

DIVISION II.5
(Repealed).§1. — *(Repealed).***1029.8.22.** *(Repealed).*

History: 1991, c. 8, s. 82; 1992, c. 1, s. 174; 1992, c. 44, s. 64; O.C. 404-93; 1992, c. 68, s. 142; 1993, c. 19, s. 111; 1993, c. 51, s. 35; 1993, c. 64, s. 158; 1994, c. 16, s. 50; 1994, c. 22, s. 319; 1994, c. 40, s. 457; O.C. 1354-94; 1995, c. 1, s. 146; 1995, c. 63, s. 154; 1995, c. 63, s. 261; 1997, c. 3, s. 59; 1997, c. 14, s. 211; 1997, c. 31, s. 109; 1997, c. 63, s. 111; O.C. 1677-97; 1997, c. 90, s. 14; O.C. 263-98; 1998, c. 16, s. 226; 1999, c. 83, s. 179; 2000, c. 5, s. 253; 2001, c. 51, s. 228; 2004, c. 21, s. 287; 2005, c. 23, s. 151.

1029.8.22.1. *(Repealed).*

History: 1995, c. 1, s. 147; 1995, c. 63, s. 155; 1995, c. 63, s. 261; 1997, c. 3, s. 71; 1997, c. 14, s. 212; 1997, c. 63, s. 112; O.C. 1677-97; 2005, c. 23, s. 151.

1029.8.22.2. *(Repealed).*

History: 1995, c. 1, s. 147; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.23. *(Repealed).*

History: 1991, c. 8, s. 82; 1991, c. 25, s. 167; 1992, c. 44, s. 65; O.C. 404-93; 1993, c. 19, s. 112; 1993, c. 64, s. 159; 1995, c. 1, s. 148; 1995, c. 63, s. 156; 1997, c. 3, s. 71; 1997, c. 14, s. 213; 1997, c. 63, s. 113; O.C. 1677-97; 2004, c. 21, s. 288; 2005, c. 23, s. 151.

1029.8.23.1. *(Repealed).*

History: 1993, c. 64, s. 160; 1995, c. 1, s. 149; 1997, c. 3, s. 71; 2004, c. 21, s. 289; 2005, c. 23, s. 151.

1029.8.23.2. *(Repealed).*

History: 1993, c. 64, s. 160; 1995, c. 1, s. 150; 1997, c. 3, s. 71; 2004, c. 21, s. 290; 2005, c. 23, s. 151.

1029.8.23.3. *(Repealed).*

History: 1993, c. 64, s. 160; 1995, c. 1, s. 151; 1997, c. 3, s. 71; 2004, c. 21, s. 291; 2005, c. 23, s. 151.

1029.8.23.4. *(Repealed).*

History: 1995, c. 1, s. 152; 1997, c. 3, s. 71; 2004, c. 21, s. 292; 2005, c. 23, s. 151.

1029.8.24. *(Repealed).*

History: 1991, c. 8, s. 82; 1992, c. 44, s. 66; O.C. 404-93; 1993, c. 19, s. 113; 1993, c. 64, s. 161; 1995, c. 1, s. 153; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

§2. — *(Repealed).***1029.8.25.** *(Repealed).*

History: 1991, c. 8, s. 82; 1993, c. 19, s. 114; 1993, c. 64, s. 162; 1995, c. 1, s. 154; 1995, c. 63, s. 157; 1997, c. 3, s. 71; 1997, c. 14, s. 214; 1997, c. 31, s. 143; 1997, c. 63, s. 114; O.C. 1677-97; 2005, c. 23, s. 151.

1029.8.25.1. *(Repealed).*

History: 1993, c. 19, s. 115; 1993, c. 64, s. 163; 1994, c. 22, s. 320; 1995, c. 1, s. 155; 1995, c. 63, s. 158; 1997, c. 3, s. 71; 1997, c. 14, s. 215; 1997, c. 31, s. 143; 1997, c. 63, s. 115; O.C. 1677-97; 2005, c. 23, s. 151.

1029.8.26. *(Repealed).*

History: 1991, c. 8, s. 82; 1992, c. 1, s. 175; 1993, c. 19, s. 116; 1993, c. 64, s. 164; 1995, c. 63, s. 159; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.27. *(Repealed).*

History: 1991, c. 8, s. 82; 1993, c. 19, s. 117; 1997, c. 3, s. 71; 2005, c. 1, s. 228; 2005, c. 23, s. 151.

