount of its incorporeal assets must be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of incorporeal assets consists of shares of the corporation's or cooperative's capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

s. 1086R23.12.2; O.C. 1454-99, s. 60; O.C. 1249-2005, s. 54; O.C. 134-2009, s. 1.

**1086R91.** For the purposes of section 1086R89, the assets of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the assets of the corporation and of each corporation associated with it, as determined in accordance with sections 1086R89 and 1086R90, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

s. 1086R23.12.3; O.C. 1454-99, s. 60; O.C. 134-2009, s. 1.

**1086R92.** Every person, other than a prescribed person described in the second paragraph, who, in a calendar year, provides day care in Québec for remuneration must file an information return in prescribed form in respect of the amounts paid to the person as or on account of child care

expenses, within the meaning of section 1029.8.67 of the Act, for services rendered in that year.

For the purposes of the first paragraph, a prescribed person means an individual, other than a trust, except if the individual

(a) holds a permit issued under the Educational Childcare Act (chapter S-4.1.1);

(b) is recognized as a person responsible for home day care by a person holding a childcare centre permit issued under the Educational Childcare Act; or

(c) provides day care in Québec that in the calendar year generates turnover of not less than \$30,000.

s. 1086R23.15; O.C. 1633-96, s. 40; O.C. 1707-97, s. 88; O.C. 1466-98, s. 117; O.C. 134-2009, s. 1; O.C. 701-2013, s. 78.

**1086R93.** Every person who is required by section 1086R92 to file an information return must, not later than the date on which the information return is required to be filed, forward to each taxpayer who, in a calendar year, has paid to the person an amount as or on account of child care expenses, within the meaning of section 1029.8.67 of the Act, incurred in respect of child care services provided in Québec, an information return in prescribed form.

The information return that is required to be forwarded to a taxpayer under the first paragraph must be sent to the taxpayer at the taxpayer's last known address or given to the taxpayer in person.

s. 1086R23.16; O.C. 1633-96, s. 40; O.C. 1466-98, s. 118; O.C. 1463-2001, s. 151; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 30.

**1086R94.** (*Revoked*).

s. 1086R23.17; O.C. 1155-2004, s. 74; O.C. 1116-2007, s. 48; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 59.

**1086R95.** Every syndicate of co-owners of an immovable under divided co-ownership must file for a calendar year, at the request of an individual who lives in the immovable, an information return in prescribed form in respect of the individual, where

(a) the request is made by the individual before the end of the year;

(b) the individual declares to the syndicate of co-owners that at the end of the year, the individual will attain the age of 70, or an individual with whom the individual shares the dwelling will attain the age of 70;

(c) the individual or the individual's spouse is the owner of a fraction of the immovable held in co-ownership; and

(d) the aggregate of the amounts paid during the year by the syndicate of co-owners as charges from the co-ownership of

the common portions of the immovable, other than common portions for restricted use, includes the cost of one or more eligible services within the meaning of section 1029.8.61.1 of the Act.

s. 1086R23.17.1; O.C. 1116-2007, s. 49; O.C. 134-2009, s. 1.

**1086R96.** La Financière agricole du Québec must, in relation to the "Farm Income Stabilization Account" program established under the Act respecting La Financière agricole du Québec (chapter L-0.1), file an information return in prescribed form, for each fiscal period of a farming business of a participant in the program, in respect of the amounts related to the participant that represent

(a) a contribution referred to in any of sections 15 to 16.1 of the program;

(b) a withdrawal referred to in Division V or in sections 45 and 46 of the program; or

(c) a transfer referred to in Subdivision 3 of Division VI of the program.

La Financière agricole du Québec must send to the Minister the information return on or before the last day of February of each calendar year that follows the year in which the fiscal period of the participant's farming business ends.

La Financière agricole du Québec must also send to the participant one copy of the portion of the information return that concerns the participant; the copy must be sent to the participant at the participant's last known address or delivered personally to the participant, on or before the last day of the second month that follows the end of the fiscal period of the participant's farming business.

s. 1086R23.18; O.C. 1249-2005, s. 55; O.C. 134-2009, s. 1; O.C. 701-2013, s. 79.

**1086R97.** Every educational institution designated by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level, established under the Act respecting financial assistance for education expenses (chapter A-13.3) and situated in Québec must for a calendar year file an information return in prescribed form in respect of each person pursuing studies on a full-time basis, or who is deemed to be pursuing studies on a full-time basis under section 752.0.2.2 of the Act, in the institution where the person is enrolled in an educational program described in paragraph a of section 752.0.2.1 of the Act and has completed at least one session of studies undertaken in the year.

O.C. 134-2009, s. 1; O.C. 134-2009, s. 2(12°); O.C. 390-2012, s. 79; 2013, c. 28, s. 205.



**1086R97.1.** Every informal caregiver who attributes or is deemed to attribute for a taxation year to an eligible individual in relation to a care recipient, an amount pursuant to section 1029.8.61.74 of the Act, must file an information return in prescribed form in relation to the volunteer respite services provided to the care recipient for that year by the eligible individual in relation to the care recipient.

In this section, “care recipient”, “eligible individual”, “informal caregiver” and “volunteer respite services” have the meaning assigned by the first paragraph of section 1029.8.61.71 of the Act.

O.C. 1303-2009, s. 31.

**1086R97.2.** Every owner of an immovable containing an eligible dwelling within the meaning of section 1029.8.116.12 of the Act must, in prescribed form, file an information return in respect of the dwelling for the year 2015 or any subsequent year, in respect of each person who is a lessee or sub-lessee at the end of the year.

Similarly, if there is no property tax account relating to an eligible dwelling within the meaning of section 1029.8.116.12 of the Act, the body having jurisdiction in the territory in which the dwelling is situated must, in prescribed form, file an information return in respect of the dwelling for the year 2015 or any subsequent year, in respect of each person who is an owner of the dwelling at the end of the year.

O.C. 321-2017, s. 58; O.C. 1182-2017, s. 22.

## TITLE XLI

### CLASSES OF PROPERTY

title XXVIII; O.C. 1981-80, title XXVIII; R.R.Q., 1981, c. I-3, r. 1, title XXVIII; O.C. 134-2009, s. 1.

**1086R98.** For the purposes of subparagraph *e* of the first paragraph of section 1086 of the Act, the prescribed classes are listed in Schedule B.

s. 1086R24; O.C. 1981-80, s. 1086R24; R.R.Q., 1981, c. I-3, r. 1, s. 1086R24; O.C. 1466-98, s. 119; O.C. 134-2009, s. 1.

## TITLE XLII

### INCOME EARNED IN QUÉBEC BY AN INDIVIDUAL RESIDENT IN CANADA OUTSIDE QUÉBEC

title XXIX; O.C. 1981-80, title XXIX; R.R.Q., 1981, c. I-3, r. 1, title XXIX; O.C. 134-2009, s. 1.

## CHAPTER I

### GENERAL RULE

chap. I; O.C. 1981-80, title XXIX, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. I; O.C. 134-2009, s. 1.

**1088R1.** The income from the carrying on of a business of an individual referred to in section 25 of the Act who has an establishment in Québec, is deemed to have been totally earned in Québec, for a taxation year, where such individual has, in the year, no establishment outside Québec.

s. 1088R1; O.C. 1981-80, s. 1088R1; R.R.Q., 1981, c. I-3, r. 1, s. 1088R1; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(1).

**1088R2.** The income of an individual referred to in section 25 of the Act is deemed to have been totally earned outside Québec, for a taxation year, where such individual has, in the year, no establishment in Québec.

s. 1088R2; O.C. 1981-80, s. 1088R2; R.R.Q., 1981, c. I-3, r. 1, s. 1088R2; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(2).

**1088R3.** In the case of an individual who is a member of a partnership operating a business that includes an international financial centre, the individual’s portion of income for a taxation year from the business that is attributable to an establishment in Québec, that is otherwise determined under this Title, must be reduced by the amount deducted by the individual in computing the individual’s taxable income for the year under section 737.14 of the Act in relation to the international financial centre.

s. 1088R2.1; O.C. 1249-2005, s. 56; O.C. 134-2009, s. 1.

**1088R4.** In the case of an individual referred to in any of sections 726.33, 726.35 and 726.43 of the Act, the individual’s portion of income for a taxation year from a business that is attributable to an establishment in Québec, that is otherwise determined under this Title, must be increased by the amount included in computing the individual’s taxable income for the year under section 726.35 or 726.43 of the Act, as the case may be, and reduced by the amount deducted in computing the individual’s taxable income for the year under section 726.33 of the Act.

s. 1088R2.2; O.C. 1116-2007, s. 50; O.C. 134-2009, s. 1; O.C. 117-2019, s. 37.

**1088R5.** An individual who is resident in more than one province on the last day of a taxation year is deemed, for the purpose of this Title, to be resident on that day only in that province which may reasonably be regarded as the individual's principal place of residence.

s. 1088R3; O.C. 1981-80, s. 1088R3; R.R.Q., 1981, c. I-3, r. 1, s. 1088R3; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2607.

## CHAPTER II

### ESTABLISHMENTS IN SEVERAL JURISDICTIONS

chap. II; O.C. 1981-80, title XXIX, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. II; O.C. 134-2009, s. 1.

#### DIVISION I

##### GENERAL RULE

div. I; O.C. 1981-80, title XXIX, chap. II, div. I; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. II, div. I; O.C. 134-2009, s. 1.

**1088R6.** Subject to the special provisions of Chapter III, where, in a taxation year, an individual referred to in section 25 of the Act carries on a business and has an establishment in Québec and an establishment in another jurisdiction, the part of the income derived from the business which is attributable to the establishment in Québec is that proportion of such income that is one-half of the aggregate of

(a) the proportion that the gross revenue of the business for the fiscal period ending in the year reasonably attributable to the establishment in Québec is of the total gross revenue of the business for that period; and

(b) the proportion that the salaries and wages paid by the individual in the fiscal period of the business ending in the year to the employees of the establishment situated in Québec is of the total of the salaries and wages paid by the individual in the period in the course of the business.

s. 1088R4; O.C. 1981-80, s. 1088R4; R.R.Q., 1981, c. I-3, r. 1, s. 1088R4; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(3).

**1088R7.** For the purposes of section 1088R6, gross income does not include interest on a bond, debenture, hypothecary claim or mortgage, dividends, or rentals or royalties from property that is not used in connection with the business of the individual.

s. 1088R5; O.C. 1981-80, s. 1088R5; R.R.Q., 1981, c. I-3, r. 1, s. 1088R5; O.C. 1466-98, s. 120; O.C. 134-2009, s. 1.

**1088R8.** Except where it is a commission paid to a person who is not an employee of the individual, where a remuneration is paid under an agreement by the individual to a person for services that would normally be performed by the employees of the individual, such remuneration is

deemed to be a salary or wages paid to such employee of the establishment of the individual to which such services are reasonably attributable and to the extent that they are so attributable.

s. 1088R6; O.C. 1981-80, s. 1088R6; R.R.Q., 1981, c. I-3, r. 1, s. 1088R6; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(5) and (6).

#### DIVISION II

##### COMPUTATION OF GROSS REVENUE

div. II; O.C. 1981-80, title XXIX, chap. II, div. II; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. II, div. II; O.C. 134-2009, s. 1.

**1088R9.** The rules referred to in this division apply to the computation of gross revenue reasonably attributable to an establishment of an individual referred to in section 25 of the Act for a taxation year.

s. 1088R7; O.C. 1981-80, s. 1088R7; R.R.Q., 1981, c. I-3, r. 1, s. 1088R7; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4) before (a).

**1088R10.** Where the merchandise sold is shipped into a jurisdiction where the individual has an establishment, the gross revenue derived from the sale is attributable to that establishment, otherwise, it is attributable to the establishment to which the person who has negotiated the sale is attached.

Where the buyer instructs that the merchandise be shipped to another person, the gross revenue derived from the sale is attributable to the establishment situated in the jurisdiction of the buyer's establishment, if the individual has an establishment in that jurisdiction, otherwise, it is attributable to the establishment to which the person who has negotiated the sale is attached.

s. 1088R8; O.C. 1981-80, s. 1088R8; R.R.Q., 1981, c. I-3, r. 1, s. 1088R8; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(a), (b), (d) and (e).

**1088R11.** Despite section 1088R10, where the merchandise sold is shipped to another country where the individual has no establishment and the merchandise was entirely produced or manufactured by the individual in one jurisdiction in Canada, the gross revenue derived from the sale is attributable to the establishment situated in that jurisdiction.

However, if the merchandise sold was produced or manufactured by the individual partly in Québec and partly in another jurisdiction, the gross revenue derived from the sale that is attributable to the establishment situated in Québec is equal to that proportion of the gross revenue that the salaries and wages paid in the year to employees of the establishment situated in Québec is of the aggregate of the salaries and wages paid in the year to employees of all the

establishments where the merchandise sold was produced or manufactured.

The same rules apply where the establishment of the buyer is situated in a jurisdiction outside Canada in which the individual has no establishment and the buyer instructs that the merchandise be shipped to another person.

s. 1088R9; O.C. 1981-80, s. 1088R9; R.R.Q., 1981, c. I-3, r. 1, s. 1088R9; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(c) and (f).

**1088R12.** The gross revenue derived from services rendered in a jurisdiction is attributable to the establishment situated in that jurisdiction and, if there is no such establishment, it is attributable to the establishment to which the person who has negotiated the contract is attached.

s. 1088R10; O.C. 1981-80, s. 1088R10; R.R.Q., 1981, c. I-3, r. 1, s. 1088R10; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(g) and (h).

**1088R13.** Where standing timber or a cutting right is sold, the gross revenue derived from the sale is attributable to the establishment of the individual situated in the jurisdiction where the timber limit that is related to the sale of the standing timber or of the cutting right is situated.

s. 1088R11; O.C. 1981-80, s. 1088R11; R.R.Q., 1981, c. I-3, r. 1, s. 1088R11; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(i).

**1088R14.** Where land is an establishment, the gross revenue derived therefrom is attributable to that establishment.

s. 1088R12; O.C. 1981-80, s. 1088R12; R.R.Q., 1981, c. I-3, r. 1, s. 1088R12; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(j).

### CHAPTER III

#### BUS AND TRUCK TRANSPORTATION BUSINESS

chap. III; O.C. 1981-80, title XXIX, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. III; O.C. 134-2009, s. 1.

**1088R15.** The part of income for a taxation year derived from the business of an individual carrying on a transportation business by buses and trucks that is attributable to the individual's establishment in Québec is that proportion of the income of such business that is one-half of the aggregate of

(a) the proportion that the number of kilometres travelled by the individual's vehicles in Québec for the fiscal period ending in the year is of the total number of kilometres travelled by the individual's vehicles during that fiscal period; and

(b) the proportion that the salaries and wages paid by the individual, in the fiscal period ending in the year, to the

personnel of the individual's establishment in Québec is of the aggregate of all salaries and wages paid by the individual during that fiscal period.

s. 1088R13; O.C. 1981-80, s. 1088R13; R.R.Q., 1981, c. I-3, r. 1, s. 1088R13; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2604.

### CHAPTER IV

#### SPECIAL CASES

chap. IV; O.C. 1981-80, title XXIX, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. IV; O.C. 134-2009, s. 1.

**1088R16.** Where the aggregate of the amounts that is the income for a taxation year from a business carried on in Québec and elsewhere by an individual referred to in section 25 of the Act is greater than the individual's income for the year, the portion of the individual's income from a business that is attributable to an establishment in Québec is deemed to be equal to the proportion of the individual's income for the year that the individual's income for the year from the carrying on of a business that is attributable to an establishment in Québec, as otherwise determined, is of that aggregate.

For the purposes of the first paragraph, the income for a taxation year of an individual is the amount by which the aggregate of the individual's income, computed without reference to section 1029.8.50 of the Act, that would be determined for the year under section 28 of the Act, had the individual been resident in Québec on the last day of the taxation year, and the amount included in computing the individual's taxable income for the year under section 726.35 or 726.43 of the Act, exceeds any amount deducted in computing the individual's taxable income for the year under any of sections 726.20.2, 726.33, 737.14, 737.16, 737.16.1, 737.18.10, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.25 and 737.28 of the Act.

s. 1088R14; O.C. 1981-80, s. 1088R14; R.R.Q., 1981, c. I-3, r. 1, s. 1088R14; O.C. 1633-96, s. 41; O.C. 1707-97, s. 89; O.C. 1466-98, s. 121; O.C. 1451-2000, s. 59; O.C. 1463-2001, s. 152; O.C. 1282-2003, s. 86; O.C. 1155-2004, s. 75; O.C. 1116-2007, s. 51; O.C. 134-2009, s. 1; O.C. 390-2012, s. 80; O.C. 117-2019, s. 38.

**Corresponding Federal Provision:** 2606(1).

**1088R17.** Where an individual operates more than one business in a taxation year, the provisions of this Title apply in respect of each business and, in such case, the portion of the business income that is attributable for the year to the individual's establishments in Québec is the aggregate of the amounts thus determined in respect of each business.

s. 1088R15; O.C. 1981-80, s. 1088R15; R.R.Q., 1981, c. I-3, r. 1, s. 1088R15; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2605.

**1088R18.** In the case of an individual referred to in section 25 of the Act who began to be resident or ceased to be resident in Canada in the taxation year, that portion of the individual's income for the year from the carrying on of a business that is attributable to an establishment in Québec is computed by reference only to a business whose income is included in computing the individual's taxable income under that section.

s. 1088R16; O.C. 1981-80, s. 1088R16; R.R.Q., 1981, c. I-3, r. 1, s. 1088R16; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2606(2).

## CHAPTER V

### LOSSES ATTRIBUTABLE TO AN ESTABLISHMENT IN QUEBEC

chap. V; O.C. 1981-80, title XXIX, chap. V; R.R.Q., 1981, c. I-3, r. 1, title XXIX, chap. V; O.C. 134-2009, s. 1.

**1088R19.** Sections 1088R1 to 1088R18 apply with the necessary modifications to determine the part of losses of an individual referred to in section 1088 of the Act that is attributable to an establishment in Québec.

s. 1088R17; O.C. 1981-80, s. 1088R17; R.R.Q., 1981, c. I-3, r. 1, s. 1088R17; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1.

## TITLE XLIII

### INCOME EARNED IN QUEBEC BY AN INDIVIDUAL NOT RESIDENT IN CANADA

title XXX; O.C. 1981-80, title XXX; R.R.Q., 1981, c. I-3, r. 1, title XXX; O.C. 134-2009, s. 1.

## CHAPTER I

### GENERAL RULE

chap. I; O.C. 1981-80, title XXX, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. I; O.C. 134-2009, s. 1.

**1089R1.** The income derived from the carrying on in Canada of a business of an individual referred to in section 26 of the Act who has an establishment in Québec is deemed to be totally earned in Québec for a taxation year where that individual has no establishment outside Québec during the year.

s. 1089R1; O.C. 1981-80, s. 1089R1; R.R.Q., 1981, c. I-3, r. 1, s. 1089R1; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(1).

**1089R2.** The income derived from the carrying on of a business of an individual referred to in section 26 of the Act is deemed to be totally earned outside Québec for a taxation

year where that individual has no establishment in Québec during the year.

s. 1089R2; O.C. 1981-80, s. 1089R2; R.R.Q., 1981, c. I-3, r. 1, s. 1089R2; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(2).

**1089R3.** Where an individual operated more than one business in a taxation year, the provisions of this Title apply in respect of each business and, in such case, the portion of the business income which is attributable for the year to the individual's establishments in Québec is the aggregate of the amounts thus determined in respect of each business.

s. 1089R3; O.C. 1981-80, s. 1089R3; R.R.Q., 1981, c. I-3, r. 1, s. 1089R3; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2605.

## CHAPTER II

### ESTABLISHMENTS IN SEVERAL JURISDICTIONS

chap. II; O.C. 1981-80, title XXX, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. II; O.C. 134-2009, s. 1.

## DIVISION I

### GENERAL RULE

div. I; O.C. 1981-80, title XXX, chap. II, div. I; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. II, div. I; O.C. 134-2009, s. 1.

**1089R4.** Subject to the particular provisions of Chapter III, where, in a taxation year, an individual referred to in section 26 of the Act who carries on a business in Canada has an establishment in Québec and an establishment elsewhere in Canada, the part of the individual's revenue derived from the business in Canada that is attributable to the establishment in Québec is that proportion of that revenue that is one-half of the aggregate of

(a) the proportion that the gross revenue of the business for the fiscal period ending in the year reasonably attributable to the establishment in Québec is of the individual's total gross revenue derived from the carrying on in Canada of that business for that fiscal period; and

(b) the proportion that the salaries and wages paid by the individual in the fiscal period of the business ending in the year to employees of the establishment situated in Québec is of the total salaries and wages paid by the individual for that fiscal period to employees of the establishments situated in Canada.

s. 1089R4; O.C. 1981-80, s. 1089R4; R.R.Q., 1981, c. I-3, r. 1, s. 1089R4; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(3).

**1089R5.** For the purposes of section 1089R4, gross income does not include interest on a bond, debenture, hypothecary claim or mortgage, dividends, or rentals or

royalties from property that is not used in connection with the business of the individual.

s. 1089R5; O.C. 1981-80, s. 1089R5; R.R.Q., 1981, c. I-3, r. 1, s. 1089R5; O.C. 1466-98, s. 122; O.C. 134-2009, s. 1.