1029.8.28. *(Repealed).*

History: 1991, c. 8, s. 82; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.29. *(Repealed).*

History: 1991, c. 8, s. 82; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.29.1. *(Repealed).*

History: 1993, c. 19, s. 118; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.30. *(Repealed).*

History: 1991, c. 8, s. 82; 1993, c. 19, s. 119; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.31. *(Repealed).*

History: 1991, c. 8, s. 82; 1993, c. 19, s. 119; 1995, c. 63, s. 160; 1997, c. 3, s. 71; 1997, c. 31, s. 143; 2005, c. 23, s. 151.

1029.8.32. *(Repealed).*

History: 1991, c. 8, s. 82; 1993, c. 19, s. 119; 1993, c. 64, s. 165; 1995, c. 63, s. 161; 1997, c. 3, s. 71; 1997, c. 31, s. 143; 2005, c. 23, s. 151.

1029.8.32.1. *(Repealed).*

History: 1993, c. 19, s. 120; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

§3. — *(Repealed).***1029.8.33.** *(Repealed).*

History: 1991, c. 8, s. 82; 1992, c. 1, s. 176; 1993, c. 19, s. 121; 1997, c. 3, s. 71; 2005, c. 23, s. 151.

1029.8.33.1. *(Repealed).*

History: 1993, c. 64, s. 166; 1997, c. 3, s. 71; 1997, c. 63, s. 116; O.C. 1677-97; 2005, c. 23, s. 151.

1029.8.33.1.1. *(Repealed).*

History: 1995, c. 63, s. 162; 1997, c. 3, s. 71; 1997, c. 31, s. 110; 2005, c. 23, s. 151.

DIVISION II.5.1**CREDIT FOR ON-THE-JOB TRAINING PERIODS**§1. — *Definitions and general provisions***Definitions:****1029.8.33.2.** In this division,**“disabled person”;**

“disabled person”, at a particular time during a qualified training period, means a person in respect of whom subparagraphs *a* to *b.1* of the first paragraph of section 752.0.14 apply at that time;

“eligible region”;

“eligible region” means

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

- i. administrative region 01 Bas-Saint-Laurent,
 - ii. administrative region 02 Saguenay–Lac-Saint-Jean,
 - iii. administrative region 08 Abitibi-Témiscamingue,
 - iv. administrative region 09 Côte-Nord,
 - v. administrative region 10 Nord-du-Québec, or
 - vi. administrative region 11 Gaspésie–Îles-de-la-Madeleine;
- or

(b) one of the following regional county municipalities:

- i. *(subparagraph repealed),*
- ii. Municipalité régionale de comté de Mékinac,
- iii. Municipalité régionale de comté d’Antoine-Labelle,
- iv. Municipalité régionale de comté de La Vallée-de-la-Gatineau, or
- v. Municipalité régionale de comté de Pontiac;

(c) the urban agglomeration of La Tuque, as described in section 8 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (chapter E-20.001);

“eligible supervisor”;

“eligible supervisor” of an eligible taxpayer or qualified partnership, at any particular time in a taxation year or fiscal period, as the case may be, means an individual who, at that time, is an employee of an establishment located in Québec of the eligible taxpayer or qualified partnership, whose contract of employment provides for at least 15 hours of work per week and who, at that particular time, is not

(a) an employee in respect of whom it may reasonably be considered that one of the purposes for which the employee works for the eligible taxpayer or the qualified partnership would be to allow, but for this paragraph, the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.6 or 1029.8.33.7; or

(b) an employee in respect of whom it may reasonably be considered that the conditions of employment with the eligible taxpayer or qualified partnership have been changed mainly to allow, but for this paragraph, the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership to be deemed to have paid an amount to the Minister under section 1029.8.33.6 or 1029.8.33.7, as the case may be, in respect of the employee, or to increase an amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee;

“eligible taxpayer”;

“eligible taxpayer”, for a taxation year, means a taxpayer who carries on business in Québec and has an establishment in Québec in the year and who is an individual, other than a tax-exempt individual, or a qualified corporation;

“eligible trainee”;

“eligible trainee” of an eligible taxpayer or qualified partnership at any particular time in a taxation year or fiscal period, as the case may be, means an individual who, at that time, is serving a training period in an establishment located in Québec of the eligible taxpayer or qualified partnership and who is

(a) a person enrolled in the workplace apprenticeship program established under section 25.6 of the Act to promote workforce skills development and recognition (chapter D-8.3) and administered by the Minister of Employment and Social Solidarity or, as the case may be, by the Kativik Regional Government established by the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1);

(a.1) *(paragraph repealed),*

(b) an individual who is enrolled as a full-time student in an education program at the secondary level offered by a recognized educational institution, which provides for one or more training periods totalling at least 140 hours during the course of the program;

(b.1) an individual who is enrolled as a full-time student in an education program at the college level, or at the university level if the individual is enrolled in an undergraduate, Master's or Doctoral program, offered by a recognized educational institution, which provides for one or more training periods totalling at least 140 hours during the course of the program; or

(c) an individual who is enrolled as a full-time student in a prescribed program which is offered by a recognized educational institution and which provides for one or more training periods totalling at least 140 hours during the course of the program;

“immigrant”;

“immigrant”, at a particular time during a qualified training period, means a person who at that time is

(a) a permanent resident within the meaning of subsection 1 of section 2 of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27);

(b) a temporary resident or a holder of a temporary resident permit within the meaning of the Immigration and Refugee Protection Act, who was resident in Canada during the 18-month period preceding that time; or

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

“Native person”;

“Native person”, at a particular time in a qualified training period, means a person who, at that time, is

(a) an Indian registered under the Indian Act (Revised Statutes of Canada, 1985, chapter I-5); or

(b) an Inuit beneficiary under the Act respecting Cree, Inuit and Naskapi Native persons (chapter A-33.1);

“qualified corporation”;

“qualified corporation”, for a taxation year, means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, but does not include

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985 but for section 192;

(c) (paragraph repealed);

(d) (paragraph repealed);

“qualified expenditure”;

“qualified expenditure” made by an eligible taxpayer in a taxation year or by a qualified partnership in a fiscal period means an expenditure incurred by the taxpayer in the taxation year or by the partnership in the fiscal period, as the case may be, in respect of an eligible trainee, within the framework of a qualified training period, that is related to a business carried on by the taxpayer or partnership in Québec, and that corresponds to the amount determined in accordance

with section 1029.8.33.3 in respect of the eligible trainee for a week completed in the taxation year or fiscal period, as the case may be;

“qualified partnership”;

“qualified partnership”, for a fiscal period, means a partnership that carries on business in Québec and has an establishment in Québec in the fiscal period and that, if it were a corporation, would be a qualified corporation for that fiscal period;

“qualified training period”;

“qualified training period” means, subject to the third paragraph, a period of practical training served by an eligible trainee of an eligible taxpayer or qualified partnership under the supervision

(a) if the training period is served with an eligible taxpayer who is an individual other than a trust, of the individual or of an eligible supervisor of the individual;

(b) if the training period is served with a qualified partnership, of an individual, other than a trust, who is a member of the partnership, or of an eligible supervisor of the partnership; or

(c) if the training period is served with an eligible taxpayer other than an eligible taxpayer referred to in paragraph a, of an eligible supervisor of the taxpayer;

“recognized educational institution”;

“recognized educational institution”, at any particular time, means an educational institution which, at that time, is

(a) a secondary-level or college-level educational institution under the authority of the Ministère de l'Éducation, du Loisir et du Sport or the Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie;

(b) an educational institution accredited for purposes of subsidies pursuant to section 77 of the Act respecting private education (chapter E-9.1);

(c) an educational institution appearing on the list established by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology under any of subparagraphs 1 to 3 of the first and second paragraphs of section 56 of the Act respecting financial assistance for education expenses (chapter A-13.3); or

(d) an educational institution operated by a person holding a permit issued, for that educational institution, by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology pursuant to section 12 of the Act respecting private education, provided that it offers a vocational education or vocational training program referred to in Chapter I of that Act;

“tax-exempt individual”.

“tax-exempt individual” means a trust one of the capital or income beneficiaries of which is a corporation described in any of paragraphs a to d of the definition of “qualified

corporation” in this paragraph, or a person exempt from tax by virtue of Book VIII of this Part.

Qualified training period.