**1089R6.** Except where a commission is paid to a person who is not an employee of the individual, where a remuneration is paid, under an agreement, by the individual to a person for services that would normally be performed by the employees of the individual, such remuneration is deemed to be a salary paid to such employee of the establishment of the individual to which such services are reasonably attributable and to the extent that they are so attributable.

s. 1089R6; O.C. 1981-80, s. 1089R6; R.R.Q., 1981, c. I-3, r. 1, s. 1089R6; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(5) and (6).

## DIVISION II

### COMPUTATION OF GROSS REVENUE

div. II; O.C. 1981-80, title XXX, chap. II, div. II; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. II, div. II; O.C. 134-2009, s. 1.

**1089R7.** The rules this division apply to the computation of the gross revenue reasonably attributable to an establishment of an individual referred to in section 26 of the Act for a taxation year.

s. 1089R7; O.C. 1981-80, s. 1089R7; R.R.Q., 1981, c. I-3, r. 1, s. 1089R7; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4) before (a).

**1089R8.** Where the merchandise sold is shipped into a jurisdiction where the individual has an establishment, the gross revenue derived from the sale is attributable to that establishment, otherwise, it is attributable to the establishment to which the person who has negotiated the sale is attached.

Where the buyer instructs that the merchandise be shipped to another person, the gross revenue derived from the sale is attributable to the establishment situated in the jurisdiction of the buyer's establishment, if the individual has an establishment in that jurisdiction, otherwise, it is attributable to the establishment to which the person who has negotiated the sale is attached.

s. 1089R8; O.C. 1981-80, s. 1089R8; R.R.Q., 1981, c. I-3, r. 1, s. 1089R8; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(a), (b), (d) and (e).

**1089R9.** Despite section 1089R8, where the merchandise sold is shipped to another country where the individual has no establishment and the merchandise was entirely produced or manufactured by the individual in one jurisdiction in Canada, the gross revenue derived from the

sale is attributable to the establishment situated in that jurisdiction.

However, if the merchandise sold was produced or manufactured by the individual partly in Québec and partly in another jurisdiction, the gross revenue derived from the sale that is attributable to the establishment situated in Quebec is equal to that proportion of the gross revenue that the salaries and wages paid in the year to employees of that establishment is of the aggregate of the salaries and wages paid in the year to employees of all the establishments in Canada where the merchandise sold was produced or manufactured.

The same rules apply where the establishment of the buyer is situated in a jurisdiction outside Canada in which the individual has no establishment and the buyer instructs that the merchandise be shipped to another person.

s. 1089R9; O.C. 1981-80, s. 1089R9; R.R.Q., 1981, c. I-3, r. 1, s. 1089R9; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(c) and (f).

**1089R10.** The gross revenue derived from services rendered in a jurisdiction is attributable to the establishment situated in that jurisdiction and, if there is no such establishment, it is attributable to the establishment to which the person who has negotiated the contract is attached.

s. 1089R10; O.C. 1981-80, s. 1089R10; R.R.Q., 1981, c. I-3, r. 1, s. 1089R10; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(g) and (h).

**1089R11.** Where standing timber or a cutting right is sold, the gross revenue derived from the sale is attributable to the establishment of the individual situated in the jurisdiction where the timber limit that is related to the sale of the standing timber or of the cutting right is situated.

s. 1089R11; O.C. 1981-80, s. 1089R11; R.R.Q., 1981, c. I-3, r. 1, s. 1089R11; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(i).

**1089R12.** Where land is an establishment, the gross revenue derived therefrom is attributable to that establishment.

s. 1089R12; O.C. 1981-80, s. 1089R12; R.R.Q., 1981, c. I-3, r. 1, s. 1089R12; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2603(4)(j).

## CHAPTER III

### BUS AND TRUCK TRANSPORTATION BUSINESS

chap. III; O.C. 1981-80, title XXX, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. III; O.C. 134-2009, s. 1.

**1089R13.** The part of income earned in Canada, for a taxation year, by an individual carrying on a transportation business by buses and trucks that is attributable to an

establishment in Québec is that proportion of that income that is one-half of the aggregate of

(a) the proportion that the number of kilometres travelled by the individual's vehicles in Québec, in the fiscal period ending in the year, is of the total number of kilometres travelled by the individual's vehicles in Canada during that fiscal period; and

(b) the proportion that the salaries and wages paid by the individual, in the fiscal period ending in the year, to the personnel of the individual's establishment in Québec is of the aggregate of all salaries and wages paid by the individual to the personnel of the establishments in Canada during that fiscal period.

s. 1089R13; O.C. 1981-80, s. 1089R13; R.R.Q., 1981, c. I-3, r. 1, s. 1089R13; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2604.

## CHAPTER IV

### LOSSES ATTRIBUTABLE TO AN ESTABLISHMENT IN QUÉBEC

chap. IV; O.C. 1981-80, title XXX, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. IV; O.C. 134-2009, s. 1.

**1089R14.** For the purposes of subparagraph *i* of the first paragraph of section 1089 of the Act, sections 1089R1 to 1089R13 apply with the necessary modifications to determine the part of losses that is attributable to an establishment in Québec.

s. 1089R14; O.C. 1981-80, s. 1089R14; R.R.Q., 1981, c. I-3, r. 1, s. 1089R14; O.C. 1633-96, s. 44; O.C. 1282-2003, s. 87; O.C. 134-2009, s. 1.

**1089R15.** For the purposes of subparagraph *d* of the first paragraph of section 1089 of the Act, a Québec resource property means a property that would be referred to in section 370 of the Act if the words “Canada” and “Canadian” were replaced wherever they appear by the word “Québec”.

s. 1089R15; O.C. 1981-80, s. 1089R15; R.R.Q., 1981, c. I-3, r. 1, s. 1089R15; O.C. 1282-2003, s. 87; O.C. 134-2009, s. 1.

**1089R16.** For the purposes of subparagraph *e* of the first paragraph of section 1089 of the Act, a Québec timber resource property means property that would be referred to in subparagraph *d* of the first paragraph of section 93 of the Act if the word “Canada” were replaced wherever it appears by the word “Québec”.

s. 1089R16; O.C. 1981-80, s. 1089R16; R.R.Q., 1981, c. I-3, r. 1, s. 1089R16; O.C. 1282-2003, s. 87; O.C. 134-2009, s. 1.

## CHAPTER V

### PROCEEDS OF THE DISPOSITION OF A RIGHT TO A SHARE OF THE INCOME OR LOSS OF A PARTNERSHIP ATTRIBUTABLE TO AN ESTABLISHMENT IN QUÉBEC

chap. VI; O.C. 1981-80, title XXX, chap. VI; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. VI; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**1089R17.** For the purposes of subparagraph *h* of the first paragraph of section 1089 of the Act, the share of the excess referred to in that subparagraph that is attributable to an establishment of a partnership in Québec is computed in the same manner as the share of the revenues or losses of the businesses that the individual referred to in that subparagraph carried on in Canada or is deemed to have carried on in Canada pursuant to section 613 of the Act in respect of that partnership, for the preceding taxation year, that was attributable to an establishment in Québec under sections 1089R1 to 1089R14.

s. 1089R18; O.C. 1981-80, s. 1089R18; R.R.Q., 1981, c. I-3, r. 1, s. 1089R18; O.C. 1707-97, s. 98; O.C. 1282-2003, s. 89; O.C. 134-2009, s. 1.

## CHAPTER VI

### INCOME EARNED IN CANADA

chap. VII; O.C. 1981-80, title XXX, chap. VII; R.R.Q., 1981, c. I-3, r. 1, title XXX, chap. VII; O.C. 134-2009, s. 1.

**1090R1.** For the purposes of this Title and of section 1090 of the Act, the income or loss derived from the carrying on, in Canada, of a business of an individual referred to in section 26 of the Act, is computed by taking into consideration only the income or loss attributable to the individual's establishments in Canada, as if the business carried on in Canada by the individual were a separate business that was carried on by a separate person; for such purposes, sections 771R44 and 771R45, subject to this Title, apply by replacing therein, wherever they occur,

(a) “corporation” by “individual”;

(b) “business carried on” by “income earned”; and

(c) “foreign corporation” by “individual referred to in section 26 of the Act”.

s. 1090R1; O.C. 1981-80, s. 1090R1; R.R.Q., 1981, c. I-3, r. 1, s. 1090R1; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**TITLE XLIV****INVESTMENT INSTITUTIONS**

title XXXI; O.C. 1981-80, title XXXI; R.R.Q., 1981, c. I-3, r. 1, title XXXI; O.C. 134-2009, s. 1.

**CHAPTER I****INVESTMENT CORPORATIONS, MORTGAGE INVESTMENT CORPORATIONS AND MUTUAL FUND CORPORATIONS**

chap. I; O.C. 1981-80, title XXXI, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XXXI, chap. I; O.C. 1707-97, s. 90; O.C. 134-2009, s. 1.

**1106R1.** The capital gains dividend account of an investment corporation at a particular time means an amount equal to the amount so determined at the same time under the definition of “capital gains dividend account” in subsection 6 of section 131 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 1106R1; O.C. 1981-80, s. 1106R1; R.R.Q., 1981, c. I-3, r. 1, s. 1106R1; O.C. 35-96, s. 86; O.C. 1707-97, s. 91; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 131(6) “capital gains dividend account” ITA.

**1106R2.** A corporation makes the election under section 1106 of the Act, in respect of the total amount of a dividend, by filing with the Minister, in duplicate, a return in prescribed form and a declaration, supported by evidence, attesting that it has made a similar election for the purposes of section 131 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the same dividend.

s. 1106R2; O.C. 1981-80, s. 1106R2; R.R.Q., 1981, c. I-3, r. 1, s. 1106R2; O.C. 2962-82, s. 86; O.C. 500-83, s. 86; O.C. 35-96, s. 86; O.C. 1707-97, s. 91; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2104.

**1108R1.** The expression “mortgage investment corporation” means a corporation that, throughout the taxation year in question, is a mortgage investment corporation within the meaning of section 130.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 1108R1; O.C. 1981-80, s. 1108R1; R.R.Q., 1981, c. I-3, r. 1, s. 1108R1; O.C. 35-96, s. 80; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 130.1(6) ITA.

**1113R1.** A corporation makes the election under section 1113 of the Act, in respect of the total amount of a dividend, by filing with the Minister, in duplicate, a return in prescribed form and a declaration, supported by evidence, attesting that it has made a similar election for the purposes of section 130.1 of the Income Tax Act (Revised Statutes of

Canada, 1985, chapter 1, 5th Supplement) in respect of the same dividend.

s. 1113R1; O.C. 1076-88, s. 32; O.C. 35-96, s. 86; O.C. 1707-97, s. 92; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2104.1.

**1116R1.** The capital gains dividend account of a mutual fund corporation at a particular time means an amount equal to the amount so determined at the same time under the definition of “capital gains dividend account” in subsection 6 of section 131 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 1116R1; O.C. 1981-80, s. 1116R1; R.R.Q., 1981, c. I-3, r. 1, s. 1116R1; O.C. 35-96, s. 81; O.C. 1707-97, s. 92; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 131(6) “capital gains dividend account” ITA.

**1116R2.** A corporation makes the election under section 1116 of the Act in respect of the total amount of a dividend in the manner prescribed in section 1106R2.

s. 1116R2; O.C. 1981-80, s. 1116R2; R.R.Q., 1981, c. I-3, r. 1, s. 1116R2; O.C. 1707-97, s. 92; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 2104.

**1117R1.** For the purposes of section 1117 of the Act, a prescribed corporation means a corporation referred to in any of subparagraphs *g* to *k* of the first paragraph of section 21.19R1 or in any of subparagraphs *a* and *c* to *f* of the second paragraph of that section.

s. 1117R1; O.C. 1660-94, s. 16; O.C. 67-96, s. 65; O.C. 1707-97, s. 98; O.C. 1454-99, s. 61; O.C. 1463-2001, s. 153; O.C. 1282-2003, s. 90; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 6701.

**CHAPTER II****MUTUAL FUND TRUSTS**

chap. II; O.C. 1981-80, title XXXI, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XXXI, chap. II; O.C. 1707-97, s. 93; O.C. 134-2009, s. 1.

**1120R1.** In applying, at any time, paragraph *c* of section 1120 of the Act, the following are prescribed conditions in respect of a trust:

(a) either

i. the following conditions are met:

(1) there has been at or before that time a lawful distribution in a province to the public of units of the trust and a prospectus, registration statement or similar document was not, under the laws of the province, required to be filed in respect of the distribution; and

(2) the trust was created after 31 December 1999 and on or before that time, or satisfies, at that time, the conditions prescribed in section 1120R1.1, or

ii. a class of the units of the trust is, at that time, qualified for distribution to the public; and

(b) each of the classes referred to in paragraph *a* must include, at that time, at least 150 beneficiaries, each of whom holds not less than one block of units of that class that have in the aggregate a fair market value of not less than \$500.

s. 1120R1; O.C. 1981-80, s. 1120R1; R.R.Q., 1981, c. I-3, r. 1, s. 1120R1; O.C. 1707-97, s. 94; O.C. 1282-2003, s. 91; O.C. 134-2009, s. 1; O.C. 66-2016, s. 28.

**Corresponding Federal Provision:** 4801.

**1120R1.1.** In applying, at any time, subparagraph 2 of subparagraph *i* of paragraph *a* of section 1120R1, the following are the prescribed conditions:

(a) the trust was created before 1 January 2000;

(b) the trust was a unit trust on 18 July 2005;

(c) the particular time is after 31 December 2003; and

(d) the trust has made a valid election under paragraph *d* of section 4801.001 of the Income Tax Regulations enacted under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Suppl)).

O.C. 66-2016, s. 29.

**Corresponding Federal Provision:** 4801.001.

**1120R2.** For the purposes of section 1120R1, a class of units is qualified for distribution to the public if

(a) a prospectus, registration statement or similar document has been filed with, and, where required by law, accepted for filing by, a public authority in Canada pursuant to the law of any province or of Canada and there has been a lawful distribution to the public of shares or units of that class in accordance with that document; or

(b) in the case of any class of units any of which were issued and outstanding on 1 January 1972, that class complied on that date with the conditions of paragraph *b* of section 1120R1.

s. 1120R2; O.C. 1981-80, s. 1120R2; R.R.Q., 1981, c. I-3, r. 1, s. 1120R2; O.C. 134-2009, s. 1; O.C. 66-2016, s. 30.

**Corresponding Federal Provision:** 4803(2)(a) and (d).

**1120R3.** In section 1120R1, “block of units” means with respect to any class of units, 100 units if the fair market value of one unit is less than \$25, 25 units if it is \$25 or more but less than \$100, and 10 units if it is \$100 or more.

s. 1120R3; O.C. 1981-80, s. 1120R3; R.R.Q., 1981, c. I-3, r. 1, s. 1120R3; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 4803(1) “block of units”.

**1120R4.** For the purposes of paragraph *b* of section 1120R1 and subject to section 1120R5, a group of persons is deemed to be one person for the purposes of the computing of the number of persons who hold a class of units, within the meaning of section 1120R3, of such class and if the units of that class have in the aggregate a fair market value of not less than \$500.

s. 1120R4; O.C. 1981-80, s. 1120R4; R.R.Q., 1981, c. I-3, r. 1, s. 1120R4; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 4803(3).

**1120R5.** For the purposes of the computation in section 1120R4,

(a) no person may be included in more than one group;

(b) no person may be included in a group if the person holds one or more than one block of units, within the meaning of section 1120R3, of that class and if the units of that class have an aggregate fair market value of not less than \$500; and

(c) the membership of each group is determined in the manner that results in the greatest possible number of groups.

s. 1120R5; O.C. 1981-80, s. 1120R5; R.R.Q., 1981, c. I-3, r. 1, s. 1120R5; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 4803(4).

**1121.7R1.** (*Revoked*).

s. 1121.7R1; O.C. 1282-2003, s. 92; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 32.

### CHAPTER III

#### NON-RESIDENT OWNED INVESTMENT CORPORATIONS

chap. III; O.C. 1981-80, title XXXI, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XXXI, chap. III; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**1123R1.** A non-resident-owned investment corporation qualified as such for a taxation year only if it is considered for that year a non-resident-owned investment corporation for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 1123R1; O.C. 1981-80, s. 1123R1; R.R.Q., 1981, c. I-3, r. 1, s. 1123R1; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**Corresponding Federal Provision:** 133(8) “non-resident-owned investment corporation” ITA.



**PART XLIV.1****SPECIAL TAX RELATING TO THE ADDITIONAL DEDUCTION OF 35% OR 60% IN RESPECT OF CERTAIN INVESTMENTS**

2020, c. 16, s. 255.

**1129.4.33R1.** The conditions to which section 1129.4.33 of the Act refers are those mentioned in paragraph *c* of section 156.7.4R1.

2020, c. 16, s. 255.

**1129.4.34R1.** The conditions to which section 1129.4.34 of the Act refers are those mentioned in paragraph *c* of section 156.7.4R1.

2020, c. 16, s. 255.

**TITLE XLV****ADDITIONAL TAX FOR MANUFACTURERS OF TOBACCO PRODUCTS**

title XXXI.2; O.C. 1249-2005, s. 59; O.C. 134-2009, s. 1.

**1129.48R1.** The ratio referred to in the second paragraph of section 1129.48 of the Act, in respect of a corporation for a taxation year, is the ratio determined in respect of a corporation for the year under Title XXVII.

s. 1129.48R1; O.C. 1249-2005, s. 59; O.C. 134-2009, s. 1.

**TITLE XLVI****TAX ON CAPITAL AND COMPENSATORY TAX**

title XXXII; O.C. 1981-80, title XXXII; R.R.Q., 1981, c. I-3, r. 1, title XXXII; O.C. 1539-93, s. 52; O.C. 134-2009, s. 1.

**CHAPTER I****CORPORATIONS HAVING AN ESTABLISHMENT IN QUÉBEC AND AN ESTABLISHMENT OUTSIDE QUÉBEC**

chap. I.1; O.C. 2727-84, s. 28; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**1133R1.** The proportion referred to in section 1133 of the Act is the proportion determined by sections 771R1 to 771R46.

s. 1133R1; O.C. 1981-80, s. 1133R1; R.R.Q., 1981, c. I-3, r. 1, s. 1133R1; O.C. 134-2009, s. 1.

**CHAPTER II****EXEMPTION FROM TAX ON CAPITAL**

chap. III; O.C. 1981-80, title XXXII, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XXXII, chap. III; O.C. 134-2009, s. 1.

**1143R1.** For the purposes of subparagraph *a* of the first paragraph of section 1143 of the Act, prescribed corporations are;

(*a*) the following Québec Government corporations:

- i. Hydro-Québec;
- ii. Société des loteries du Québec;
- iii. Société des alcools du Québec;
- iv. Société de développement de la Baie James;
- v. Investissement Québec; and

(*b*) the wholly owned subsidiaries, within the meaning of section 1 of the Act, of the corporation mentioned in subparagraph *a*.

For the purposes of subparagraph *b* of the first paragraph, a subsidiary wholly-owned corporation of a corporation that is itself a subsidiary wholly-owned corporation of another corporation is deemed to be a subsidiary wholly-owned corporation of that other corporation.

s. 1143R1; O.C. 3211-81, s. 5; R.R.Q., 1981, c. I-3, r. 1, s. 1143R1; O.C. 1697-92, s. 62; O.C. 1707-97, s. 98; O.C. 1466-98, s. 124; O.C. 1451-2000, s. 65; O.C. 134-2009, s. 1; 2010, c. 37, s. 176.

**1144R1.** Every corporation that is a water company and 90% of the shares of which are owned by a Canadian municipality and a foreign border municipality is exempt from tax on capital.

s. 1144R1; O.C. 1981-80, s. 1144R1; R.R.Q., 1981, c. I-3, r. 1, s. 1144R1; O.C. 1707-97, s. 97; O.C. 134-2009, s. 1.

**1144R2.** Every corporation that did not carry on business during a taxation year and the amount of whose assets, within the meaning of subsections 3 and 4 of section 1138 of the Act, does not exceed \$5,000, is exempt from tax on capital for that year.

s. 1144R2; O.C. 1981-80, s. 1144R2; R.R.Q., 1981, c. I-3, r. 1, s. 1144R2; O.C. 1539-93, s. 53; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**CHAPTER III****COMPENSATORY TAX OF FINANCIAL INSTITUTIONS**

chap. III.1; O.C. 1539-93, s. 54; O.C. 134-2009, s. 1.

**1159.5R1.** The proportion referred to in section 1159.5 of the Act in respect of a financial institution is equal to the proportion determined in respect of that financial institution under sections 771R1 to 771R46.

s. 1159.5R1; O.C. 1539-93, s. 54; O.C. 134-2009, s. 1.

**CHAPTER IV****INSURANCE CORPORATIONS**

chap. V; O.C. 2962-82, s. 87; O.C. 500-83, s. 87; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**1174R1.** A mutual benefit association, within the meaning of the Insurers Act (chapter A-32.1) is not required to include in the computation of the tax payable by it under section 1167 of the Act, any premium described therein with respect to a person resident at the time of maturity of the premium in another province where that other jurisdiction does not subject such an association to a similar tax.

s. 1174R1; O.C. 3926-80, s. 43; R.R.Q., 1981, c. I-3, r. 1, s. 1174R1; O.C. 1466-98, s. 125; O.C. 134-2009, s. 1; O.C. 134-2009, s. 1; 2018, c. 23, s. 811.

**1174R2.** (*Revoked*).

s. 1174R2; O.C. 3926-80, s. 43; R.R.Q., 1981, c. I-3, r. 1, s. 1174R2; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 204-2020, s. 16.

**1174R3.** An insurance corporation that carries on an ocean marine insurance business in Québec and that subscribes premiums with respect to such business other than reinsurance premiums must pay, for each period of twelve months as tax on capital in respect of such business, subject to the second paragraph of section 1167 of the Act, the lesser of the tax referred to in the first paragraph of that section for that period in respect of such business, or 5% of the proportion of the profits derived for that period from the carrying on of its ocean marine insurance business in Canada, that the net premiums it subscribed in Québec is of those it subscribed in Canada during that period in respect of such business.

s. 1174R3; O.C. 3926-80, s. 43; R.R.Q., 1981, c. I-3, r. 1, s. 1174R3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

**CHAPTER V****LIFE INSURANCE CORPORATIONS**

chap. VI; O.C. 1149-2006, s. 72; O.C. 134-2009, s. 1.

**1175.6R1.** For the purposes of subparagraph *c* of the second paragraph of section 1175.6 of the Act, the proportion

that the business carried on by a life insurer in Canada but not in Québec for a taxation year is of the aggregate of its business carried on in Canada is equal to the proportion that the aggregate of its net premiums in respect of insurance, other than on property, from contracts with persons resident in Canada but elsewhere than in Québec is of the aggregate of its net premiums in respect of insurance, other than on property, from contracts with persons resident in Canada.

s. 1175.6R1; O.C. 1149-2006, s. 72; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 60; O.C. 390-2012, s. 81.

**1175.6R2.** For the purposes of this chapter, net premiums are computed by deducting from gross premiums, other than consideration received for annuities, premiums paid by the corporation for reinsurance, dividends or rebates paid or credited to policyholders by the corporation, and rebates or returned premiums paid by the corporation in respect of the cancellation of policies.

s. 1175.6R2; O.C. 1149-2006, s. 72; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 30.

**Corresponding Federal Provision:** 403(2).

**1175.6R3.** For the purposes of section 1175.6R1, where an insurance corporation does not have an establishment in a taxation year in a particular province, each net premium for that year in respect of insurance, other than on property, from contracts with a person resident in the particular province is deemed to be a net premium in respect of insurance, other than on property, from contracts with persons resident in the province in which the establishment to which the net premium is reasonably attributable is situated.

s. 1175.6R3; O.C. 1149-2006, s. 72; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 61.

**TITLE XLVII****FINAL PROVISIONS**

title XXXIV; O.C. 1981-80, title XXXIV; R.R.Q., 1981, c. I-3, r. 1, title XXXIV; O.C. 134-2009, s. 1.

**2000R1.** The provisions of the Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r. 1), in this Title referred to as the “preceding regulation”, amended by the regulations made by Orders in Council 3211-81 (1981 G.O. 2, 5010) (Suppl., p. 767), 3438-81 (1982 G.O. 2, 80) (Suppl., p. 789), 144-82 (1982 G.O. 2, 204) (Suppl., p. 790), 1544-82 (1982 G.O. 2, 1872) (Suppl., p. 792), 2823-82 (1982 G.O. 2, 3598), 2962-82 (1982 G.O. 2, 3714), 227-83 (1983 G.O. 2, 957), 500-83 (1983 G.O. 2, 1209), 2486-83 (1983 G.O. 2, 3872), 2727-84 (1984 G.O. 2, 4088), 2847-84 (1984 G.O. 2, 4196), 491-85 (1985 G.O. 2, 1152), 2508-85 (1985 G.O. 2, 4327), 2509-85 (1985 G.O. 2, 4328), 2583-85 (1986 G.O. 2, 20), 544-86 (1986 G.O. 2, 630), 1239-86 (1986 G.O. 2, 2183), 1811-86 (1986 G.O. 2, 2934), 1812-86 (1986 G.O. 2, 2938), 7-87 (1987 G.O. 2, 631), 1472-87 (1987 G.O. 2, 3724), 1875-87 (1987 G.O. 2, 4318), 421-88 (1988 G.O. 2, 1534), 615-88 (1988 G.O. 2, 2043), 838-88 (1988 G.O. 2, 2272),

1076-88 (1988 G.O. 2, 2829), 1549-88 (1988 G.O. 2, 3748), 1745-88 (1988 G.O. 2, 3913), 1746-88 (1988 G.O. 2, 3914), 1747-88 (1988 G.O. 2, 3917), 1819-88 (1988 G.O. 2, 4033), 1038-89 (1989 G.O. 2, 2562), 1344-89 (1989 G.O. 2, 3717), 1764-89 (1989 G.O. 2, 4161), 140-90 (1990 G.O. 2, 483), 223-90 (1990 G.O. 2, 554), 291-90 (1990 G.O. 2, 611), 1666-90 (1990 G.O. 2, 2941), 1797-90 (1991 G.O. 2, 21), 143-91 (1991 G.O. 2, 1025), 538-91 (1991 G.O. 2, 1511), 1025-91 (1991 G.O. 2, 2918), 1232-91 (1991 G.O. 2, 3617), 1471-91 (1991 G.O. 2, 4269), 1589-91 (1991 G.O. 2, 4652), 1114-92 (1992 G.O. 2, 4142), 1697-92 (1992 G.O. 2, 5153), 208-93 (1993 G.O. 2, 929), 868-93 (1993 G.O. 2, 3272), 1114-93 (1993 G.O. 2, 4852), 1539-93 (1993 G.O. 2, 6002), 1646-93 (1993 G.O. 2, 6429), 91-94 (1994 G.O. 2, 571), 366-94 (1994 G.O. 2, 1267), 849-94 (1994 G.O. 2, 2165), 1660-94 (1994 G.O. 2, 4500), 1691-94 (1994 G.O. 2, 4563), 473-95 (1995 G.O. 2, 1194), 522-95 (1995 G.O. 2, 1326), 1562-95 (1995 G.O. 2, 3428), 35-96 (1996 G.O. 2, 565), 67-96 (1996 G.O. 2, 1004), 523-96 (1996 G.O. 2, 2218), 1631-96 (1996 G.O. 2, 5507), 1633-96 (1996 G.O. 2, 5523), 1634-96 (1996 G.O. 2, 5534), 1707-97 (1997 G.O. 2, 6348), 1466-98 (1998 G.O. 2, 4610), 1454-99 (1999 G.O. 2, 5207), 1451-2000 (2000 G.O. 2, 5885), 1463-2001 (2001 G.O. 2, 6328), 1470-2002 (2002 G.O. 2, 6552), 1282-2003 (2003 G.O. 2, 3552), 1155-2004 (2004 G.O. 2, 3593), 1249-2005 (2005 G.O. 2, 5533), 300-2006 (2006 G.O. 2, 1287), 1149-2006 (2006 G.O. 2, 4087), 1116-2007 (2007 G.O. 2, 4042) and by section 2 of Order in Council 134-2009 (2009 G.O. 2, 213), concerning its application continue to apply and govern the corresponding provisions of this regulation.

A reference to a provision of this Regulation concerning a period prior to 4 March 2009 is a reference to the corresponding provision of the preceding regulation.

Similarly, a reference to the preceding regulation or to any of its replaced provisions is deemed, after 4 March 2009, to be a reference to this Regulation or to the corresponding provision of this Regulation.

O.C. 134-2009, s. 1.

**2000R2.** The provisions of the Regulation respecting the Taxation Act, in this section referred to as the “former regulation”, made by Order in Council 3786-72 dated 13 December 1972, amended by the regulations made by Orders in Council 4478-73 dated 5 December 1973, 4644-73 dated 12 December 1973, 2023-75 dated 14 May 1975, 5555-75 dated 17 December 1975, 1121-76 dated 24 March 1976, 2220-76 dated 23 June 1976, 2685-76 dated 4 August 1976, 3994-76 dated 10 November 1976, 854-77 dated 16 March 1977, 2528-77 dated 3 August 1977, 1102-78 dated 5 April 1978, 1640-78 dated 17 May 1978, 3320-78 dated 25 October 1978, 3852-78 dated 13 December 1978, 377-79 dated 7 February 1979, 1381-79 dated 16 May 1979 and 3479-79 dated 19 December 1979, and by the regulations made by Orders in Council 336-80 (1980 G.O. 2, 1001) and 1980-80 (1980 G.O. 2, 2547),

concerning its application continue to apply and govern the corresponding provisions of the preceding regulation.

A reference to a provision of the preceding regulation that concerns a period prior to the coming into force of the preceding regulation is a reference to the corresponding provision of the former regulation.

Similarly, a reference to the former regulation or to any of its provisions replaced under section 2000R1 of the preceding regulation is deemed, after the coming into force of the preceding regulation, to be a reference to the preceding regulation or to the corresponding provision of that regulation.

s. 2000R2; O.C. 1981-80, s. 2000R2; R.R.Q., 1981, c. I-3, r. 1, s. 2000R2; O.C. 134-2009, s. 1.

**SCHEDULE A**

(ss. 1029.8.61.19R2 and 1029.8.61.19R3)

**TABLES OF PRESUMED CASES OF SERIOUS HANDICAP**

**1. IMPAIRMENTS**

**1.1 Sight**

**Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child is less than four years of age and wears contact lenses because of bilateral aphakia;
- (b) the child has a visual acuity of 6/60 or less;
- (c) the child's field of vision for both eyes is less than 30 degrees at the widest diameter, measured when focusing on a central point;
- (d) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases
A.1 the child has a visual acuity of 6/21 or less.	B.1 special services are required to stimulate and maximize the child's visual potential.
A.2 the child's field of vision for both eyes is less than 60 degrees at the widest diameter, measured when focusing on a central point.	B.2 assistance is required to move about in an unfamiliar environment or to go to school or move about there.
A.3 the child has a loss of sight of 30% or more, calculated in accordance with the method and tables of the American Medical Association and taking into account loss of central vision, field of vision and eye motility.	B.3 adapted learning tools are required, particularly special school books, audio recordings, magnifying devices or documents in braille.

**Assessment parameters**

Visual acuity must be measured in both eyes simultaneously following correction by adequate refraction lenses.

The method used to measure visual acuity must be specified in the expert's report. If measured other than with a Snellen chart, the Allen method or ocular fixation, the data enabling

the reliability and margin of error of the method to be assessed must be specified in the expert's report.

**1.2 Hearing**

**Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the average threshold in air conduction tests before fitting is more than 70 dB for the better ear;
- (b) the child is less than six years of age and the average threshold in air conduction tests before fitting is more than 40 dB for the better ear;
- (c) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases
A.1 the child is less than six years of age and the average threshold in air conduction tests before fitting is 25 dB or more for the better ear.	B.1 in spite of an appropriate fitting, the child's delayed language development is comparable to the cases in Table 2.4 on language disorders.
A.2 the child is six years of age or older and the average threshold in air conduction tests before fitting is 40 dB or more for the better ear.	B.2 the child's hearing impairment requires specialized services outside the school more than twice a month; specialized services are audiologic, medical or speech therapy follow-ups and visits to a hearing-aid acoustician.

**Assessment parameters**

Hearing loss is measured by taking into account the average threshold of pure sound at 500, 1,000, 2,000 and 4,000 Hz.

If the hearing is not measured by tonal audiometry, the data enabling the reliability of the method used to be assessed must be specified in the expert's report.

The assessment must show the child's usual level of hearing. It must not be carried out in the case of temporary conduction deafness, such as otitis media.

**Exclusion**

A child in respect of whom a central auditory processing disorder is inferred is not presumed to be handicapped unless an assessment of the child's difficulties, using standardized

tests, shows results comparable to those of the cases referred to in Tables 2.1 to 2.5 on developmental disabilities.

**Specific rule**

A child is not presumed to be handicapped before the first reliable measurement of hearing loss.

**1.3 Musculoskeletal system**

**Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child has a total brachial plexus palsy;
- (b) the child is two years of age or less and requires several surgical procedures for clubfoot;
- (c) the child is more than three years of age and requires a wheelchair or a walker because of limited motor skills;
- (d) the child is achondroplastic and the child's height is less than the third percentile;
- (e) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases
A.1 the child has a deformity or agenesis affecting the musculoskeletal system.A.2 the child has a type of dwarfism.	B.1 the child is less than five years of age and the ability to maintain sitting and standing positions, handle objects and move about is less than that of the average healthy child half that age.
A.3 the child has a neuromuscular disease.A.4 the child has cerebral palsy.	B.2 the child is two years of age or older and has an upper limb impairment resulting in inefficient prehension in one hand or hindering the activities of daily living that require both hands.

A.5 the child has myopathy.A.6 the child has arthropathy.A.7 the child has sequelae of disease or trauma limiting motor skills.

B.3 the child is five years of age or older and is unable to walk about in places to which the child would normally go, to walk there or use public transportation to get there; the abnormalities and limitations described in the expert's report imply that the child requires the assistance of another person, special apparatus or devices, adapted transportation or an adapted learning environment.

B.4 the child is five years of age or older and prehension and coordination skills are such that the child cannot feed or dress or requires an inordinate amount of time to do so, thus requiring another person's help or a special apparatus or device.

B.5 the child must undergo several specialized therapeutic interventions because of the limited skills, thus entailing more than two specific care treatments per month outside the home.

**Assessment parameters**

The expert's report must include a diagnosis, confirmed by significant observations during a physical examination, by biological tests or medical imaging, as well as an assessment of the child's motor abilities and disabilities, in accordance with the child's age.

The report must describe any abnormality in muscular tone, motor control, range of motion, coordination and balance, muscular strength and endurance and contain comments on the limitations they entail in maintaining posture and in motor, exploratory and manipulative activities.

**1.4 Respiratory function**

**Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child receives daily oxygen therapy at home;
- (b) the child has bronchopulmonary dysplasia requiring the daily use of a bronchodilator;

(c) the child has a deformity of the thorax or a restrictive syndrome that reduces vital capacity to 50% or less compared to the normal vital capacity for the child's size; vital capacity must be measured when the child's condition is stable, in the absence of acute infection or decompensation;

(d) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases
A.1 the child is less than two years of age and has been treated for at least the past three months as recommended by the Asthma Committee of the Canadian Thoracic Society.	B.1 the child is less than two years of age and receives daily medication six months a year or more administered by wet nebulization, where a metered-dose inhaler is medically contraindicated.
A.2 the child is two years of age or older and has been treated for asthma for at least the past six months as recommended by the Asthma Committee of the Canadian Thoracic Society.	B.2 in spite of adequate preventive treatment, the child has had at least three severe decompensation episodes in the last twelve months, requiring treatment in hospital for more than 48 hours or oral corticosteroid treatment for more than seven days.
	B.3 in spite of inhaled beclomethasone in doses of 1,000 g/day or 20 g/kg/day with a metered-dose inhaler or its equivalent, the child's asthma cannot be controlled and the child has symptoms, at least six months a year, that limit the child's activities, or a condition that requires a greater dose of inhaled steroids or the addition of another medication the potential side effects of which require close medical supervision.

#### Assessment parameters

The medical report must indicate the prescribed medication, dosage, frequency of medical visits, decompensation episodes, weight and height of the child, and the presence of avoidable respiratory irritants in the child's environment. Where respiratory allergens complicate control of the asthma, the allergy test results must be attached to the medical report.

If control of the asthma is not achieved, it must be demonstrated in the medical report, in accordance with any applicable measures given the child's age, through

information concerning frequency of nocturnal symptoms, frequency of use of bronchodilators, variations in peak expiratory flow rates, results of bronchial and respiratory function challenge tests done when no infections or allergies are active. A preventive dose of a bronchodilator before exercise may not be considered in the assessment of daily needs.

A pharmaceutical record confirming the various medications and quantities purchased during the previous year must be attached to the medical report.

Where a nebulizer must be used, the medical report must describe the problems related to using a metered-dose inhaler or other method.

### 1.5 Cardiovascular function

#### Presumed cases of serious handicap

A child is presumed handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

(a) the child is three years of age or less, has a heart disease and requires diuretics and digitalis;

(b) from birth to the end of two full years following surgery, if the child was born with hypoplastic left heart syndrome, transposition of the great vessels, pulmonary atresia or a tetralogy;

(c) the child has a valvular disease and is taking anticoagulants;

(d) the child has a pacemaker, and complications related to the implant site require two or more surgical procedures during the year;

(e) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases
A.1 the child has a surgically uncorrected malformation of the heart.	B.1 the child, in spite of medication, has symptoms at rest or with low effort that hinder the activities of daily living.
A.2 the child has a malformation of the heart surgically corrected with a palliative procedure.	B.2 the child has seriously retarded growth: weight or height less than the third percentile or persistent weight or height loss of more than 15 percentiles.

A.3 the child has arrhythmia.	B.3 the progressive deterioration of the child's cardiovascular function requires surgery and the activities of daily living are affected, or the care required imposes substantial constraints on the child's family.
A.4 the child has cardiac insufficiency.	B.4 the child requires medical follow-up at least once a month to adjust medication according to the child's response to treatment and variations in weight.

A.3 the child has suffered a craniocerebral injury resulting in a coma.	B.3 in spite of medication, the child has persistent tics that significantly affect the activities of daily living.
	B.4 the side effects of the medication significantly affect the activities of daily living.
	B.5 the child cannot attend a day care centre or school without being accompanied.

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### Assessment parameters

The medical report establishing the cardiovascular disability must indicate the diagnosis, the level of activity that triggers the cyanosis, dyspnea or tachycardia and must include a height and weight graph.

### Exclusion

A child who has a malformation or cardiac disease with no active treatment, requiring only medically prescribed restrictions or limiting the playing of sports, is not presumed to be handicapped.

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### 1.6 Nervous system abnormalities

#### Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child has Lennox-Gastaut syndrome;
- (b) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases
A.1 the child has epilepsy and has been undergoing anticonvulsive therapy for more than six months.	B.1 in spite of medication, the child has more than one partial seizure a week.
A.2 the child has Tourette's disorder.	B.2 in spite of medication, the child has more than one episode of generalized seizures every two months.

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### Assessment parameters

The diagnosis of nervous system impairments must be confirmed by a description of the objective abnormalities detected by a physical examination, analysis of diagnostic specimens, medical imaging or electrophysiology.

In the case of Tourette's disorder, the expert's report must describe the tics observed, stating at what age they began and how often they occur. A psychiatric assessment must be attached to the report.

### Specific rules

Where a central nervous system dysfunction is the supposed cause of a cognitive, behavioural or communication disorder, or of dislexia, the provisions of Tables 2.1 to 2.5 on developmental disabilities apply.

Where the nervous system impairment is characterized by psychomotor retardation, the provisions of Table 2.1 on psychomotor retardation apply.

Where the nervous system impairment involves mainly motor skills, the provisions of Table 1.3 on impairments of the musculoskeletal system apply.

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### 1.7 Nutrition and digestion

#### Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child is fed by naso-gastric hyperalimentation;
- (b) the child has a gluten-free diet;
- (c) the child has a colostomy or ileostomy;
- (d) the child has congenital anal imperforation and is two years of age or less;
- (e) one of the cases in A and one of the cases in B below both apply to the child:

A Cases	B Cases	
A.1 the child has a malformation or disease of the digestive tract.	B.1 the child's diet imposes substantial constraints on the child's family.	<p>(a) the child has a chronic renal insufficiency and is undergoing dialysis;</p> <p>(b) the child uses a urinary catheter daily;</p> <p>(c) the child has had a vesicostomy or a urethrostomy;</p> <p>(d) the child is five years of age or older and diurnal incontinence requires daily care and sanitary products.</p>
A.2 the child has oropharyngeal dyspraxia.	B.2 deglutition and mastication functions are such that the child requires the services of an occupational or speech therapist.	
A.3 the child has an inflammatory intestinal disease.	B.3 the child's illness is not controlled by medication and the child has digestive problems, a deteriorated general condition or symptomatic anemia that restricts the activities of daily living for more than three months a year.	
	B.4 the total period of hospitalization because of the inflammatory intestinal disease and its complications is more than one month a year.	<p><b>Exclusion</b></p> <p>A child receiving prophylactic antibiotic therapy because of vesicourethral reflux is not presumed to be handicapped.</p>
	B.5 the child must go to a health care facility or a doctor more than ten times a year because of decompensation due to the inflammatory intestinal disease, extradigestive manifestations, endoscopy, biological tests and therapeutic adjustments.	

#### Assessment parameters

The diagnosis of an impairment related to nutrition must be confirmed, as the case may be, by a report from the occupational therapist or the speech therapist, by dated results of the abnormal biological tests, by the attending physician's notes on its course, hospitalization dates and the height and weight graph.

#### Exclusion

A child who has lactose intolerance or cow's milk protein intolerance is not presumed to be handicapped.