For the purposes of the definition of “qualified training period” in the first paragraph, job shadowing, introductory training, orientation and professional integration sessions taken by an eligible trainee referred to in subparagraph *c* of the definition of that expression are deemed to be periods of practical training.

Qualified training period.

Where the eligible trainee is an individual referred to in paragraph *b.1* of the definition of “eligible trainee” in the first paragraph, the following requirements must also be met for the training period served by the eligible trainee to be a qualified training period:

(a) the training period must, under the education program, be followed by an evaluation prepared by the person responsible for such a program with the recognized educational institution;

(b) the trainee must be remunerated under conditions that would be at least equivalent to those established under the Act respecting labour standards (chapter N-1.1) if that Act were applicable to the determination of the remuneration paid to the trainee.

History: 1995, c. 1, s. 156; 1995, c. 63, s. 163; 1997, c. 3, s. 60; 1997, c. 14, s. 216; 1997, c. 63, s. 117; O.C. 1677-97; 1997, c. 85, s. 251; 1997, c. 90, s. 14; O.C. 263-98; 1998, c. 16, s. 227; 1999, c. 83, s. 180; 2000, c. 5, s. 254; 2001, c. 44, s. 30; 2001, c. 51, s. 228; 2002, c. 9, s. 54; 2002, c. 40, s. 126; 2004, c. 21, s. 293; 2005, c. 1, s. 229; 2005, c. 28, s. 195; 2006, c. 13, s. 108; 2007, c. 3, s. 60; 2009, c. 15, s. 225; 2013, c. 28, s. 142; 2019, c. 14, s. 310.

Qualified expenditure.

1029.8.33.2.1. Where, in a taxation year or fiscal period, as the case may be, an eligible taxpayer or qualified partnership, as the case may be, pays, pursuant to a legal obligation, an amount that may reasonably be regarded as repayment of an amount of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3 or in subparagraph *c* or *f* of the second paragraph of that section that was applied, for the purpose of computing an amount that the taxpayer or member of the partnership, as the case may be, is deemed to have paid to the Minister under section 1029.8.33.6 or 1029.8.33.7 for a particular taxation year, in reduction of a qualified expenditure in respect of an eligible trainee for a particular week completed in the particular year or in a fiscal period ended in the particular year, the taxpayer or partnership, as the case may be, is deemed to have made a qualified expenditure in the taxation year or fiscal period, as the case may be, equal to the lesser of

(a) the aggregate of all amounts each of which is an amount paid in the taxation year or fiscal period, as the case may be, by the taxpayer or partnership, as the case may be, as repayment of an amount of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3 or in subparagraph *c* or *f* of the second paragraph of that section in respect of an eligible trainee in respect of the particular week; and

(b) the amount by which the amount that would be computed under section 1029.8.33.3 in respect of the eligible trainee for the particular week if each of the amounts of assistance referred to in subparagraph *c* of the first paragraph of that section or in subparagraph *c* or *f* of the second paragraph of that section in respect of that week were applied in reduction of any amount paid in respect of the eligible trainee as repayment in the taxation year or fiscal period, or in a previous taxation year or fiscal period, by the taxpayer or partnership, as the case may be, exceeds the aggregate of

i. the amount determined under section 1029.8.33.3, without reference to this section, in respect of the eligible trainee for the particular week, and

ii. any amount determined under this section in respect of that eligible trainee and in respect of that particular week, for a previous taxation year or fiscal period.

History: 1995, c. 63, s. 164; 1997, c. 3, s. 71; 2006, c. 36, s. 113.

Qualified expenditure.

1029.8.33.2.2. Where, in a particular taxation year, an eligible taxpayer who is a member of a qualified partnership pays, pursuant to a legal obligation, an amount that may reasonably be regarded as repayment of an amount of assistance referred to in the first paragraph of section 1029.8.33.7.1 paid in respect of an eligible trainee for a week completed in a particular fiscal period of the partnership and that was applied in reduction of the taxpayer’s share of the amount of a particular qualified expenditure of the partnership for the purpose of computing an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.33.7 for the taxation year in which the particular fiscal period of the partnership ended, the taxpayer is deemed to have made a qualified expenditure in the particular taxation year equal to the lesser of

(a) the aggregate of all amounts each of which is an amount paid in the particular taxation year by the taxpayer as repayment of an amount of assistance referred to in the first paragraph of section 1029.8.33.7.1 in respect of the particular qualified expenditure; and

(b) the amount by which the eligible taxpayer’s share, determined in accordance with section 1029.8.33.7 and without reference to section 1029.8.33.7.1, of the particular qualified expenditure exceeds the aggregate of the eligible taxpayer’s share, determined in accordance with section 1029.8.33.7.1, of the particular qualified expenditure

and of the amounts determined under this section, in respect of the taxpayer and in respect of the particular qualified expenditure, for a taxation year previous to the particular taxation year.