### 1.8 Renal and urinary functions

#### Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

### 1.9 Metabolic or hereditary abnormalities

#### Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child has a hemoglobinopathy of type SC, SS or S $\beta$  thalassemia with sickle cell anemia and is less than seven years of age;
- (b) the child has a phenylalanine-reduced diet due to phenylketonuria and is less than seven years of age;
- (c) the child has mucopolysaccharidosis of the Hunter or Hurler type;
- (d) the child has Gaucher's disease, infantile form;
- (e) the child has galactosemia;
- (f) the child has tyrosinemia;
- (g) the child has maple sugar urine disease;
- (h) the child has lactic acidosis;
- (i) the child has cystic fibrosis and pulmonary and digestive complications and is under continuous treatment with enzymes;
- (j) the child is a hemophiliac with Factor VIII or IX activity of less than 1%;
- (k) the child receives daily insulin therapy;
- (l) one of the cases in A and one of the cases in B below both apply to the child:

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A Cases

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B Cases

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A.1 the child has a metabolic illness resulting in an essential metabolite deficiency.	B.1 the child could experience severe decompensation after fasting for a few hours, with a fever or benign infection, a condition which requires specific care under medical supervision.
A.2 the child has a metabolic illness resulting in an accumulation of toxic metabolites.	B.2 the child must consume proteins, lipids or glucides of a specific type or in closely supervised portions, which prevents the child from consuming the same food as the child's family.
A.3 the child has a metabolic illness resulting in an insufficient energy production.	B.3 the child requires at least every month a medical or paramedical follow-up because of the illness, decompensations or to prevent the child's development from being affected.
	B.4 the child's fatigability restricts the activities of daily living.

**Exclusion**

A child who has a metabolic abnormality that is compensated by medication, vitamin therapy, food supplements or by excluding a food is not presumed to be handicapped.

**Specific rules**

Where the metabolic or genetic impairment causes psychomotor retardation, the provisions of Table 2.1 on psychomotor retardation apply.

**1.10 Immune system abnormalities and neoplasia****Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child is receiving chemotherapy or radiation therapy for leukemia or cancer;
- (b) the child has AIDS and the condition imposes substantial constraints on the child's family;
- (c) the child is undergoing immunosuppressive treatment for an autoimmune disease or following an organ transplant;
- (d) the child has multiple food allergies to at least three different food groups consumed daily and the severity of the

allergic reactions requires that emergency treatment be constantly available.

**Assessment parameters**

The diagnosis must be confirmed by information on the type of tumour, the stage of the disease and the abnormal biological test reports.

For allergies, the medical report must describe any previous allergic reactions and include the allergy test results.

**Exclusions**

A child who is allergic to one food only, to pollens or to animals is not presumed to be handicapped.

A child whose tumour has been totally removed by surgery without any sequelae is not presumed to be handicapped.

**1.11 Congenital malformations and chromosomal abnormalities****Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) until the child is two years of age, if born with a complete unilateral or bilateral cleft lip and palate;
- (b) the child has a trisomy involving the autosomes without mosaicism;
- (c) the child has a monosomy involving the autosomes without mosaicism.

**Assessment parameters**

The diagnosis must be confirmed by a description of the malformation. In the case of a syndrome in which the malformation or its degree varies from one subject to another, the child's abnormalities and functional limitations must be specified in the expert's report.

In the case of the chromosomal abnormalities referred to above, the karyotype analysis is sufficient.

**Exclusion**

A child who has a fissure of the soft palate or a cleft lip with an alveolar notch is not presumed to be handicapped.

**2. MENTAL FUNCTION DISABILITIES****2.1 Global developmental delay**

**Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 if the child is at least two years of age and less than six years of age and meets at least two of the following criteria:

- (a) the child's full scale intelligence quotient or the scale scores assessing the child's level of cognitive development are in the 2nd percentile or below, for a confidence interval of 95%;
- (b) the global scores on a test assessing the child's global and fine motor skills are in the 2nd percentile or below; and
- (c) the scores on a receptive vocabulary test normalized for the child's population group are in the 2nd percentile or below.

**Assessment parameters**

The assessments must be conducted by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is at least two years of age and less than six years of age.

The professional's assessment report must contain a description of the child's abilities and disabilities and the professional's observations and enable Retraite Québec to rule on the validity of the scores obtained.

**Exclusion**

A child who has not been exposed on a sustained basis, for a period of at least two years, to the language used in the assessment tests is not presumed to be handicapped due to a global developmental delay. In that respect, a child will be considered to be exposed on a sustained basis to the language used in a test if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

**2.2 Intellectual disability****Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child is six years of age or over and has a full scale intellectual quotient of 50 or less, for a confidence interval of 95%; or
- (b) the child is six years of age or over and meets the following criteria:

— the child's full scale intellectual quotient is in the 2nd percentile or below, for a confidence interval of 95%;

— the assessment of the child's adaptive behaviours shows that the score on one of the three components assessed among the conceptual, social and practical components, or the overall score of those three components, is in the 2nd percentile or below, for a confidence interval of 95%, in at least two of the child's living environments.

**Assessment parameters**

The assessments must be conducted by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is six years of age or over.

The professional's assessment report must contain a description of the child's abilities and disabilities and the professional's observations and enable Retraite Québec to rule on the validity of the scores obtained.

**Exclusion**

A child who has not been exposed on a sustained basis, for a period of at least two years, to the language used in the assessment tests is not presumed to be handicapped due to an intellectual disability. In that respect, a child will be considered to be exposed on a sustained basis to the language used in a test if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

**2.3 Autism spectrum disorder****Presumed cases of serious handicap**

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

- (a) the child is two years of age or over, has been diagnosed with an autism spectrum disorder and presents at least four of the following characteristics:
  - the child does not use communicative gestures;
  - the child does not show interest in other persons;
  - the child does not respond to social smiles, even with people the child knows;
  - the child does not have fun with others, even with people the child knows;
  - the child does not share interests with other persons by showing or bringing objects;

— the child does not pay attention to an object that is pointed to by another person;

— the child does not respond verbally or non-verbally to verbal messages;

— the child does not imitate other people's behaviours;

— the child does not engage in functional play;

(b) the child is three years of age or over, has been diagnosed with an autism spectrum disorder and does not speak;

(c) the child is at least three years of age and less than six years of age, has been diagnosed with an autism spectrum disorder and meets at least two of the following criteria:

— the child's full scale intellectual quotient or the scale scores assessing the child's level of cognitive development have a standard deviation of 1.5 or more below average;

— the global scores at a test assessing the child's global and fine motor skills have a standard deviation of 1.5 or more below average;

— the scores of all the tests administered and assessing the receptive language have a standard deviation of 1.5 or more below average;

(d) the child is five years of age or over, has been diagnosed with an autism spectrum disorder and the child's full scale intellectual quotient is in the 5th percentile or below, for a confidence interval of 95%; or

(e) the child is four years of age or over, has been diagnosed with an autism spectrum disorder and, despite the application of therapeutic measures recommended by members of a professional order, the child

— throws temper tantrums in his or her various living environments, and the frequency, duration and intensity of the tantrums are high and significantly exceed the norm for the child's stage of development; or

— exhibits physically aggressive behaviours against himself or herself, or others, in his or her various living environments, the frequency and intensity of which are high and significantly exceed the norm for the child's stage of development.

#### Assessment parameters

The assessment leading to the diagnosis of autism spectrum disorder must be conducted when the child is two years of age or over. The disorder must be confirmed by an assessment report made by a member of a professional order.

The professional's assessment report must contain a description of the child's abilities and disabilities and the professional's observations and enable Retraite Québec to rule on the validity of the scores obtained, if applicable.

For the purposes of the analysis of a case prescribed in paragraph *a*, information on social communication and interactions must be corroborated by more than one source, in particular by the observations of the parents and childcare workers or school workers that are recorded in the professionals' assessment reports and by the observations made by those professionals during their interactions with the child.

For the purposes of the analysis of a case prescribed in paragraph *c*, the assessments must be made by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is at least three years of age and less than six years of age, and the professional's assessment report must enable Retraite Québec to rule on the validity of the scores obtained.

For the purposes of the analysis of a case prescribed in paragraph *d*, the assessment must be made by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is five years of age or over, and the professional's assessment report must enable Retraite Québec to rule on the validity of the scores obtained.

For the purposes of the analysis of a case prescribed in paragraph *e*, information on the nature, intensity, duration and frequency of the disruptive behaviours must be corroborated by more than one source, in particular by the observations of the parents and childcare workers or school workers that are recorded in the professionals' assessment reports and progress notes and by intervention plans at a childcare establishment, school or rehabilitation centre.

#### Exclusion

In the cases prescribed in paragraphs *c* and *d*, a child who has not been exposed on a sustained basis, for a period of at least two years, to the language used in the assessment tests is not presumed to be handicapped due to an autism spectrum disorder. In that respect, a child will be considered to be exposed on a sustained basis to the language used in a test if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

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#### 2.4 Language disorders

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##### Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

(a) the child is two years of age or over and does not have at least four of the following prelinguistic skills:

- joint attention;
- motor imitation;
- oral imitation;
- use of communicative gestures;
- taking turns in communication;

(b) the child is three years of age or over and, in various contexts, expresses himself or herself by using isolated words, and it has been shown that the child does not understand the simple questions “who?”, “what?” and “where?” in relation to familiar objects or persons present in the immediate environment;

(c) the child is three years of age or over and has a persistent inability to pronounce words having two different syllables;

(d) the child is at least four years of age and less than six years of age, the scores obtained on formal assessment tests are corroborated by a qualitative analysis of the child’s daily language skills and

— with respect to receptive language, the child obtains scores that are equal to or below the 5th percentile on at least three tests normalized for the child’s population group and obtains no scores above the 5th percentile on any other test; or

— with respect to expressive language, at least two of the following language components are impaired:

- regarding vocabulary, the child obtains scores that are equal to or below the 5th percentile on at least one test normalized for the child’s population group;
- regarding production of sounds, the child persistently and frequently makes a wide range of mistakes that are unusual for his or her age, making the child’s speech unintelligible most of the time;
- regarding sentence structure, the child’s statements are agrammatical and do not contain more than three or four words;

(e) the child is six years of age or over, the scores obtained on formal assessment tests are corroborated by a qualitative analysis of the child’s daily language skills and

— with respect to receptive language, the child obtains scores that are equal to or below the 5th percentile on at least three tests normalized for the child’s population group and obtains no scores above the 5th percentile on any other test; or

— with respect to expressive language, at least two of the following language components are impaired:

- regarding vocabulary, the child obtains scores that are equal to or below the 5th percentile on at least one test normalized for the child’s population group;
- regarding production of sounds, the child persistently and frequently makes a wide range of mistakes that are unusual for his or her age, making the child’s speech unintelligible most of the time;
- regarding sentence structure, the child uses simple syntactic structures, mostly without grammatical markers, and cannot use complex syntactic structures;

(f) the child is at least 9 years of age and less than 15 years of age and the child’s oral or written language disorder delays his or her acquisition of reading and mathematics skills, with the result that they are below those of a child two-thirds his or her age;

(g) the child is at least 15 years of age and the child’s oral or written language disorder delays his or her acquisition of reading and mathematics skills, which are no longer progressing beyond the second cycle of elementary education despite continuous schooling.

#### Assessment parameters

The language disorder must be assessed by a speech-language pathologist in accordance with the applicable standards of practice.

A speech-language pathology report for a particular case must describe the child’s language skills for a period that may not precede the time the child reaches the minimum age prescribed for that case. The report must also describe interpreted data of the assessment of communication, speech and all the components of receptive and expressive language. The analysis is corroborated by more than one document, in particular by intervention plans at a childcare establishment, school or rehabilitation centre.

In the cases prescribed in paragraphs d and e, the three formal tests referred to respecting receptive language must demonstrate different aspects of comprehension. In that respect, a subtest that allows demonstrating a specific aspect of comprehension may count as a test.

In the case of children exposed to more than one language, the attending speech-language pathologist interprets the child’s language data by taking explicit account of the multilingualism context, and the following information must be on file:

— the mother tongue or tongues, the language or languages commonly used and the dominant language or languages;

— the age of exposure, and the duration and percentage of exposure, to each of the languages.

### Exclusion

A child who is assessed only in a language he or she is learning is not presumed to be handicapped due to language disorders, unless the child has been exposed on a sustained basis to that language for a period of at least two years. In that respect, a child will be considered to be exposed on a sustained basis to the language he or she is learning if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

A child who has an attention deficit disorder with or without hyperactivity the symptomatology of which is controlled with medication is not presumed to be handicapped due to severe behavioural disorders.

O.C. 1249-2005, s. 63; Erratum, 2006 G.O. 2, 963; O.C. 300-2006, s. 1; O.C. 1149-2006, s. 83; O.C. 134-2009, s. 1; 2017, c. 29, s. 265.

## 2.5 Severe behavioural disorders

### Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1, if the following criteria are met:

(a) the child is four years of age or over and exhibits at least two of the following behaviours:

— physical aggression against himself or herself or against other persons;

— defiance of authority that results in an obstinate refusal to follow instructions and comply with the rules in effect in the child's environment;

— temper tantrums that significantly exceed the norm for the child's stage of development;

— deliberate destruction of material objects;

(b) despite the application of therapeutic measures recommended by members of a professional order, the behaviours exhibited present all the following characteristics:

— high level of intensity;

— high frequency;

— consistency, that is, the behaviours exist in the child's various living environments.

### Assessment parameters

A behavioural disorder must be confirmed by an assessment report made by a member of a professional order. The professional's assessment report must contain a description of the nature and severity of the disorder and of its academic, family and social consequences, a description of the child's abilities and disabilities and the professional's observations.

### Exclusion

**SCHEDULE B**

(ss. 130R3, 130R6, 130R7, 130R8, 130R9, 130R10, 130R12, 130R13, 130R14, 130R15, 130R16, 130R17, 130R18, 130R22, 130R34, 130R49, 130R103, 130R119, 130R120, 130R122, 130R123, 130R124, 130R135, 130R138, 130R142, 130R147, 130R150, 130R155, 130R156, 130R158, 130R159, 130R161, 130R162, 130R175, 130R184, 130R196, 130R197, 130R200, 130R203, 130R207, 130R208, 130.1R2, 1086R98)

**CLASSES OF PROPERTY****CLASS 1****(4%)**

(ss. 130R3, 130R22, 130R71, 130R77, 130R88, 130R105, 130R128, 130R131, 130R179, 130R180)

Property, not included in any other class, that is

- (a) a bridge;
- (b) a canal;
- (c) a culvert;
- (d) a dam;
- (e) a jetty acquired before 26 May 1976;
- (f) a mole acquired before 26 May 1976;
- (g) a road, sidewalk, aeroplane runway, parking area, storage area or similar surface construction, acquired before 26 May 1976;
- (h) railway track and grading, including components such as rails, ballast, ties and other track material
  - i. that is not part of a railway system, or
  - ii. that was acquired after 25 May 1976;
- (i) railway traffic control or signalling equipment acquired after 25 May 1976, including switching, block signalling, interlocking, crossing protection, detection, speed control or retarding equipment, but not including property that is principally electronic equipment or systems software therefor;
- (j) a subway or tunnel, acquired after 25 May 1976;
- (k) electrical generating equipment, except as specified elsewhere in this schedule;
- (l) a pipeline, other than
  - i. a pipeline that is gas or oil well equipment, and
  - ii. a pipeline that is for oil or natural gas if the Minister is or has been satisfied that the main source of supply for the

pipeline is or was likely to be exhausted within 15 years after the date on which the operation of the pipeline commenced;

(m) the generating or distributing equipment and plant, including structures, of a producer or distributor of electrical energy;

(n) manufacturing and distributing equipment and plant, including structures, acquired primarily for the production or distribution of gas, other than

i. a property acquired for the purpose of producing or distributing gas that is normally distributed in portable containers,

ii. a property acquired for the purpose of processing natural gas, before the delivery of such gas to a distribution system, and

iii. a property acquired for the purpose of producing oxygen or nitrogen;

(o) the distributing equipment and plant, including structures, of a distributor of water;

(p) the production and distributing equipment and plant, including structures, of a distributor of heat; or

(q) a building or other structure, or a part of it, including any component parts such as electric wiring, plumbing, sprinkler systems, air-conditioning equipment, heating equipment, lighting fixtures, elevators and escalators, except property described

i. in any of paragraphs *k* and *m* to *p*, or

ii. in any of paragraphs *a* to *e* of Class 8.

O.C. 1981-80, Sch. B, Class 1; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 1; O.C. 1697-92, s. 63; O.C. 1631-96, s. 61; O.C. 1454-99, s. 63; O.C. 1149-2006, s. 73; O.C. 1116-2007, s. 52; O.C. 134-2009, s. 1; O.C. 390-2012, s. 82.

**CLASS 2****(6%)**

(ss. 130R3, 130R22, 130R128, 130R129, 130R187)

Property that is

(a) electrical generating equipment except as specified elsewhere in this schedule;

(b) a pipe-line, other than gas or oil well equipment, unless, in the case of a pipeline for oil or natural gas, the Minister is or has been satisfied that the main source of supply for the pipeline will be or is likely to be exhausted within 15 years from the date on which operation of the pipeline commenced;

(c) the generating and distributing equipment and plant, including structures, of a producer or distributor of electrical energy, except property included in any of Classes 10, 13, 14, 26 and 28;

(d) manufacturing and distributing equipment and plant, including structures, acquired primarily for the production or distribution of gas, other than

- i. a property included in any of Classes 10, 13 and 14,
  - ii. a property acquired for the purpose of processing or distributing gas that is normally distributed in portable containers,
  - iii. a property acquired for the purpose of processing natural gas before delivery to a distribution system, and
  - iv. a property acquired for the purposes of producing oxygen or nitrogen;
- (e) the distributing equipment and general plant, including structures, of a distributor of water, except property included in any of Classes 10, 13 and 14; or
- (f) the production and distributing equipment and general plant, including structures, of a distributor of heat, except a property included in any of Classes 10, 13 and 14.

The property in this class includes only property acquired by the taxpayer

(a) before 1 January 1988; or

(b) before 1 January 1990

- i. pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987,
- ii. that was under construction by or on behalf of the taxpayer on 18 June 1987, or
- iii. that is machinery or equipment that is a fixed and integral part of a building, structure, plant facility or other property that was under construction by or on behalf of the taxpayer on 18 June 1987.

O.C. 1981-80, Sch. B, Class 2; O.C. 1983-80, s. 43; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 2; O.C. 544-86, s. 19; O.C. 1076-88, s. 33; O.C. 1697-92, s. 64; O.C. 134-2009, s. 1.

### CLASS 3

(5%)

(ss. 130R22, 130R61, 130R71, 130R87, 130R88, 130R105, 130R128, 130R131, 130R152, 130R181, 130R182)

Property not included in any other class, that is

(a) a building or other structure, or part thereof, including component parts such as electric wiring, plumbing, sprinkler

systems, air-conditioning equipment, heating equipment, lighting fixtures, elevators and escalators 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,

(2) that was under construction by or on behalf of the taxpayer on 18 June 1987, or

(3) that is a component part of a building that was under construction by or on behalf of the taxpayer on 18 June 1987;

(b) a breakwater other than a wooden breakwater;

(c) a dock;

(d) a trestle;

(e) a windmill;

(f) a wharf;

(g) an addition or alteration made after 31 March 1967 but before 1 January 1988, to a building that would have been included in this class during that period if it had not been included in Class 20;

(h) a jetty acquired after 25 May 1976;

(i) a mole acquired after 25 May 1976;

(j) telephone, telegraph or data communication equipment, acquired after 25 May 1976, that is a wire or cable;

(k) an addition or alteration, other than an addition or alteration described in paragraph *k* of Class 6, made after 31 December 1987, to a building included, in whole or in part, in this class, in Class 6 by virtue of subparagraph *i* of paragraph *a* thereof, or in Class 20, to the extent that the aggregate cost of all such additions or alterations to the building does not exceed the lesser of

i. \$500,000, or

ii. 25% of the aggregate of the amounts that would, but for this paragraph, be the capital cost of the building and any additions or alterations thereto included in this class or Class 6 or 20; or

(l) supporting equipment for a wire or cable referred to in paragraph *j* or in Class 42, such as a pole, mast, tower, conduit, brace, crossarm, guy or insulator.

O.C. 1981-80, Sch. B, Class 3; O.C. 1983-80, s. 44; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 3; O.C. 1697-92, s. 65; O.C. 1631-96, s. 42; O.C. 134-2009, s. 1.

#### **CLASS 4**

**(6%)**

(ss. 130R3, 130R22, 130R128, 130R129, 130R147)

Property that would otherwise be included in another class in this schedule, that is

(a) a railway system or a part thereof, except automotive equipment not designed to run on rails or tracks, that was acquired after the end of the taxpayer's 1958 taxation year and before 26 May 1976; or

(b) a tramway or trolley bus system or a part thereof, except property included in any of Classes 10, 13 and 14.

O.C. 1981-80, Sch. B, Class 4; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 4; O.C. 134-2009, s. 1.

#### **CLASS 5**

**(10%)**

(ss. 130R22, 130R128)

A property that is included in Class 5 in Schedule II of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 1981-80, Sch. B, Class 5; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 5; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

#### **CLASS 6**

**(10%)**

(ss. 130R22, 130R61, 130R71, 130R87, 130R88, 130R105, 130R128, 130R131, 130R152)

Property, not included in any other class, that is

(a) a building of frame, log, stucco on frame, galvanized iron or corrugated metal, including component parts such as electric wiring, plumbing, sprinkler systems, air-conditioning equipment, heating equipment, lighting fixtures, elevators and escalators, if the building

i. was acquired by the taxpayer before 1979 and is not described in subparagraph ii or iii,

ii. is used by the taxpayer for the purpose of gaining or producing income from farming or fishing,

iii. has no footings or other base support below ground level, or

iv. was acquired by the taxpayer after 1978 and the installation of footings or any other base support begun before 1979, where the taxpayer was committed to acquiring it under a written agreement entered into before 1979, where the taxpayer commenced construction before 1979 or where construction was commenced under a written agreement entered into by the taxpayer before 1979;

(b) a wooden breakwater;

(c) a fence;

(d) a greenhouse;

(e) an oil or water storage tank;

(f) a railway tank car acquired before 26 May 1976;

(g) a wooden wharf;

(h) an aeroplane hangar acquired after the end of the taxpayer's 1958 taxation year;

(i) an addition or alteration made after 31 March 1967 but before 1979 to a building that would have been included in that class during that period if it had not been included in Class 20, or an addition or alteration made after 1978 that the taxpayer was required to make to such building under a written agreement entered into before 1979;

(j) a railway locomotive acquired after 25 May 1976 and before 26 February 2008, but not including an automobile railway car; or

(k) an addition or alteration made after 1978 to a building included in this class under subparagraph i of paragraph *a*, to the extent that the aggregate cost of such additions or alterations does not exceed \$100,000.

O.C. 1981-80, Sch. B, Class 6; O.C. 1983-80, s. 45; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 6; O.C. 1631-96, s. 43; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 62.

#### **CLASS 7**

**(15%)**

(ss. 130R22, 130R128, 130R164, 130R166)

Property that is

(a) a canoe or rowboat;

(b) a scow;

(c) a vessel, but not including a vessel of a separate class prescribed by section 130R165 or included in Class 41;

(d) furniture, fittings and equipment attached to a property included in this class, but not including radiocommunication equipment;



- (e) a spare engine for a property included in this class;
- (f) a marine railway;
- (g) a vessel under construction, other than a vessel included in Class 41;
- (h) subject to an election made under section 130R133, property acquired after 27 February 2000 that is a rail suspension device designed to carry trailers that are designed to be hauled on both highways and railway tracks, or a railway car;
- (i) a railway locomotive acquired after 27 February 2000, but not including property included in Class 10 because of paragraph *t* of that class and an automobile railway car;
- (j) pumping or compression equipment, including equipment ancillary to pumping and compression equipment, acquired after 22 February 2005 if the equipment pumps or compresses petroleum, natural gas or a related hydrocarbon for the purpose of moving it
- i. through a transmission pipeline,
  - ii. from a transmission pipeline to a storage facility, or
  - iii. from a storage facility to a transmission pipeline; or
- (k) pumping or compression equipment that is acquired after 25 February 2008, including equipment ancillary to pumping and compression equipment, that is on a pipeline and that pumps or compresses carbon dioxide for the purpose of moving it through the pipeline.
- O.C. 1981-80, Sch. B, Class 7; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 7; O.C. 1697-92, s. 66; O.C. 1149-2006, s. 74; O.C. 1116-2007, s. 53; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 63.
- CLASS 8**  
**(20%)**  
(*ss. 130R3, 130R22, 130R61, 130R71, 130R105, 130R128, 130R130, 130R152, 130R191, 130R198*)
- Property not included in any of Classes 1, 2, 7, 9, 11, 17 and 30 that is
- (a) a structure that is manufacturing or processing machinery or equipment;
- (b) tangible property attached to a building and acquired solely for the purpose of
- i. servicing, supporting or providing access to or egress from, machinery or equipment,
  - ii. manufacturing or processing, or
  - iii. any combination of the purposes prescribed in subparagraphs i and ii;
- (c) a building that is a kiln, tank or vat, acquired for the purposes of manufacturing or processing;
- (d) a building or other structure acquired after 19 February 1973 that is designed for preserving ensilage on a farm;
- (e) a building or other structure acquired after 19 February 1973 that is designed to store fresh fruit or fresh vegetables at a controlled level of temperature and humidity and to be used principally for such storages by or for the person by whom they were grown;
- (f) electrical generating equipment acquired after 25 May 1976 if
- i. the taxpayer is not a person whose business is the production for the use of or distribution to others of electrical energy,
  - ii. the equipment is auxiliary to the taxpayer's main power supply, and
  - iii. the equipment is not used regularly as a source of supply;
- (g) electrical generating equipment, acquired after 25 May 1976, that has a maximum load capacity of not more than 15 kilowatts;
- (h) portable electrical generating equipment acquired after 25 May 1976;
- (i) property not included in any other class that is radio-communication equipment acquired after 25 May 1976;
- (j) a corporeal capital asset that is not included in another class in this schedule other than
- i. an animal,
  - ii. a tree, shrub, herb or similar growing thing,
  - iii. an oil or gas well,
  - iv. a mine,
  - v. radium,
  - vi. a right of way,
  - vii. a timber limit,
  - viii. a tramway track,
  - ix. land or any interest therein,
  - x. property of a separate class prescribed by section 130R165, and

xi. a specified temporary access road of the taxpayer;

(k) a rapid transit car that is used for the purpose of public transportation within a metropolitan area and is not part of a railway system;

(l) an outdoor advertising poster panel or bulletin board; or

(m) a greenhouse constructed of a rigid frame and a replaceable, flexible plastic cover.

O.C. 1981-80, Sch. B, Class 8; O.C. 1535-81, s. 19; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 8; O.C. 421-88, s. 40; O.C. 1697-92, s. 67; O.C. 1631-96, s. 44; O.C. 1454-99, s. 64; O.C. 1470-2002, s. 84; O.C. 1249-2005, s. 60; O.C. 1149-2006, s. 75; O.C. 134-2009, s. 1.

#### CLASS 8.1

**(33 1/3%)**

(s. 130R22)

Property acquired after 21 April 2005 that would otherwise be included in Class 8 and that is a drawing, a print, an etching, a sculpture, a painting or other similar work of art of which the artist was a Canadian, within the meaning of the second paragraph of section 130R205, at the time the property was created.

O.C. 1149-2006, s. 76; O.C. 134-2009, s. 1.

#### CLASS 9

**(25%)**

(ss. 130R22, 130R128)

Property acquired before 26 May 1976, other than property included in Class 30, that is

(a) electrical generating equipment,

i. if the taxpayer is not a person whose business is the production for the use of or distribution to others of electrical energy,

ii. if the equipment is auxiliary to the taxpayer's main power supply, and

iii. if the equipment is not used regularly as a source of supply;

(b) radar equipment;

(c) radio transmission equipment;

(d) radio receiving equipment;

(e) electrical generating equipment that has a maximum load capacity of not more than 15 kilowatts; or

(f) portable electric generating equipment.

Property acquired after 25 May 1976, that is

(a) an aircraft;

(b) furniture, fittings or equipment attached to an aircraft; or

(c) a spare part for property referred to in subparagraph a or b.

O.C. 1981-80, Sch. B, Class 9; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 9; O.C. 1454-99, s. 65; O.C. 134-2009, s. 1.

#### CLASS 10

**(30%)**

(ss. 101.8R1, 130R3, 130R6, 130R8, 130R22, 130R71, 130R93, 130R105, 130R109, 130R112, 130R113, 130R114, 130R115, 130R120, 130R121, 130R128, 130R141, 130R143, 130R146, 130R174, 130R189, 130R190, 130R198, 360R2, 360R49, 360R54, 360R55, 360R56, 776.50R1)

Property, not included in any other class, that is

(a) automotive equipment, including a trolley bus, but not including an automotive railway car acquired after 25 May 1976, a tramcar or a railway locomotive;

(b) harness or stable equipment;

(c) a sleigh;

(d) a trailer, including a trailer designed to be hauled on both highways and railway tracks;

(e) a wagon;

(f) a portable tool acquired after 25 May 1976, for the purpose of earning rental income for short terms, such as hourly, daily, weekly or monthly, but not including a property described in Class 12;

(g) general-purpose electronic data processing equipment and systems software for that equipment, including ancillary data processing equipment, acquired after 25 May 1976 and before 23 March 2004, or after 22 March 2004 and before 1 January 2005 if an election in respect of the property is made under section 130R198, but not including property that is principally property described in any of subparagraphs i to iv or is used principally as

i. electronic process control or monitor equipment,

ii. electronic communications control equipment,

iii. systems software for equipment referred to in subparagraph i or ii, or

iv. data handling equipment unless it is ancillary to general-purpose electronic data processing equipment;

(h) designated expenses of underground storage; or

(i) an unmanned communication spacecraft designed to orbit above the earth.

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

(a) a building or other structure, other than property described in subparagraph *f* or *m*, that would otherwise be included in any of Classes 1, 3 and 6 and that was acquired for the purpose of gaining or producing income from a mine, except

- i. a property included in Class 28,
- ii. a property acquired principally for the purpose of gaining or producing income from the processing of mineral ores from a mineral resource that is not owned by the taxpayer,
- iii. an office building not situated on the mine property, and
- iv. a metal refinery that was acquired by the taxpayer before 8 November 1969, or after 7 November 1969 and that had been used before 8 November 1969 by any person with whom the taxpayer was not dealing at arm's length;

(b) contractor's movable equipment, including portable camp buildings, acquired for use in a construction business or for lease to another taxpayer for use in the taxpayer's construction business, other than property included in this class under subparagraph *n*, in a separate class in accordance with section 130R166 or in Class 22 or 38;

(c) a floor of a roller skating rink;

(d) gas or oil well equipment;

(e) property acquired for the purpose of gaining or producing income from a mine and that is a structure that would otherwise be included in Class 8 or machinery or equipment, other than

- i. a property included in Class 28,
- ii. a property described in subparagraph *f* or *m*, and
- iii. a property acquired before 9 May 1972 for the purpose of gaining or producing income from the processing of mineral ores from a mineral resource that is not owned by the taxpayer;
- (f) property acquired after the 1971 taxation year, other than property included in Class 28 or a railway not situated on the mine property, for the purpose of gaining or producing income from a mine and providing services to the mine or to a community where a substantial proportion of the persons who ordinarily work at the mine reside, if such property is any of the following:

i. an airport, dam, dock, fire hall, hospital, house, natural gas pipeline, power line, recreational facility, school, sewage disposal plant, sewer, street lighting system, town hall, water pipeline, water pumping station, water system, wharf or similar property,

ii. a road, sidewalk, aeroplane runway, parking area, storage area or similar surface construction, or

iii. any machinery or equipment ancillary to any of the property described in subparagraph i or ii;

(g) property that was acquired for the purpose of cutting and removing merchantable timber from a timber limit and that will be of no further use to the taxpayer after all the merchantable timber that the taxpayer is entitled to cut and remove from the limit has been cut and removed, unless the taxpayer has elected to include another property of this kind in another class;

(h) mechanical equipment acquired for logging operations, but not including a property described in Class 7;

(i) access roads and trails for the protection of standing timber against fire, insects, and disease;

(j) property that was acquired for a motion picture drive-in theatre;

(k) property included in this class by virtue of sections 130R143 and 130R144, except a property included in Class 28;

(l) a motion picture film or video tape acquired after 25 May 1976, other than a property referred to in any of subparagraphs *q* to *s* or a property included in Class 12;

(m) property, other than property included in Class 28 or rolling stock, acquired after 31 March 1977 principally for the purpose of gaining or producing income from a mine, if such property is property hereinafter referred to

- i. railway track and grading including components such as rails, ballast, ties and other material,
- ii. property ancillary to railway track referred to in subparagraph i and that is a bridge, culvert, trestle, subway or tunnel, as well as railway traffic control or signalling equipment, including switching, block signalling, interlocking, crossing protection, speed control or retarding equipment,
- iii. machinery or equipment ancillary to any of the property referred to in subparagraph i or ii, or
- iv. conveying, loading, unloading, or storing machinery or equipment, including a structure acquired for the purposes of shipping output from the mine by means of a railway track referred to in subparagraph i;

(n) property acquired after 22 May 1979 that is designed principally to determine the existence of a mineral resource or the accumulation of oil or natural gas, to locate such resource or such accumulation or to determine the extent or quality of it, or to drill an oil or gas well, except property included in a separate class under section 130R166;

(o) property acquired after 1980 to be used principally in the processing in Canada of heavy crude oil extracted from a natural gas reservoir located in Canada to a stage not exceeding that of crude oil or the equivalent and that is

i. property that would be included in Class 8, except railway rolling stock and radio communication equipment acquired after 25 May 1976 and not included in any other class,

ii. a water or petroleum reservoir,

iii. an industrial freight elevator that would be included in subparagraph *a* of the first paragraph, or

iv. property that would be included in subparagraph *g* of the first paragraph;

(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

i. increase the number of channels of a television or radio receiver,

ii. decode pay television or other signals provided on a discretionary basis, or

iii. achieve any combination of the functions described in subparagraphs i and ii;

(q) a certified production acquired after 31 December 1987 and before 1 March 1996;

(r) a Québec film production;

(s) a Canadian film or video production;

(t) a railway locomotive that is not an automotive railway car and that was not used or acquired for use for any purpose by any taxpayer before 26 February 2008.

O.C. 1981-80, Sch. B, Class 10; O.C. 1983-80, s. 46; O.C. 1535-81, s. 20; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 10; O.C. 2962-82, s. 88; O.C. 500-83, s. 88; O.C. 1666-90, s. 24; O.C. 1232-91, s. 29; O.C. 1114-92, s. 41; O.C. 1697-92, s. 68; O.C. 1539-93, s. 55; O.C. 35-96, s. 83; O.C. 1631-96, s. 45; O.C. 1282-2003, s. 94; O.C. 1249-2005, s. 61; O.C. 1149-2006, s. 77; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 64; O.C. 390-2012, s. 83.

#### CLASS 10.1

1 JANUARY 2021

#### (30%)

(ss. 130R22, 130R127, 130R186)

Property that would otherwise be included in Class 10 that is a passenger vehicle, the cost of which to the taxpayer exceeds \$20,000 or such other amount as may be prescribed for the purposes of paragraph *d.3* of section 99 of the Act.

O.C. 1697-92, s. 69; O.C. 134-2009, s. 1.

#### CLASS 11

##### (35%)

(ss. 130R22, 130R128)

Property, not included in any other class, that is used to earn rental income and that is

(a) an electrical advertising sign owned by the manufacturer thereof, acquired before 26 May 1976; or

(b) an outdoor advertising poster panel or bulletin board 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.

O.C. 1981-80, Sch. B, Class 11; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 11; O.C. 1697-92, s. 70; O.C. 134-2009, s. 1.

#### CLASS 12

##### (100%)

(ss. 93.6R1, 130R3, 130R7, 130R10, 130R22, 130R71, 130R93, 130R106, 130R108, 130R109, 130R111, 130R112, 130R113, 130R115, 130R116, 130R120, 130R128, 130R151, 130R192, 130R193, 130R194, 156.2R1, 156.3R1)

Property, not included in any other class, that is

(a) a book that is part of a lending library;

(b) chinaware, cutlery or other tableware;

(c) a kitchen utensil costing less than

i. \$100, if acquired before 26 May 1976,

ii. \$200, if acquired after 25 May 1976 and before 2 May 2006, or

iii. \$500, if acquired after 1 May 2006;

(d) a die, jug, pattern, mould or last;

(e) a medical or dental instrument costing less than

- i. \$100, if acquired before 26 May 1976,
  - ii. \$200, if acquired after 25 May 1976 and before 2 May 2006, or
  - iii. \$500, if acquired after 1 May 2006;
- (f) a mine shaft, mine haulage way or similar underground work, designed for continuing use, or any extension thereof, sunk or constructed after the mine came into production, to the extent that that property was acquired before 1 January 1988;
- (g) linen;
- (h) a tool, other than an electronic communication device or electronic data processing equipment that is acquired after 1 May 2006 and can be used for a purpose other than that of measuring, locating or calculating, costing less than
- i. \$100, if acquired before 26 May 1976,
  - ii. \$200, if acquired after 25 May 1976 and before 2 May 2006, or
  - iii. \$500, if acquired after 1 May 2006;
- (i) a uniform;
- (j) the cutting or shaping part in a machine;
- (k) apparel or costume, including accessories used therewith, used for the purpose of earning rental income therefrom;
- (l) a video tape acquired before 26 May 1976;
- (m) a motion picture film or video tape that is a television commercial message;
- (n) a certified feature film or a certified production;
- (o) computer software acquired after 25 May 1976, but not including system software or a property that is described in the third paragraph;
- (p) a metric scale or a scale designed for ready conversion to the metric system, acquired after 31 March 1977 and before 1984 for use in a retail business, and having a maximum load of 100 kilograms;
- (q) the cost of removing overburden;
- (r) a certified Québec film;
- (s) a videotape cassette, a laser disc or a DVD acquired for the purpose of renting and that is not intended to be rented to any one person for more than seven days in any 30-day period; or

(t) an incorporeal property acquired by the taxpayer after 16 May 1989 and before 13 June 2003, or after 12 June 2003 and before 13 June 2004 if it is referred to in the sixth paragraph, in the course of a technology transfer that must begin to be used within a reasonable period following that acquisition and that must be used for at least the entire period covering the process of implementing the innovation or invention relative to that technology transfer, by the taxpayer and, where applicable, by any other person who, before the end of that period, acquired the property in any of the circumstances described in section 130R149, only in Québec and primarily in the course of carrying on a business.

Property acquired by the taxpayer after 12 May 1988 and before 13 June 2003, or after 12 June 2003 and before 13 June 2004 if it is referred to in the sixth paragraph, that is not referred to in the third paragraph and that consists of a property

(a) that, before that acquisition, was neither used for any purpose nor acquired to be used or leased for any purpose whatsoever;

(b) that would otherwise be included

i. in Class 10 under subparagraph g of the first paragraph of that class,

ii. in Class 39,

iii. in Class 40 in the case of a property described in subparagraph g of the first paragraph of Class 10,

iv. in Class 43, or

v. in Class 45; and

(c) that must begin to be used within a reasonable period following that acquisition and that must be, during a period of at least 730 consecutive days following the day on which that use begins or, in the case of the loss or involuntary destruction of the property by fire, theft or water or in the case of a major breakdown of the property, during a shorter period, used entirely in Québec and primarily in the carrying on a business by the following persons:

i. the taxpayer, in the portion of that period during which the taxpayer owns the property and does not lease that property to another person,

ii. a person, other than the taxpayer, having acquired the property in one of the circumstances described in section 130R149, in the portion of that period during which the person owns the property and does not lease that property to another person, or

iii. a lessee of the property, during any part of that period during which the taxpayer or, where applicable, a person

referred to in subparagraph ii leases the property to the taxpayer.

Property that would otherwise be included in another class and that consists of a property

(a) that is acquired by the taxpayer between 8 August 1989 and 1 January 1993, for use in a business of selling goods or providing services to consumers that is carried on in Canada, or for lease to another taxpayer for use by that other taxpayer in such a business; and

(b) that is any of the following property:

i. electronic bar code scanning equipment designed to read bar codes applied to goods held for sale in the ordinary course of business,

ii. a cash register or similar sales recording device designed with the capability of computing and recording sales tax imposed by more than one jurisdiction in respect of the same sale,

iii. equipment or computer software that is designed to convert a cash register or similar sales recording device into a property described in subparagraph ii, or

iv. electronic equipment or computer software that is ancillary to property described in any of subparagraphs i to iii and all or substantially all the use of which is in conjunction with that property.

Property that would otherwise be included in another class that is acquired by the taxpayer after 14 March 2000 and before 13 June 2003, or after 12 June 2003 and before 13 June 2004 if it is referred to in the sixth paragraph, that is not property acquired pursuant to an obligation in writing entered into before 15 March 2000 or the construction of which, by or on behalf of the taxpayer, had begun by 14 March 2000, and that

(a) before being acquired by the taxpayer, has not been used, or acquired for use or lease, for any purpose whatever;

(b) is

i. coaxial cable that would otherwise be included in Class 3 pursuant to paragraph *j* of that class,

ii. fibre-optic cable that would otherwise be included in Class 42,

iii. electronic or optoelectronic equipment, other than switches, that is part of and connected to a network that consists of property described in subparagraph i or ii, or

iv. equipment, for a microwave station, that consists of any of the following property:

(1) a decoder,

(2) an encoder,

(3) a modulator,

(4) a demodulator,

(5) a regenerator, including a repeater,

(6) a multiplexer,

(7) a demultiplexer,

(8) an asymmetric-mode transmitter-receiver capable of a throughput of at least 44.7 megabits per second, or

(9) a symmetric-mode transmitter-receiver capable of a throughput of at least 51.8 megabits per second; and

(c) must begin to be used within a reasonable time after it is acquired by the taxpayer and is, during a period of at least 730 consecutive days following the beginning of the use or during a shorter period in the case of the loss or involuntary destruction of the property by fire, theft or water or a major breakdown of the property, to be used solely in a region described in the fifth paragraph and primarily in the carrying on of a business by

i. the taxpayer, in the portion of that period during which the taxpayer owns the property and does not lease that property to another person,

ii. a person, other than the taxpayer, having acquired the property in one of the circumstances described in section 130R149, in the portion of that period during which the person owns the property and does not lease that property to another person, or

iii. a lessee of the property, in the portion of that period during which the property is leased by the taxpayer or, as the case may be, a person referred to in subparagraph ii to the lessee.