History: 1995, c. 63, s. 164; 1997, c. 3, s. 71; 2006, c. 36, s. 114.

Deemed repayment of assistance.

1029.8.33.2.3. For the purposes of sections 1029.8.33.2.1 and 1029.8.33.2.2, an amount is deemed to be paid, pursuant to a legal obligation, as a repayment of an amount of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3, in subparagraph *c* or *f* of the second paragraph of that section or in the first paragraph of section 1029.8.33.7.1, as the case may be, by an eligible taxpayer in a taxation year, by a qualified partnership in a fiscal period or by an eligible taxpayer who is a member of a qualified partnership in a taxation year in which a fiscal period of the partnership ends, as the case may be, so long as the amount

(a) in the case of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.33.3, was applied, because of subparagraph *c*, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7;

(b) in the case of assistance referred to in subparagraph *c* of the second paragraph of section 1029.8.33.3, was applied, because of subparagraph *a* of the first paragraph of that section, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7;

(c) in the case of assistance referred to in subparagraph *f* of the second paragraph of section 1029.8.33.3, was applied, because of subparagraph *b* of the first paragraph of that section, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the eligible taxpayer or an eligible taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7;

(d) in the case of assistance referred to in the first paragraph of section 1029.8.33.7.1, was applied, in accordance with that section, in reduction of the eligible taxpayer's share, determined in accordance with section 1029.8.33.7, of a qualified expenditure of a qualified partnership of which the eligible taxpayer is a member for the purpose of computing the amount that the eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.33.7;

(e) was not received by the eligible taxpayer, the qualified partnership or the eligible taxpayer who is a member of the qualified partnership; and

(f) ceased, in the taxation year, the fiscal period or the taxation year in which the fiscal period of the partnership ends, to be an amount that the eligible taxpayer, the qualified partnership or the eligible taxpayer who is a member of the qualified partnership, as the case may be, can reasonably expect to receive.

History: 1995, c. 63, s. 164; 1997, c. 3, s. 71; 2006, c. 36, s. 115.

Qualified expenditure in respect of a trainee.

1029.8.33.3. The amount referred to in the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.2 is equal, in respect of an eligible trainee, to the lesser of the weekly limit specified in the fifth paragraph and the aggregate of

(a) the lesser of

i. the amount determined by the formula

$(A \times B) - C$, and

ii. the amount obtained by multiplying the number of hours done by the eligible trainee within the framework of the qualified training period during the week by the hourly rate specified in the sixth paragraph;

(b) the total of all amounts each of which represents, in respect of an eligible supervisor of the eligible taxpayer or qualified partnership, as the case may be, having supervised the eligible trainee during the week within the framework of the qualified training period, the lesser of

i. the amount determined by the formula

$(D \times E) - F$, and

ii. the amount obtained by multiplying the number of hours, determined under section 1029.8.33.4, devoted by an eligible supervisor to the supervision of an eligible trainee during the week within the framework of the qualified training period by \$35 if the qualified training period begins after 27 March 2018, and \$30 in any other case; and

(c) where the trainee is a trainee referred to in paragraph *c* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the aggregate of all amounts each of which is equal to the amount by which the travel expenses of a person who is an employee of the eligible taxpayer or qualified partnership, other than the eligible trainee, the taxpayer, where the eligible taxpayer is an individual other than a trust, or an individual other than a trust who is a member of the qualified partnership, hired for the week within the framework of the qualified training period, if the establishment of the taxpayer or partnership, as the case may

be, where that person usually reports and the destination of the person are at least 40 kilometres apart and if that destination is situated outside the local municipal territory or, where applicable, outside the metropolitan region in which the establishment is situated, exceeds the amount of any government assistance or non-government assistance that the eligible taxpayer or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of those expenses

i. in the case of the eligible taxpayer, on or before the eligible taxpayer's filing-due date for the taxation year, and

ii. where an eligible taxpayer is a member of the qualified partnership, on or before the day that is six months after the end of the fiscal period of the qualified partnership.