The region to which subparagraph *c* of the fourth paragraph refers is any of the administrative regions of Québec that are established by Décret concernant la révision des limites des régions administratives du Québec (c. D-11, r. 1), other than

(a) the administrative region of Montréal;

(b) the administrative region of Laval; and

(c) in the administrative region of Québec, Ville de Québec.

Property to which subparagraph *t* of the first paragraph and the second and fourth paragraphs refer is property acquired pursuant to an obligation in writing entered into before 13 June 2003 or the construction of which, by or on behalf of the taxpayer, had begun by that date.

Where property to which the second paragraph refers consists of general-purpose electronic data processing equipment referred to in subparagraph *b* of the second paragraph, where that property is acquired after 14 March 2000 and is installed in Québec, “used entirely in Québec and primarily in the carrying on a business” in subparagraph *c* of the second paragraph is to be replaced by “used primarily in Québec in the carrying on of a business”.

O.C. 1981-80, Sch. B, Class 12; O.C. 1983-80, s. 47; O.C. 3211-81, s. 7; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 12; O.C. 2727-84, s. 29; O.C. 421-88, s. 41; O.C. 615-88, s. 41; O.C. 1697-92, s. 71; O.C. 1539-93, s. 56; O.C. 35-96, s. 84; O.C. 1631-96, s. 46; O.C. 1466-98, s. 127; O.C. 1463-2001, s. 155; O.C. 1470-2002, s. 85; O.C. 1155-2004, s. 78; O.C. 1249-2005, s. 62; O.C. 1149-2006, s. 78; O.C. 134-2009, s. 1; O.C. 390-2012, s. 84; O.C. 701-2013, s. 80.

### CLASS 13

(*ss. 130R24, 130R32, 130R88, 130R119*)

Property that is a leasehold interest and property acquired by a taxpayer that, if it were acquired by a person with whom the taxpayer does not deal at arm’s length at the time when the taxpayer acquires it, would be a leasehold interest of that person, other than

(*a*) an interest in minerals, petroleum, natural gas, other related hydrocarbons or timber and property relating thereto or in respect of a right to explore for, drill for, take, remove or cut minerals, petroleum, natural gas, other related hydrocarbons or timber;

(*b*) the part of the leasehold interest that is included in another class by reason of section 130R33 or 130R34; and

(*c*) a property that is included in Class 23.

O.C. 1981-80, Sch. B, Class 13; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 13; O.C. 35-96, s. 86; O.C. 1631-96, s. 47; O.C. 134-2009, s. 1.

### CLASS 14

(*ss. 130R3, 130R37, 130R38, 130R119*)

Property that is a patent, concession or licence for a limited period in respect of property but not including

(*a*) a concession or licence in respect of minerals, petroleum, natural gas, other related hydrocarbons or timber and property relating thereto, except a concession for distributing gas to consumers or a licence to export gas from Canada or from a province, or in respect of a right to explore for, drill for, take, remove or cut minerals, petroleum, natural gas, other related hydrocarbons or timber;

(*b*) a leasehold interest;

(*c*) a property that is included in Class 12, 23 or 44; or

(*d*) a licence to use computer software.

O.C. 1981-80, Sch. B, Class 14; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 14; O.C. 2583-85, s. 34; O.C. 1697-92, s. 72; O.C. 35-96, s. 86; O.C. 1631-96, s. 48; O.C. 134-2009, s. 1.

### CLASS 14.1

(5 %)

(*ss. 130R22 and 130R39.1*)

Property of a taxpayer that, in respect of a business of the taxpayer,

(*a*) is goodwill;

(*b*) was incorporeal capital property of the taxpayer immediately before 1 January 2017 and was owned by the taxpayer at the beginning of that day; or

(*c*) is acquired after 31 December 2016, other than

i. property that is corporeal property,

ii. property that is not acquired for the purpose of gaining or producing income from business,

iii. property in respect of which any amount is deductible (otherwise than as a result of being included in this class) in computing the taxpayer’s income from the business,

iv. property in respect of which any amount is not deductible in computing the taxpayer’s income from the business because of any provision of the Act (other than section 129 of the Act) or this Regulation,

v. an interest in a trust,

vi. an interest in a partnership,

vii. a share, bond, debenture, hypothecary claim, mortgage, note, bill or other similar property, or

viii. property that is a right in, or a right to acquire, a property described in any of subparagraphs i to vii.

2019, c. 14, s. 657.

### CLASS 15

(*ss. 130R40, 130R119*)

Property that would otherwise be included in another class in this schedule and that

(*a*) was acquired for the purposes of cutting and removing merchantable timber from a timber limit; and

(*b*) will be of no further use to the taxpayer after all the merchantable timber that the taxpayer is entitled to cut and remove from the limit has been cut and removed.

This class does not include a timber resource property or property that the taxpayer has, in the taxation year or a previous taxation year, elected not to include in this class.

O.C. 1981-80, Sch. B, Class 15; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 15; O.C. 1631-96, s. 49; O.C. 134-2009, s. 1.

#### **CLASS 16**

**(40%)**

*(ss. 130R22, 130R121)*

Property acquired before 26 May 1976 that is

- (a) an aircraft;
- (b) furniture, fittings or equipment attached to an aircraft; or
- (c) a spare part for property referred to in subparagraph *a* or *b*.

Property acquired after 25 May 1976 that is a taxicab.

Property acquired after 12 November 1981 consisting of a motor vehicle acquired to be leased, for which the duration of the lease anticipated for a single lessee is not to exceed 30 days during a 12-month period and that would be an automobile within the meaning that would be assigned to that expression by section 1 of the Act, if the definition of that expression provided for in that section 1 were read without paragraph *c*.

Property acquired after 15 February 1984 consisting of a coin-operated video game or pinball machine.

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.

O.C. 1981-80, Sch. B, Class 16; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 16; O.C. 2847-84, s. 13; O.C. 421-88, s. 42; O.C. 1697-92, s. 73; O.C. 1631-96, s. 50; O.C. 134-2009, s. 1; O.C. 390-2012, s. 85.

#### **CLASS 17**

**(8%)**

*(ss. 130R3, 130R22, 130R129)*

Property that would otherwise be included in another class and that is

(a) a telephone system, telegraph system or a part of one of those systems, acquired before 26 May 1976, other than

- i. radiocommunication equipment, and

ii. property included in any of Classes 10, 13, 14 or 28, or

(b) property, other than a building or structure, acquired after 27 February 2000 that has not been used for any purpose before 28 February 2000 and that is

- i. electrical generating equipment, other than electrical generating equipment described in any of paragraphs *f* to *h* of Class 8 or in any of Classes 43.1, 43.2 and 48, or
- ii. production and distribution equipment of a distributor of water or steam, other than such property described in Class 43.1 or 43.2, used for heating or cooling, including, for that purpose, pipe used to collect or distribute an energy transfer medium but not including equipment or pipe used to distribute water that is for consumption, disposal or treatment.

Property acquired after 25 May 1976 that is not included in another class and that is

(a) telephone, telegraph or data communication switching equipment, other than

- i. equipment installed on customers' premises, and
- ii. property that is principally electronic equipment or systems software therefor, or

(b) a road, other than a specified temporary access road acquired after 6 March 1996, sidewalk, airplane runway, parking area, storage area or similar surface construction.

O.C. 1981-80, Sch. B, Class 17; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 17; O.C. 1470-2002, s. 86; O.C. 1149-2006, s. 79; O.C. 1116-2007, s. 54; O.C. 134-2009, s. 1; O.C. 390-2012, s. 86.

#### **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.

O.C. 1981-80, Sch. B, Class 18; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 18; O.C. 1631-96, s. 51; O.C. 134-2009, s. 1; O.C. 390-2012, s. 87.

#### **CLASS 19**



(s. 130R130)

Property that is included in Class 19 in Schedule II of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 1981-80, Sch. B, Class 19; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 19; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

#### **CLASS 20**

(ss. 130R71, 130R131)

Property that is included in Class 20 in Schedule II of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 1981-80, Sch. B, Class 20; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 20; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

#### **CLASS 21**

(s. 130R130)

Property that is included in Class 21 in Schedule II of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 1981-80, Sch. B, Class 21; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 21; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

#### **CLASS 22**

**(50%)**

(s. 130R22)

Property not included in Class 7, consisting of power-operated movable equipment designed for the purpose of excavating, moving, placing or compacting earth, rock, concrete or asphalt, acquired by the taxpayer after 16 March 1964 and

(a) before 1 January 1988; or

(b) before 1 January 1990

i. pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987, or

ii. that was under construction by on behalf of the taxpayer on 18 June 1987.

O.C. 1981-80, Sch. B, Class 22; O.C. 1983-80, s. 48; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 22; O.C. 1697-92, s. 74; O.C. 134-2009, s. 1.

#### **CLASS 23**

**(100%)**

(ss. 130R22, 130R119)

Property included in Class 23 in Schedule II of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 1981-80, Sch. B, Class 23; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 23; O.C. 544-86, s. 20; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

#### **CLASS 24**

(ss. 130R46, 130R119)

Property that is

(a) property acquired after 26 April 1965 but before 1971 and described in paragraph *a* of Class 24 in Schedule II of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(b) property acquired after 31 December 1970 and before 1 January 1999 that would otherwise be included in another class in this schedule and that

i. has not been included by the taxpayer in any other class,

ii. had not been used in any manner before it was acquired by the taxpayer, and

iii. was acquired by the taxpayer primarily for the purpose of preventing, reducing or eliminating pollution of any of the inland, coastal or boundary waters of Canada, or any lake, river, stream, watercourse, pond, swamp or well in Canada, that is caused, or that, if the property had not been acquired and used, would be caused by operations carried on by the taxpayer at a site in Canada, or by the operation in Canada of a building or plant by the taxpayer or by the operation of transportation or other movable equipment by the taxpayer in Canada, including any of the inland, coastal or boundary waters of Canada; or

(c) property acquired after 8 May 1972 and before 1 January 1999 that would otherwise have been property referred to in subparagraph *b* except that it was acquired

i. by a taxpayer whose business includes the preventing, reducing or eliminating of pollution of a kind referred to in subparagraph iii of subparagraph *b*, where such pollution is caused primarily or would otherwise be caused primarily by operations referred to in the said subparagraph iii and carried on by other taxpayers, other than persons referred to in sections 980 to 999 of the Act, if the property is to be used in that business for the purpose of preventing, reducing or eliminating such pollution, or

ii. by a corporation whose principal business is the purchasing of sales contracts, accounts receivable, obligations secured by movable hypothec, bills of exchange or other obligations representing all or part of the sale price of merchandise or services, the lending of money, or the leasing of property, or any combination thereof, where the property is to be leased to a taxpayer, other than a person

referred to in sections 980 to 999 of the Act, to be used by the taxpayer in an operation referred to in subparagraph iii of subparagraph *b* for the purpose of preventing, reducing or eliminating pollution of a kind referred to in that subparagraph.

The property referred to in subparagraphs *b* and *c* of the first paragraph must, upon application by the taxpayer, have been recognized by the Minister or accepted by the Minister of the Environment of Canada as property the primary use of which is to be the preventing, reducing or eliminating pollution of a kind referred to in subparagraph iii of that subparagraph *b*.

For the purposes of the first and second paragraphs, the following rules apply:

(a) where, after 31 December 1973, there is an amalgamation, within the meaning of subsection 1 of section 544 of the Act, of two or more particular corporations to form a single corporate entity, that entity is deemed to be the same corporation as each of the particular corporations and to continue their corporate existence;

(b) where there is a winding-up, after 31 December 1973, of a corporation in circumstances where sections 556 to 564.1 and 565 of the Act apply to that corporation and to another corporation, the latter corporation is deemed to be the same corporation as the wound-up corporation and to continue its corporate existence; and

(c) this class is to be read with subparagraph i of subparagraph *b* of the first paragraph being disregarded, where subparagraph *a* or *b* applies to the taxpayer and the property is acquired before 1 January 1992.

O.C. 1981-80, Sch. B, Class 24; O.C. 1983-80, s. 49; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 24; O.C. 35-96, s. 86; O.C. 1631-96, s. 52; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1454-99, s. 66; O.C. 134-2009, s. 1.

**CLASS 25**  
**(100%)**

(s. 130R22)

Property that would otherwise be included in another class and that was acquired by a taxpayer that was, on 22 October 1968, a corporation, commission or association in respect of which, supposing that 22 October 1968 were included in its 1969 taxation year, the first and second paragraphs of section 985 of the Act, as it read before being amended by section 229 of the Act to amend the Taxation Act and other legislative provisions (S.Q. 2000, c. 5), would have applied but for the third paragraph of that section.

Such property must have been acquired before 23 October 1968 or after 22 October 1968 and before 1 January 1974, where the acquisition of the property may reasonably be regarded as having been in fulfilment of an obligation undertaken in an agreement made in writing before 23 October 1968 and ratified, confirmed or adopted

by Parliament, or the legislature of a province, other than Québec, by a statute that came into force before that date.

O.C. 1981-80, Sch. B, Class 25; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 25; O.C. 1660-94, s. 17; O.C. 1707-97, s. 98; O.C. 1454-99, s. 67; O.C. 1451-2000, s. 67; O.C. 134-2009, s. 1.

**CLASS 26**  
**(5%)**

(s. 130R22)

Property that is deuterium enriched water, commonly called “heavy water” acquired after 22 May 1979, or a catalyst.

O.C. 1981-80, Sch. B, Class 26; O.C. 1983-80, s. 50; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 26; O.C. 134-2009, s. 1.

**CLASS 27**

(ss. 130R46, 130R119)

Property acquired before 1 January 1999 that would otherwise be included in another class in this schedule and that

(a) has not been included by the taxpayer in any other class;

(b) had not been used in any manner before it was acquired by the taxpayer; and

(c) was acquired after 12 March 1970 by the taxpayer primarily for the purpose of preventing, reducing or eliminating air pollution by removing particulate, toxic or injurious materials from smoke or gas, or preventing the discharge of part or all of the smoke, gas or other air pollutant, where such pollution is discharged or, if the property had not been acquired and used, would be discharged as a result of operations carried on by the taxpayer at a site in Canada, or by the operation in Canada of a building or plant by the taxpayer, or by the operation of transportation of other movable equipment by the taxpayer in Canada, including any of the inland, coastal or boundary waters of Canada;

Property that was acquired after 8 May 1972 and that would otherwise have been property referred to in the first paragraph except that it was acquired

(a) by a taxpayer whose business includes the preventing, reducing or eliminating of air pollution that is caused or that otherwise would be caused primarily by operations described in subparagraph *c* of the first paragraph and carried on by other taxpayers, other than persons referred to in section 980 to 999 of the Act, if the property is to be used in that business for the purpose of preventing, reducing or eliminating air pollution in a manner described in that subparagraph *c*, or

(b) by a corporation whose principal business is the purchasing of sales contracts, accounts receivable, obligations secured by movable hypothec, bills of exchange or other obligations representing all or part of the sale price of merchandise or services, the lending of money, or the

leasing of property, or any combination thereof, where the property is to be leased to a taxpayer, other than a person referred to in sections 980 to 999 of the Act, to be used by the taxpayer in an operation referred to in subparagraph *c* of the first paragraph for the purpose of preventing, reducing or eliminating air pollution in a manner described in that subparagraph *c*.

The property referred to in the first and second paragraphs must, upon application by the taxpayer, have been recognized by the Minister or accepted by the Minister of the Environment of Canada as property the primary use of which is to be the preventing, reducing or eliminating of air pollution in the manner described in the paragraph *c* of the first paragraph.

For the purposes of the first, second and third paragraphs, the following rules apply:

(a) where, after 31 December 1973, there is an amalgamation, within the meaning of subsection 1 of section 544 of the Act, of two or more particular corporations to form a single corporate entity, that entity is deemed to be the same corporation as each of the particular corporations and to continue their corporate existence;

(b) where there is a winding-up, after 31 December 1973, of a corporation in circumstances where sections 556 to 564.1 and 565 of the Act apply to that corporation and to another corporation, the latter corporation is deemed to be the same corporation as the wound-up corporation and to continue its corporate existence; and

(c) this class is to be read with subparagraph *b* of the first paragraph being disregarded, where subparagraph *a* or *b* applies to the taxpayer and the property is acquired before 1 January 1992.

O.C. 1981-80, Sch. B, Class 27; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 27; O.C. 1631-96, s. 53; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1454-99, s. 68; O.C. 134-2009, s. 1.

### **CLASS 28 (30%)**

(ss. 130R3, 130R7, 130R8, 130R22, 130R66, 130R105, 130R169, 360R2, 360R55, 360R56)

Property situated in Canada that would otherwise be included in another class and

(a) was acquired by the taxpayer principally for the purpose of gaining or producing income from one or more mines operated by the taxpayer and situated in Canada and each of which

i. came into production in reasonable commercial quantities after 7 November 1969, or

ii. was the subject of a major expansion after 7 November 1969 and

(1) by virtue of that expansion, the greatest designed capacity, measured according to the weight of input of ore, of the mill that processed the ore from the mine was, in the year following the expansion, not less than 25% greater than it was in the year preceding the expansion, or

(2) in a case where, in the year preceding the expansion, no mill processed the ore from the mine or the mill that processed that ore also processed other ore, the Minister of National Revenue, in consultation with the Minister of Natural Resources of Canada, determines that the greatest designed capacity of the mine immediately after the expansion, measured according to the weight of output of ore, exceeded that projected greatest capacity immediately before the expansion by at least 25%;

(b) was acquired by the taxpayer

i. after 7 November 1969,

ii. before the coming into production in reasonable commercial quantity of the mine or the completion of the expansion of the mine referred to in subparagraph i or ii of subparagraph *a* as the case may be, and

iii. in the case of a mine that was the subject of a major expansion described in subparagraph ii of subparagraph *a*, in the course of and principally for the purposes of the expansion;

(c) 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,

(2) that was under construction by or on behalf of the taxpayer on 18 June 1987, or

(3) that is machinery or equipment that is a fixed and integral part of a building, structure, plant facility or other property that was under construction by or on behalf of the taxpayer on 18 June 1987;

(d) had not, before it was acquired by the taxpayer, been used for any purpose whatever by any person with whom the taxpayer was not dealing at arm's length; and

(e) is any of the following:

i. property that was acquired before the mine came into production in reasonable commercial quantity and that would, but for this class, be included in Class 10 under any of subparagraphs *a*, *e*, *f* and *k* of the second paragraph of the description of that class or would have been so included in that class if it had been acquired after the 1971 taxation year,

ii. property that was acquired before the mine came into production in reasonable commercial quantity and that would, but for this class, be included in Class 10 under subparagraph *m* of the second paragraph of the description of that class, or

iii. property acquired after the coming into production of the mine and that would be, if it were not included in this class, included in Class 10 under any of subparagraphs *a*, *e*, *f* and *k* of the second paragraph of the description of that class.

Property that would be referred to in the first paragraph if, subparagraphs *a*, *b* and *e* of that paragraph, were read with “mine” replaced by “mine situated in a bituminous or oil sands deposit or an oil shale deposit from which materials are extracted” and “after 7 November 1969” replaced by “before 8 November 1969”.

O.C. 1981-80, Sch. B, Class 28; O.C. 1535-81, s. 21; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 28; O.C. 1697-92, s. 75; O.C. 1631-96, s. 54; O.C. 1470-2002, s. 87; O.C. 1282-2003, s. 95; O.C. 1116-2007, s. 55; O.C. 134-2009, s. 1.

#### CLASS 29

(*ss. 130R3, 130R12, 130R46, 130R119*)

Property, other than property included in Class 41 solely because of subparagraph *f* or *g* of the first paragraph of that class or property that is included in Class 47 because of paragraph *b* of that class, that would otherwise be included in another class and that is at the same time

(*a*) property, the manufacture of which was completed by the taxpayer or acquired by the taxpayer after 29 March 1973, to be used directly or indirectly by the taxpayer in Canada primarily in the manufacturing or processing of goods for sale or lease, or to be leased in the ordinary course of carrying on a business in Canada of the taxpayer to a lessee who may reasonably be expected to use the property directly or indirectly in Canada, primarily in Canadian field processing carried on by the lessee or in the manufacturing or processing by the lessee of goods for sale or lease if, in the case where the property is leased, the taxpayer is a corporation whose principal business is leasing property, manufacturing property for sale or lease, lending money, purchasing sales contracts, accounts receivable, obligations secured by movable hypothec, bills of exchange or other obligations representing part or all of the sale price of merchandise or services, selling, servicing or repairing a type of property that it also leases, or any combination thereof, unless use of the property by the lessee commenced before 30 March 1973;

(*b*) property that is

i. property that, but for this class, would be included in Class 8, other than railway rolling stock or property described in paragraph *i* of Class 8,

ii. an oil or water storage plant,

iii. a powered industrial lift truck,

iv. electrical generating equipment described in Class 9,

v. property described in subparagraph *f* or *g* of the first paragraph of Class 10, or

vi. property that would be described in subparagraph *g* of the first paragraph of Class 10 if the portion of that subparagraph *g* before subparagraph *i* read as follows:

“(g) general-purpose electronic data processing equipment and systems software for that equipment, including ancillary data processing equipment, acquired after 18 March 2007 and before 28 January 2009, but not including property that is principally property described in any of subparagraphs *i* to *iv* or is used principally as”; and

(*c*) property that was acquired by the taxpayer

i. before 1 January 1988,

ii. before 1 January 1990

(1) pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987,

(2) that was under construction by or on behalf of the taxpayer on 18 June 1987, or

(3) that is machinery or equipment that is a fixed and integral part of a building, structure, plant facility or other property that was under construction by or on behalf of the taxpayer on 18 June 1987; or

iii. after 18 March 2007 and before 1 January 2016, if the property is machinery, or equipment, that

(1) would be described in paragraph *a* if that paragraph read without reference to “primarily in Canadian field processing carried on by the lessee or”,

(2) are described in any of subparagraphs *i* to *iii* and *vi* of paragraph *b*.