Interpretation.

For the purposes of the formulas in the first paragraph,

(a) A is the wages or salary, paid in currency and computed on an hourly basis, received by the eligible trainee in respect of the week within the framework of the qualified training period;

(b) B is the number of hours done by the eligible trainee during the week within the framework of the qualified training period;

(c) C is the amount of any government assistance or non-government assistance that the eligible taxpayer or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of the eligible trainee's wages or salary referred to in subparagraph *a*

i. in the case of the eligible taxpayer, on or before the eligible taxpayer's filing-due date for the taxation year, and

ii. where an eligible taxpayer is a member of the qualified partnership, on or before the day that is six months after the end of the fiscal period of the qualified partnership;

(d) D is the wages or salary, paid in currency and computed on an hourly basis, received by the eligible supervisor in respect of the week for the hours of supervision referred to in paragraph *e*;

(e) E is the number of hours, determined under section 1029.8.33.4, devoted by the eligible supervisor to the supervision of the eligible trainee during the week within the framework of the qualified training period; and

(f) F is the amount of any government assistance or non-government assistance that the eligible taxpayer or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of the eligible supervisor's wages or salary referred to in subparagraph *d*

i. in the case of the eligible taxpayer, on or before the eligible taxpayer's filing-due date for the taxation year, and

ii. where an eligible taxpayer is a member of the qualified partnership, on or before the day that is six months after the end of the fiscal period of the qualified partnership.

Rules applicable.

For the purposes of this section,

(a) the number of hours during which an eligible trainee participated, during a week, in a qualified training period includes only the hours done by the eligible trainee, during the week, either for the eligible taxpayer or qualified partnership, that may reasonably be considered necessary to complete the qualified training period;

(b) the wages or salary is the income computed under Chapters I and II of Title II of Book III but does not include directors' fees, premiums, incentive bonuses, overtime compensation, other than remuneration related to a qualified training period, for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

(c) where the conditions of the contract of employment of an eligible trainee or eligible supervisor do not allow his wages or salary to be computed on an hourly basis, the amount thereof is deemed to be equal to the quotient obtained by dividing his wages or salary computed on an annual basis by 2,080;

(d) an amount paid or payable in respect of the consumption by a person of food or beverages is deemed to be equal to the amount deemed to be paid or payable in that respect under Division I of Chapter I.1 of Title VII of Book III; and

(e) an amount paid or payable by a taxpayer or partnership in respect of an allowance for the use by a person of an automobile is deemed to be equal to the amount deductible in that respect in computing the taxpayer's or partnership's income to the extent provided for in section 133.2.1.

Training period of more than 32 weeks.

Notwithstanding the first paragraph, the amount referred to in the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.2, in respect of an eligible trainee who is an individual referred to in paragraph *b.1* of the definition of "eligible trainee" in that paragraph, is equal to zero where the week in respect of which the amount is computed is included in a period of more than 32 consecutive weeks of training with the same eligible taxpayer or the same qualified partnership and that week follows the thirty-second week of training.

Weekly limit.

The weekly limit referred to in the first paragraph is \$700 if the qualified training period begins after 27 March 2018, \$600 if the qualified training period begins after 31 December 2006 and before 28 March 2018, and \$500 in any other case.

Hourly rate.

The hourly rate referred to in the first paragraph is \$21 if the qualified training period begins after 27 March 2018, \$18 if the qualified training period begins after 31 December 2006 and before 28 March 2018, and \$15 in any other case.

History: 1995, c. 1, s. 156; 1995, c. 63, s. 165; 1997, c. 3, s. 71; 1997, c. 31, s. 111; 1999, c. 83, s. 181; 2002, c. 40, s. 127; 2006, c. 36, s. 116; 2019, c. 14, s. 311.

Hours devoted to the supervision of a trainee.