However, in the case of property referred to in subparagraph *a* of the first paragraph, the manufacture of which was completed by the taxpayer or acquired by the taxpayer after 29 March 1973 but before 1 January 1976, that subparagraph must be read as if the word “Canada” wherever it appears, were replaced by the word “Québec”.

O.C. 1981-80, Sch. B, Class 29; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 29; O.C. 1697-92, s. 76; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1470-2002, s. 88; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 65; O.C. 390-2012, s. 88; O.C. 701-2013, s. 81; O.C. 1105-2014, s. 31.

#### 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.

O.C. 1981-80, Sch. B, Class 30; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 30; O.C. 1697-92, s. 77; O.C. 134-2009, s. 1; O.C. 390-2012, s. 89.

#### **CLASS 31**

**(5%)**

(*ss. 130R22, 130R26, 130R33, 130R71, 130R122, 130R163*)

Property that is a multiple-unit residential building in Canada

(a) that would otherwise be included in Class 3 or 6;

(b) that was acquired by the taxpayer

i. before 18 June 1987, or

ii. after 17 June 1987 pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987 or pursuant to the terms of a prospectus, preliminary prospectus, registration statement, offering memorandum or notice required to be filed with a public authority in Canada and filed before 18 June 1987 with that public authority;

(c) in respect of which a certificate has been issued, before 1982 or before the expiration of 18 months following the day

on which the installation of footings or any other base support of the building was commenced, by the Société d'habitation du Québec or the Canada Mortgage and Housing Corporation certifying that the installation of footings or any other base support of the building was commenced either after 18 November 1974 and before 1980, or after 28 October 1980 and before 1982, in the case of a building that would otherwise be included in Class 3, or after 31 December 1977 and before 1979, in the case of a building that would otherwise be included in Class 6, and that, according to plans and specifications for the building, not less than 80% of the floor space is intended to be used in providing self-contained domestic establishments and related parking, recreation, service and storage areas, and not more than 20% of the floor space is actually used for any other purpose; and

(d) whose construction continues without undue delay after 31 December 1982, taking into consideration accidents, fortuitous events, labour disputes, fires or unusual delays attributable to common carriers or to suppliers of materials or equipment.

O.C. 1981-80, Sch. B, Class 31; O.C. 1983-80, s. 51; O.C. 3211-80, s. 8; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 31; O.C. 2847-84, s. 14; O.C. 1697-92, s. 78; O.C. 1707-97, s. 100; O.C. 134-2009, s. 1.

#### **CLASS 32**

**(10%)**

(*ss. 130R22, 130R26, 130R33, 130R71, 130R163*)

Property that is a multiple-unit residential building in Canada that would otherwise be included in Class 6 if, in subparagraph i of paragraph a of that Class 6, "1979" were replaced by "1980", and that would otherwise meet the requirements described in Class 31 if "or after 31 December 1977 and before 1979" were replaced by "or after 18 November 1974 and before 1978" therein.

O.C. 1981-80, Sch. B, Class 32; O.C. 1983-80, s. 51; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 32; O.C. 1707-97, s. 101; O.C. 134-2009, s. 1.

#### **CLASS 33**

**(15%)**

(*s. 130R22*)

Property that is a timber resource property.

O.C. 1981-80, Sch. B, Class 33; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 33; O.C. 134-2009, s. 1.

#### **CLASS 34**

(*ss. 130R13, 130R46, 130R50, 130R51, 130R119*)

Property that would otherwise be included in any of Classes 1, 2 and 8 and that

(a) consists of equipment for generating electricity, production equipment and pipes for a heat distributor, steam

generating equipment acquired by the taxpayer mainly to produce steam in order to operate equipment for generating electricity or an addition to either of those properties, excluding a building or other structure;

(b) was acquired by the taxpayer after 25 May 1976;

(c) was acquired by the taxpayer to be used by the taxpayer in a business operated by the taxpayer in Canada or to be leased by the taxpayer to a lessee for use in Canada; and

(d) is property in respect of which a certificate that has not been revoked under section 130R13 was issued by the Minister attesting that it is part of a plan devised

i. where the certificate was issued before 11 December 1979, to produce heat obtained mainly from the consumption of wood residues or garbage from a municipality, or where the certificate was issued after 10 December 1979, to produce heat obtained mainly from the consumption of natural gas, coal, coal gas, lignite, peat, wood residues, garbage from a municipality or a combination of any of those fuels,

ii. to produce electrical energy by the utilization of a fossil fuel that is petroleum, natural gas or related hydrocarbons, coal, coal gas, coke, lignite or peat, or another fuel that is wood waste or municipal waste, or any combination thereof, if the consumption of fossil fuel, expressed as the high heat value of the fossil fuel, chargeable to electrical energy on an annual basis in respect of the property is not greater than 7,000 Btu per kilowatt-hour of electrical energy produced, or

iii. to recover heat that is a by-product of an industrial process.

Property, other than a property described in subparagraph *a* of the first paragraph, that the taxpayer acquired after 10 December 1979, that would otherwise be included in another class and that

(a) was acquired by the taxpayer to be used by the taxpayer for the purpose of earning revenue obtained from a business operated by the taxpayer in Canada or obtained from property in Canada or to be leased by the taxpayer to a lessee for use in Canada;

(b) is property in respect of which a certificate that has not been revoked under section 130R13 was issued by the Minister; and

(c) is

i. active solar heating equipment, including a solar collector, a solar hot water heater, equipment for conversion, storage or control of solar energy, and equipment designed to interface solar heating equipment with other heating equipment used to heat air or a liquid to be used directly in manufacturing or processing, to supply heat, when it is installed in a building or other new structure at the time of its initial construction, if

the initial construction began after 10 December 1979, or to heat water,

ii. a hydro-electric installation of a producer of hydro-electric energy with a planned maximum generating capacity not exceeding 15 megawatts upon completion of site development that is the generating equipment and plant, including structures, of that producer including a canal, a dam, a dyke, an overflow spillway, a penstock, fishways or fish bypasses, control or transmission equipment and a powerhouse complete with generating equipment and other equipment ancillary thereto, except a property included in Class 10 or 17 or that is distribution equipment,

iii. heat recovery equipment that is designed to conserve energy or reduce the requirement to acquire energy by extracting and reusing heat from thermal waste including condensers, heat exchange equipment, steam compressors used to upgrade low pressure steam, waste heat boilers and ancillary equipment such as control panels, fans, pumps or measuring instruments,

iv. an addition or alteration to a hydro-electric installation described in subparagraph ii of subparagraph *c* that results in a change in generating capacity if the new maximum generating capacity at the installation does not exceed 15 megawatts, or

v. a device in a fixed location, acquired after 25 February 1986, that is a wind energy conversion system designed to produce electrical energy, consisting of a wind-driven turbine, a generator and related equipment, including control and conditioning equipment, support structures, a powerhouse with its ancillary equipment, and transmission equipment, but excluding property included in Class 10 or 17 or property consisting of electrical energy storage or distribution equipment.

However, property in this class does not include

(a) property that had been used before it was acquired by the taxpayer unless the property had previously been included in Class 34 for the purpose of computing the income of the person from whom it was acquired;

(b) property acquired by the taxpayer after 21 February 1994 other than

i. property, as the case may be

(1) that was acquired pursuant to an agreement of purchase and sale in writing entered into by the taxpayer before 22 February 1994,

(2) that was acquired in order to satisfy a legally binding obligation entered into by the taxpayer in writing before 22 February 1994 to sell electricity to a public power utility in Canada,

(3) that was under construction by or on behalf of the taxpayer on 22 February 1994, or

(4) that is machinery or equipment that is a fixed and integral part of a building, structure or other property that was under construction by or on behalf of the taxpayer on 22 February 1994, and

ii. property acquired by the taxpayer before 1 January 1996

(1) pursuant to an agreement of purchase and sale in writing entered into before 1 January 1995 to acquire the property from a person or partnership in circumstances where the property was part of a project that was under construction by the person or partnership on 22 February 1994, and it is reasonable to conclude, having regard to all of the circumstances, that the person or partnership constructed the project with the intention of transferring all or part of the project to another taxpayer after completion, or

(2) pursuant to an agreement in writing entered into before 1 January 1995 by the taxpayer with a person or partnership where the taxpayer agrees to assume a legally binding obligation entered into by the person or partnership before 22 February 1994 to sell electricity to a public power utility in Canada; or

(c) property in respect of which a certificate has not been issued under subparagraph *d* of the first paragraph or subparagraph *b* of the second paragraph before the time that is the later of the end of 1995 and two years after the property is acquired by the taxpayer or, where the property is property acquired in circumstances to which subparagraph *b* applies, two years after substantial completion of the property.

O.C. 1981-80, Sch. B, Class 34; O.C. 2456-80, s.22; O.C. 1535-81, s.22; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 34; O.C. 2583-85, s.35; O.C. 421-88, s.43; O.C. 538-91, s.9; O.C. 1697-92, s.79; O.C. 35-96, s.86; O.C. 1454-99, s.69; O.C. 134-2009, s.1.

**CLASS 35**  
**(7%)**

(ss. 130R22, 130R71, 130R105, 130R176, 130R177)

Property not included in any other class that is a railway car acquired after 25 May 1976 or a rail suspension device designed to carry trailers that are designed to be hauled on both highways and railway tracks.

O.C. 1981-80, Sch. B, Class. 35; R.R.Q., 1981, c. I-3, r. 1, Sch. B, Class 35; O.C. 1631-96, s. 55; O.C. 134-2009, s. 1.

**CLASS 36**  
(s. 130R183)

Property acquired after 11 December 1979 and deemed to be depreciable property under paragraph *c* of section 97.2 of the Act.

O.C. 2962-82, s. 89; O.C. 500-83, s. 89; O.C. 134-2009, s. 1.

**CLASS 37**  
**(15%)**

(ss. 130R14, 130R22, 130R132)

Property that would be included in another class and that is property used in connection with an amusement park, including

(a) improvement of land, other than landscaping, designed for park activities, including a canal or road, a sidewalk, a parking or storage area or other similar surface construction;

(b) a building, except a warehouse, an administrative building, a hotel or a motel, a structure or equipment that is not automobile equipment, including

i. a ticket office, a façade, a sideshow or a ride, and installations connected with such sideshow or such ride,

ii. equipment or furnishings inside a building included in this class and equipment and furnishings attached to the building, and

iii. a fence, any similar peripheral structure, or a bridge; and

(c) automobile equipment other than that designed for highway use.

Properties that are not included in another class that are used in respect of an amusement park and that are a waterway or a land improvement, except landscaping, removal or levelling land.

O.C. 2962-82, s. 89; O.C. 500-83, s. 89; O.C. 1660-94, s. 18; O.C. 134-2009, s. 1.

**CLASS 38**

(ss. 130R56, 130R191)

Property not included in Class 22 but that would otherwise be included in that class if that class were read without referred to paragraphs *a* and *b*.

O.C. 1697-92, s. 80; O.C. 134-2009, s. 1.

**CLASS 39**

(s. 130R57)

Property acquired after 31 December 1987 and before 26 February 1992 that

(a) is not included in Class 29, but that would otherwise be included in that class if that class were read without reference to subparagraphs iii and v of subparagraph *b* of the first

paragraph of that class and subparagraph *c* of that first paragraph;

(*b*) is not included in Class 12 under the second paragraph of that class.

O.C. 1697-92, s. 80; O.C. 1631-96, s. 56; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 66.

#### CLASS 40

(*ss.* 130R58, 130R141)

Property acquired after 31 December 1987 and before 1 January 1990 that

(*a*) is a powered industrial lift truck or a property described in subparagraph *f* or *g* of the first paragraph of Class 10, other than a property included in Class 12 under the second paragraph of that class; and

(*b*) is not included in Class 29 but would otherwise be included in that class if that class were read with subparagraph *c* of the first paragraph of that class being disregarded.

O.C. 1697-92, s. 80; O.C. 1631-96, s. 57; O.C. 134-2009, s. 1.

#### CLASS 41

(25%)

(*ss.* 130R3, 130R7, 130R8, 130R9, 130R22, 130R143, 130R171, 130R172, 360R2, 360R49, 360R54, 360R55)

Property, other than property included in Class 41.1, that is

(*a*) property not included in Class 28 that would otherwise be included in that class if that class were read without reference to subparagraph *c* of the first paragraph of that class and if subparagraphs *i* to *iii* of subparagraph *e* of that first paragraph were read as follows:

“*i.* property that was acquired before the mine came into production in reasonable commercial quantity and that would, if it were not included in this class, be included in Class 10 because of any of subparagraphs *a*, *e*, *f* and *k* of the second paragraph of the description of that class or would have been so included in that class if it had been acquired after the 1971 taxation year, and property that would, if it were not included in this class, be included in Class 41 because of section 130R143 or 130R144,

*ii.* property that was acquired before the mine came into production in reasonable commercial quantity and that would, if it were not included in this class, be included in Class 10 because of subparagraph *m* of the second paragraph of the description of that class, or

*iii.* property that was acquired after the mine came into production in reasonable commercial quantity and that would, if it were not included in this class, be included in Class 10 because of any of subparagraphs *a*, *e*, *f* and *k* of the second paragraph of the description of that class, and

property that would, if it were not included in this class, be included in Class 41 because of section 130R143 or 130R144.”;

(*b*) property that is the portion, expressed as a percentage determined by reference to capital cost, of property referred to in the second paragraph, where that percentage is determined by the formula

$$\{100 \times [A - (B \times 365 / C)]\} / A;$$

(*c*) property that

*i.* would, if it were not included in this class, be included in Class 10 because of any of subparagraphs *a*, *e* and *f* of the second paragraph of the description of that class, or that is included in this class because of section 130R143 or 130R144,

*ii.* was acquired by the taxpayer in a taxation year principally for the purpose of gaining or producing income from one or more mines each of which

(1) is one or more wells operated in Canada by the taxpayer for the extraction of material from a deposit of bituminous sands or oil shales,

(2) was the subject of a major expansion after 6 March 1996, and

(3) is a mine in respect of which the Minister of National Revenue, in consultation with the Minister of Natural Resources of Canada, determines that the greatest designed capacity of the mine immediately after the expansion, measured according to the volume of oil that is not beyond the crude oil stage or its equivalent, exceeded the greatest designed capacity of the mine immediately before the expansion by at least 25%,

*iii.* was acquired by the taxpayer after 6 March 1996, before the completion of the expansion referred to in subparagraph *ii*, and in the course of and principally for the purposes of the expansion, and

*iv.* had not, before it was acquired by the taxpayer, been used for any purpose by any person or partnership with whom the taxpayer was not dealing at arm's length;

(*d*) property included in this class because of section 130R143 or 130R144, other than property described in subparagraph *a* or *c* or the portion of property described in subparagraph *b*;

(*e*) any of the following property acquired by the taxpayer after 31 December 1987:

*i.* property that would be included in Class 10 under subparagraph *h* of the first paragraph or under any of



subparagraphs *a, d, e, f, k* and *m* to *o* of the second paragraph of that class, if that subparagraph *e* were disregarded, or

ii. a vessel, including the furniture, fittings, radio communication equipment and other equipment attached thereto, that is designed principally for the purpose of determining the existence, location, extent or quality of accumulations of petroleum, natural gas or mineral resources or for the purpose of drilling oil or gas wells;

(*f*) property that is acquired by the taxpayer after 29 March 1973 to be used directly or indirectly by the taxpayer in Canada primarily in Canadian field processing, where the property would be included in Class 29 if

i. the portion of the first paragraph of that Class 29 before subparagraph *a* read without reference to “property included in Class 41 solely because of subparagraph *f* or *g* of the first paragraph of that class or” and if no reference were made to subparagraphs *iii* and *v* of subparagraph *b* of the first paragraph of that Class 29 and subparagraph *c* of that first paragraph,

ii. section 130R12 were read without reference to paragraph *k*, and

iii. Schedule B were read without reference to this class and Classes 39 and 43; or

(*g*) property that is acquired by the taxpayer after 5 December 1996, otherwise than in accordance with an agreement in writing entered into on or before that date, to be leased, in the ordinary course of carrying on a business in Canada of the taxpayer, to a lessee who may reasonably be expected to use the property directly or indirectly in Canada, primarily in Canadian field processing, where the property would be included in Class 29 if

i. the portion of the first paragraph of that Class 29 before subparagraph *a* read without reference to “property included in Class 41 solely because of subparagraph *f* or *g* of the first paragraph of that class or” and if no reference were made to subparagraphs *iii* and *v* of subparagraph *b* of the first paragraph of that Class 29 and subparagraph *c* of that first paragraph,

ii. Schedule B were read without reference to this class and Classes 39 and 43.

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

(*a*) would, if it were not included in this class, be included in Class 10 because of any of subparagraphs *a, e* and *f* of the second paragraph of the description of that class, or that is included in this class because of section 130R143 or 130R144;

(*b*) is not described in subparagraph *a* or *c* of the first paragraph;

(*c*) was acquired by the taxpayer principally for the purpose of gaining or producing income from one or more mines that are operated by the taxpayer and situated in Canada, and that became available for use for the purposes of section 93.6 of the Act in a particular taxation year; and

(*d*) had not, before it was acquired by the taxpayer, been used for any purpose by any person or partnership with whom the taxpayer was not dealing at arm’s length.

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

(*a*) *A* is the aggregate of all amounts each of which is the capital cost of a property of the taxpayer described in the second paragraph for the particular taxation year in respect of the mine or mines referred to therein, as the case may be;

(*b*) *B* is 5% of the taxpayer’s gross revenue from the mine or mines, as the case may be, for the taxation year; and

(*c*) *C* is the number of days in the taxation year.

The property described in subparagraph *e* of the first paragraph does not include property acquired by the taxpayer before 1 January 1990

(*a*) pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987;

(*b*) that was under construction by or on behalf of the taxpayer on 18 June 1987; or

(*c*) that is machinery and equipment that is a fixed and integral part of property that was under construction by or on behalf of the taxpayer on 18 June 1987.

O.C. 1697-92, s. 80; O.C. 35-96, s. 85; O.C. 1631-96, s. 58; O.C. 1454-99, s. 70; O.C. 1470-2002, s. 89; O.C. 1282-2003, s. 96; O.C. 1116-2007, s. 56; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 67; O.C. 390-2012, s. 90.

#### **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.

O.C. 390-2012, s. 91.

**CLASS 42**  
**(12%)**  
(s. 130R22)

Property that is

(a) fibre-optic cable; or

(b) telephone, telegraph or data communication equipment that is a wire or cable, other than a cable included in this class because of paragraph *a*, acquired after 22 February 2005, and that has not been used, or acquired for use, for any purpose before 23 February 2005.

O.C. 1631-96, s. 59; O.C. 1116-2007, s. 57; O.C. 134-2009, s. 1.

**CLASS 43**  
**(30%)**  
(ss. 130R3, 130R22, 130R199)

Property acquired after 25 February 1992 that

(a) meets the following conditions:

i. it is not included in Class 29 or 53 but would otherwise be included in Class 29 if that class were read without reference to its subparagraphs iii and v of subparagraph *b* of the first paragraph and subparagraph *c* of that first paragraph,

ii. it is not included in Class 12 under the second paragraph of that class; or

(b) is property that

i. would be included in Class 10 under subparagraph *e* of the second paragraph of that class, if this schedule were read without reference to this paragraph and subparagraph *e* of the first paragraph of Class 41, and

ii. at the time of its acquisition, may reasonably be expected to be used entirely in Canada and primarily for the purposes of processing ore extracted from a mineral resource located in a country other than Canada.

O.C. 1631-96, s. 59; O.C. 1466-98, s. 128; O.C. 1454-99, s. 71; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 68; O.C. 321-2017, s. 59.

**CLASS 43.1**  
**(30%)**  
(ss. 96.2R1, 130R15, 130R16, 130R17, 130R18, 130R22, 130R50, 130R51, 130R143, 399.7R1, 399.7R2)

Property, other than reconditioned or remanufactured equipment, that would otherwise be included in any of Classes 1, 2, 8 and 48 or in Class 17 under subparagraph *i* of subparagraph *b* of the first paragraph of that class and that

(a) subject to the third paragraph, is

i. electrical generating equipment, including any heat generating equipment used primarily for the purpose of

producing heat energy to operate the electrical generating equipment,

ii. equipment that generates both electrical and heat energy, except fuel cell equipment,

iii. fixed location fuel cell equipment that uses hydrogen generated only from internal or ancillary fuel reformation equipment,

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,

vi. control, feedwater and condensate systems and other equipment, where that property is ancillary to equipment referred to in any of subparagraphs *i* to *iv*, or

vii. an addition to a property described in any of subparagraphs *i* to *v*;

(b) is located in Canada, has not been used for any purpose whatever before it is acquired by the taxpayer, except in the case of property described in the fourth paragraph, and that is, as the case may be,

i. acquired by the taxpayer for use by the taxpayer for the purpose of gaining income from a business carried on in Canada or from property situated in Canada, or

ii. leased by the taxpayer to a lessee for use by the lessee for the purpose of gaining income from a business carried on in Canada or from property situated in Canada; and

(c) is property that, as the case may be,

i. is part of a system, other than an enhanced combined cycle system, that

(1) is used by the taxpayer, or by a lessee of the taxpayer, to generate electrical energy, or both electrical and heat energy, using only fuel that is fossil fuel, eligible waste fuel, producer gas, spent pulping liquor or any combination of those fuels, and

(2) has a heat rate attributable to fossil fuel, other than solution gas, not exceeding 6,000 Btu per kilowatt-hour of electrical energy generated by the system, which heat rate is calculated as the fossil fuel, expressed as the high heat value of the fossil fuel, used by the system that is chargeable to gross electrical energy output on an annual basis,

ii. is part of an enhanced combined cycle system that

(1) is used by the taxpayer, or by a lessee of the taxpayer, to generate electrical energy using only a combination of natural gas and thermal waste from one or more natural gas compressor systems located on a natural gas pipeline,

(2) has an incremental heat rate not exceeding 6,700 Btu per kilowatt-hour of electrical energy generated by the system, which heat rate is calculated as the natural gas, expressed as its high heat value, used by the system that is chargeable to gross electrical energy output on an annual basis, and

(3) does not have economically viable access to a steam host, or

iii. is equipment that is used by the taxpayer, or by a lessee of the taxpayer, to generate electrical energy in a process all or substantially all of the energy input of which is thermal waste, other than

(1) equipment that uses heat produced by a gas turbine that is part of the first stage of a combined cycle system, and

(2) equipment that, on the date of its acquisition, uses chlorofluorocarbons or hydrochlorofluorocarbons within the meaning assigned by the Ozone-Depleting Substances Regulations, 1998, made under the Canadian Environmental Protection Act (Statutes of Canada, 1999, chapter 33).

Property, other than reconditioned or remanufactured equipment, that would otherwise be included in another class and that

(a) is

i. subject to the fifth paragraph, property used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of heating an actively circulated liquid or gas and is

(1) active solar heating equipment, including such equipment that consists of above ground solar collectors, solar energy conversion equipment, solar water heaters, energy storage equipment, control equipment and equipment designed to interface solar heating equipment with other heating equipment, or

(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,

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

(1) has, if acquired after 21 February 1994 and before 11 December 2001, an annual average generating capacity not exceeding 15 megawatts upon completion of the site development, or, if acquired after 10 December 2001, a rated capacity at the hydro-electric installation site that does not exceed 50 megawatts, and

(2) is the electrical generating equipment and plant, including structures, of that producer including a canal, a dam, a dyke, an overflow spillway, a penstock, fishways or fish bypasses, control equipment, transmission equipment and a powerhouse, complete with electrical generating equipment and other ancillary equipment,

iii. an addition or alteration, which is acquired after 21 February 1994 and before 11 December 2001, to a hydro-electric installation that is described in subparagraph ii or that would be so described if that installation were acquired by the taxpayer after 21 February 1994, and which results in an increase in generating capacity, if the resulting annual average generating capacity of the hydro-electric installation does not exceed 15 megawatts,

iv. an addition or alteration, which is acquired after 10 December 2001, to a hydro-electric installation that is described in subparagraph ii or that would be so described if that installation were acquired by the taxpayer after 21 February 1994, and which results in an increase in generating capacity, if the resulting rated capacity at the hydro-electric installation site does not exceed 50 megawatts,

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, reducing the requirement to acquire energy or extracting heat for sale, 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 or heat energy, or both electrical and heat energy, solely from geothermal energy, including such equipment that consists of piping, including above or below ground piping and the cost of completing a well, including the well-head and production string, 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, distribution equipment, equipment used to heat water for use in a swimming pool, equipment described in subparagraph 2 of subparagraph i, property otherwise included in Class 10 and property that would be included in Class 17 if no reference were made to 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 related equipment used to collect gas, to remove noncombustibles 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, for the sole purpose of generating heat energy primarily from the consumption of eligible waste fuel, producer gas or a combination of those fuels and not using any fuel other than eligible waste fuel, fossil fuel or producer gas, including such equipment that consists of fuel handling equipment used to upgrade the combustible portion of the fuel and control, feedwater and condensate systems, and

other ancillary equipment, but not including equipment used for the purpose of producing heat energy to operate electrical generating equipment, buildings or other structures, heat rejection equipment, such as condensers and cooling water systems, fuel storage facilities, other fuel handling equipment and property otherwise included in Class 10 or 17,

xi. an expansion engine with one or more cylinders, or turbines, that convert the compression energy in pressurized natural gas into shaft power that generates electricity, including the related electrical generating equipment and ancillary controls, if the expansion engine is used instead of a pressure reducing valve and is part of a system that is installed

(1) on a distribution line of a distributor of natural gas, or

(2) on a branch distribution line of a taxpayer primarily engaged in the manufacturing or processing of goods for sale or lease if the branch line is used to deliver natural gas directly to the taxpayer's manufacturing or processing facility,

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 hydroelectric 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 includes equipment that is an anaerobic digester reactor, a buffer tank, a pre-treatment tank, biogas piping, a fan, a compressor, a heat exchanger, a biogas storage tank and equipment used to remove non-combustibles and contaminants from the gas, but not including 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,

xv. property that is used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating electricity using kinetic energy of flowing water or wave or tidal energy, otherwise than by diverting or impeding the natural flow of the water or by using physical barriers or dam-like structures, including support structures, control, conditioning and battery storage equipment, submerged cables and transmission equipment, but not including buildings, distribution equipment, auxiliary electricity generating equipment, property otherwise included in Class 10 and property that would be included in Class 17 if that class were read without reference to subparagraph i of subparagraph *b* of the first paragraph of that class,

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 any of subparagraphs i, v, viii and x or would be described in those subparagraphs if it were owned by the taxpayer, and

(3) is not a building, or

xvii. equipment used by the taxpayer, or by a lessee of the taxpayer, primarily for the purpose of generating producer gas, other than producer gas that is to be converted into liquid biofuels or chemicals, including related piping, including fans and compressors, air separation equipment, storage equipment, equipment used for drying or shredding eligible waste fuel, ash-handling equipment, equipment used to upgrade the producer gas into biomethane and equipment used to remove non-combustibles and contaminants from the producer gas, but not including buildings or other structures, heat rejection equipment, such as condensers and cooling water systems, equipment used to convert producer gas into liquid biofuels or chemicals and property otherwise included in Class 10 or 17; and

(*b*) is located in Canada, has not been used for any purpose whatever before it was acquired by the taxpayer, except in the case of property described in the fourth paragraph, and that is, as the case may be,

i. acquired by the taxpayer for use by the taxpayer for the purpose of gaining income from a business carried on in Canada or from property situated in Canada, or

ii. leased by the taxpayer to a lessee for use by the lessee for the purpose of gaining income from a business carried on in Canada or from property situated in Canada.

The property referred to in subparagraph *a* of the first paragraph does not include buildings or other structures, heat rejection equipment, such as condensers and cooling water systems, transmission equipment, distribution equipment, fuel storage facilities and fuel handling equipment that is not used to upgrade the combustible portion of the fuel.

The property to which subparagraph *b* of the first and second paragraphs refers is that which fulfils the following conditions:

(*a*) the property was depreciable property that was included in any of Classes 34, 43.1 and 43.2 of the person from whom it was acquired, or would have been included in any of Classes 34, 43.1 and 43.2 of that person if that person had made a valid election to include the property in that Class 43.1 or 43.2, as the case may be, pursuant to paragraph *b* of section 130R143; and

(*b*) the property was acquired by the taxpayer not later than five years after the time it is considered to have become available for use, for the purposes of section 93.6 of the Act, by the person from whom it was acquired, and it remains at the same site in Canada as that at which that person used the property.

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.

O.C. 1454-99, s. 72; O.C. 1470-2002, s. 90; O.C. 1149-2006, s. 80; O.C. 1116-2007, s. 58; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 69; O.C. 390-2012, s. 92; O.C. 701-2013, s. 82; O.C. 1105-2014, s. 32; O.C. 66-2016, s. 31; O.C. 204-2020, s. 17.

#### **CLASS 43.2**

**(50%)**

(*ss.* 96.2R1, 130R15, 130R16, 130R18, 130R22, 130R50, 130R51, 130R143, 399.7R1, 399.7R2)

Property acquired after 22 February 2005 and before 1 January 2025 that was not included, before it was acquired, in another class by any taxpayer and that is property that would otherwise be included in Class 43.1

(*a*) if subparagraph 2 of subparagraph i of subparagraph *c* of the first paragraph of Class 43.1 were read with “6,000 BTU” replaced by “4,750 BTU”; or

(*b*) because of subparagraph *a* of the second paragraph of that class.

O.C. 1116-2007, s. 59; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 70; O.C. 117-2019, s. 39.

#### **CLASS 44**

**(25%)**

(*ss.* 130R22, 130R39, 130R134)

Property that is a patent, or a right to use patented information for a limited or unlimited period, other than a property included in Class 12.

O.C. 1631-96, s. 59; O.C. 134-2009, s. 1.

#### **CLASS 45**

**(45%)**

*(ss. 130R3, 130R22, 130R71)*

Property acquired after 22 March 2004 and before 19 March 2007, other than property acquired before 1 January 2005 in respect of which an election was made under section 130R198, that is general-purpose electronic data processing equipment and systems software for that equipment, including ancillary data processing equipment, but not including property that is principally property described in any of paragraphs *a* to *d* or is used principally as

(a) electronic process control or monitor equipment;

(b) electronic communications control equipment;

(c) systems software for equipment referred to in paragraph *a* or *b*; or

(d) data handling equipment, unless it is ancillary to general-purpose electronic data processing equipment.

O.C. 1149-2006, s. 81; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 71; O.C. 390-2012, s. 93.

#### **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.

O.C. 1149-2006, s. 81; O.C. 134-2009, s. 1; O.C. 390-2012, s. 94.

#### **CLASS 47**

**(8%)**

*(ss. 130R22, 130R50, 130R51)*

Property that is

(a) property acquired after 22 February 2005 that is transmission or distribution equipment, which may include for that purpose a structure, used for the transmission or distribution of electrical energy, other than

i. property that is a building, and

ii. property that has been used or acquired for use for any purpose by any taxpayer before 23 February 2005; or

(b) equipment acquired after 18 March 2007 that is part of a liquefied natural gas facility that liquefies or regasifies natural gas, including controls, cooling equipment, compressors, pumps, storage tanks, vaporizers and ancillary equipment, loading and unloading pipelines on the facility site used to transport liquefied natural gas between a ship and the facility, and related structures, other than property that is

i. acquired for the purpose of producing oxygen or nitrogen,

ii. a breakwater, a dock, a jetty, a wharf, or a similar structure, or

iii. a building.

O.C. 1116-2007, s. 60; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 72.

#### **CLASS 48**

**(15%)**

*(ss. 130R22, 130R50, 130R51)*

Property acquired after 22 February 2005 that is a combustion turbine, including associated burners and compressors, that generates electrical energy, other than

(a) electrical generating equipment described in any of paragraphs *f* to *h* of Class 8;

(b) property acquired before 1 January 2006 in respect of which an election is made under section 130R98.12 of the preceding Regulation, within the meaning of section 2000R1, as it read before its revocation; and

(c) property that has been used or acquired for use for any purpose by any taxpayer before 23 February 2005.

O.C. 1116-2007, s. 60; O.C. 134-2009, s. 1.

#### **CLASS 49**

**(8%)**

*(ss. 130R22, 130R202)*

Property that is a pipeline, including control and monitoring devices, valves and other equipment ancillary to the pipeline that

(a) is acquired after 22 February 2005, is used for the transmission, but not the distribution, of petroleum, natural gas or related hydrocarbons, and is not

i. a pipeline described in subparagraph ii of paragraph 1 of Class 1,

ii. property that has been used or acquired for use for any purpose by any taxpayer before 23 February 2005,

iii. equipment included in Class 7 because of paragraph *j* of that class,

iv. a building or other structure, or

v. Equipment included in Class 46 because of the second paragraph of that class; or

(b) is acquired after 25 February 2008, is used for the transmission of carbon dioxide, and is not

i. equipment included in Class 7 because of paragraph *k* of that class, or

ii. a building or other structure.

O.C. 1116-2007, s. 60; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 73; O.C. 390-2012, s. 95.

**CLASS 50  
(55%)**

(ss. 130R3, 130R22, 130R71)

Property acquired after 18 March 2007 that is general-purpose electronic data processing equipment and systems software for that equipment, including ancillary data processing equipment, but not including property that is included in Class 52 or that is principally property described in any of paragraphs *a* to *d* or is used principally as

(a) electronic process control or monitor equipment;

(b) electronic communications control equipment;

(c) systems software for equipment referred to in paragraph *a* or *b*; or

(d) data handling equipment unless it is ancillary to general-purpose electronic data processing equipment.

O.C. 1176-2010, s. 74; O.C. 390-2012, s. 96.

**CLASS 51  
(6%)**

(s. 130R22)

Property acquired after 18 March 2007 that is a pipeline, including control and monitoring devices, valves and other equipment ancillary to the pipeline, used for the distribution, but not the transmission, of natural gas, other than

(a) a pipeline described in subparagraph ii of paragraph 1 of Class 1 or in Class 49;

(b) property that has been used or acquired for use for any purpose by a taxpayer before 19 March 2007; and

(c) a building or other structure.

O.C. 1176-2010, s. 74.

**CLASS 52  
(100%)**

(ss. 130R3, 130R22, 130R71)

Property acquired by a taxpayer after 27 January 2009 and before 1 February 2011 that

(a) is general-purpose electronic data processing equipment and systems software for that equipment, including ancillary data processing equipment, but not including property that is principally property described in any of subparagraphs i to iv or is used principally as

i. electronic process control or monitor equipment,

ii. electronic communications control equipment,

iii. systems software for equipment referred to in subparagraph i or ii, or

iv. data handling equipment unless it is ancillary to general-purpose electronic data processing equipment;

(b) is situated in Canada;

(c) has not been used, or acquired for use, for any purpose whatever before it is acquired by the taxpayer; and

(d) is acquired by the taxpayer

i. for use in a business carried on by the taxpayer in Canada or for the purpose of earning income from property situated in Canada, or

ii. for lease by the taxpayer to a lessee for use by the lessee in a business carried on by the lessee in Canada or for the purpose of earning income from property situated in Canada.

O.C. 1176-2010, s. 74; O.C. 390-2012, s. 97.

**CLASS 53  
(50 %)**

(s. 130R22)

Property acquired after 31 December 2015 and before 1 January 2026 that is not included in Class 29, but would otherwise be included in that class if

(a) subparagraph *a* of the first paragraph of that class were read without reference to “in Canadian field processing carried on by the lessee or”; and

(b) that class were read without reference to subparagraph iv to vi of subparagraph *b* of the first paragraph and subparagraph *c* of that paragraph.

O.C. 321-2017, s. 60.

**SCHEDULE C**

(s. 710R1)

**FOREIGN UNIVERSITIES**

*(Revoked).*

O.C. 1981-80, Sch. C; O.C. 1983-80, s. 52; O.C. 2456-80, s. 23;  
O.C. 1535-81, s. 23; 1981, chapter I-3, r.1, Sch. C;  
O.C. 2962-82, s. 90; O.C. 500-83, s. 90; O.C. 2727-84, s. 30;  
O.C. 544-86, s. 21; O.C. 615-88, s. 42; O.C. 1076-88, s. 34;  
O.C. 1471-91, s. 32; O.C. 1114-92, s. 42; O.C. 91-94, s. 102;  
O.C. 366-94, s. 28; O.C. 1660-94, s. 19; O.C. 473-95, s. 47;  
O.C. 67-96, s. 66; O.C. 1631-96, s. 60; O.C. 1466-98, s. 129;  
O.C. 1282-2003, s. 97; O.C. 1149-2006, s. 82;  
O.C. 1116-2007, s. 61; O.C. 134-2009, s. 1; O.C. 390-2012, s. 98;  
O.C. 701-2013, s. 83.



**UPDATES**

O.C. 2486-83.	O.C. 208-93; O.C. 868-93; O.C. 1114-93; O.C. 1539-93; O.C. 1646-93.
O.C. 2727-84; O.C. 2847-84.	
O.C. 491-854; O.C. 2508-85; O.C. 2509-85; O.C. 2583-85.	O.C. 91-94; O.C. 366-94; O.C. 849-94; O.C. 1660-94; O.C. 1691-94; Bill 14 - 1994, c. 21; O.C. 216-95.
O.C. 544-86; O.C. 1239-86; O.C. 1811-86; O.C. 1812-86.	O.C. 473-95; O.C. 522-95; O.C. 1562-95.
O.C. 7-87; O.C. 1472-87; O.C. 1875-87.	O.C. 35-96; O.C. 67-96; O.C. 523-96; O.C. 1631-96; O.C. 1633-96; O.C. 1634-96.
O.C. 421-88; O.C. 615-88; O.C. 838-88; O.C. 1076-88; O.C. 1549-88; O.C. 1745-88; O.C. 1746-88; O.C. 1747-88; O.C. 1819-88.	O.C. 1707-97; Bill 150 - 1997, c. 63.  O.C. 1466-98.
O.C. 1038-89; O.C. 1344-89; O.C. 1764-89.	O.C. 1454-99.  O.C. 1451-2000.
O.C. 140-90; O.C. 223-90; O.C. 291-90; O.C. 1666-90; O.C. 1797-90.	O.C. 1463-2001; Bill 163 - 2001, c. 15.  O.C. 1470-2002.
O.C. 143-91; O.C. 538-91; O.C. 1025-91; O.C. 1232-91; O.C. 1471-91; O.C. 1589-91.	O.C. 559-2003; O.C. 1282-2003.  O.C. 1155-2004, (2004) G.O.2, 3593 (c.i.f. 04-12-22).
O.C. 1114-92; O.C. 1697-92.	O.C. 1249-2005, (2005) G.O. 2, 5533 (c.i.f. 05-12-28); Erratum, (2006) G.O. 2, 963; Bill 111 - 2005, c. 28;

**UPDATES**

O.C. 120-2005.

Bill 18 - 2020, c. 11;  
Bill 42 - 2020, c. 16;  
Bill 41 - 2020, c. 5; O.C. 1080-2020, (2020) 44 G.O. 2, 3053  
(c.i.f. 01-01-2021).

O.C. 300-2006, (2006) G.O. 2, 1287 (c.i.f. 06-04-19);  
Bill 13 - 2006, c. 8;  
O.C. 1149-2006, (2006) G.O. 2, 4087 (c.i.f. 06-12-27).

O.C. 1116-2007, (2007) G.O. 2, 4042 (c.i.f. 07-12-27);  
Bill 5 - 2007, c. 3.

O.C. 134-2009, (2009) G.O. 2, 213 (c.i.f. 09-03-04);  
O.C. 1303-2009, (2009) G.O. 2, 4095 (c.i.f. 09-12-16).

Bill 107 - 2010, c. 31.

O.C. 1176-2010, (2011) G.O. 2, 8 (c.i.f. 11-01-05);  
Bill 130, 2011, c. 16.

O.C. 390-2012, (2012) G.O. 2, 1312 (c.i.f. 12-05-02).

O.C. 701-2013, (2013) G.O. 2, 1829 (c.i.f. 13-07-03);  
Bill 45, 2013, c. 28.

O.C. 229-2014, (2014) G.O. 2, 715 (c.i.f. 14-03-19);  
O.C. 1105-2014, (2014) G.O. 2, 2812 (c.i.f. 14-12-23).

O.C. 586-2015, (2015) G.O. 2, 1391 (c.i.f. 15-07-15).

Bill 28 - 2014, c. 1; O.C. 1066-2015, (2015) G.O. 2, 3257  
(c.i.f. 16-01-01);  
Bill 42 - 2015, c. 15.

I.N. 16-01-01 (NCCP);  
O.C. 66-2016, (2016) G.O. 2, 1015 (c.i.f. 16-02-17);  
Bill 70 - 2016, c. 25.

O.C. 321-2017, (2017) G.O. 2, 867 (c.i.f. 17-04-27);  
Bill 146 - 2017, c. 29;  
O.C. 1182-2017, (2017) G.O. 2, 3825 (c.i.f. 17-12-20).

Bill 141 - 2018, c. 23.

O.C. 117-2019, (2019) G.O. 2, 368 (c.i.f. 27-02-2019);  
Bill 13 - 2019, c. 14.

O.C. 204-2020, (2020) G.O. 2, 807 (c.i.f. 01-04-2020);