1029.8.33.4. The number of hours referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.3 and in subparagraph *e* of the second paragraph of that section is the least of

(a) the number of hours devoted by the eligible supervisor to the supervision of the eligible trainee during that week,

(b) the number of hours obtained by multiplying such proportion as the number of hours devoted by the eligible supervisor to the supervision of the eligible trainee during that week is of the total number of hours devoted to the supervision of the eligible trainee by any eligible supervisor during that week by 10, and

(c) where the qualified training period is served within the framework of an education program offered by a recognized educational institution, the number of hours corresponding to such proportion of the number of hours of supervision of the eligible trainee by an eligible supervisor that are required by the recognized educational institution for that week as the number of hours devoted to the supervision of the eligible trainee by the eligible supervisor during that week is of the total number of hours devoted to the supervision of the eligible trainee by any eligible supervisor during that week.

Supervision of two or more trainees.

For the purposes of subparagraphs *a* to *c* of the first paragraph, where within the framework of one or more qualified training periods, an eligible supervisor devotes an hour or part of an hour to supervising several eligible trainees simultaneously, the time the eligible supervisor devotes to each such eligible trainee is deemed to be such proportion of that hour or part of an hour as 1 is of the number of such eligible trainees.

History: 1995, c. 1, s. 156.

Trainee participating in a prescribed program.

1029.8.33.4.1. If the eligible trainee in respect of whom an amount must be determined in accordance with section 1029.8.33.3 is an individual referred to in paragraph *c* of the definition of “eligible trainee” in the first paragraph of section 1029.8.33.2, the following rules apply:

(a) the amounts of “\$700”, “\$600” and “\$500” in the fifth paragraph of section 1029.8.33.3 are to be replaced by the amounts of “\$875”, “\$750” and “\$625”, respectively; and

(b) the figure “10” in subparagraph *b* of the first paragraph of section 1029.8.33.4 is to be replaced by the figure “20”.

History: 1995, c. 63, s. 166; 1999, c. 83, s. 182; 2006, c. 36, s. 117; 2007, c. 3, s. 61; 2019, c. 14, s. 312.

Training period served in an eligible region.

1029.8.33.4.2. If the eligible trainee in respect of whom an amount must be determined in accordance with section 1029.8.33.3 serves, in an eligible region, a qualified training period that begins after 11 March 2003 but before 13 June 2003 or a qualified training period that begins after 30 March 2004 but before 1 January 2007, the following rules apply:

(a) the amount of “\$500” in the fifth paragraph of section 1029.8.33.3 is to be replaced by an amount of “\$1,000” or, if section 1029.8.33.4.1 applies, the amount of “\$625” that, because of section 1029.8.33.4.1, replaces that amount of “\$500” is itself to be replaced by an amount of “\$1,250”; and

(b) the amount of “\$15” in the sixth paragraph of section 1029.8.33.3 is to be replaced by an amount of “\$25”.

History: 2004, c. 21, s. 294; 2005, c. 23, s. 152; 2006, c. 36, s. 118.

Disabled trainee.

1029.8.33.4.3. If the eligible trainee in respect of whom an amount is to be determined in accordance with section 1029.8.33.3 is a disabled person, the following rules apply:

(a) the amount of “\$600” in the fifth paragraph of section 1029.8.33.3 is to be replaced by an amount of “\$750” or, if section 1029.8.33.4.1 applies, the amount of “\$750” that, because of section 1029.8.33.4.1, replaces that amount of “\$600” is itself to be replaced by an amount of “\$1,050”;

(a.1) the amount of “\$700” in the fifth paragraph of section 1029.8.33.3 is to be replaced by an amount of “\$875” or, if section 1029.8.33.4.1 applies, the amount of “\$875” that, because of section 1029.8.33.4.1, replaces that amount of “\$700” is itself to be replaced by an amount of “\$1,225”; and

(b) the figure “10” in subparagraph *b* of the first paragraph of section 1029.8.33.4 is to be replaced by the figure “20” or, if section 1029.8.33.4.1 applies, the figure “20” that, because of section 1029.8.33.4.1, replaces that figure “10” is itself to be replaced by the figure “40”.

History: 2009, c. 15, s. 226; 2019, c. 14, s. 313.

1029.8.33.5. (Repealed).

History: 1995, c. 1, s. 156; 1995, c. 63, s. 167.

1029.8.33.5.1. (Repealed).

History: 1995, c. 63, s. 168; 1997, c. 3, s. 71; 1997, c. 14, s. 217.

§2. — *Credit*

Individual or corporation.

1029.8.33.6. An eligible taxpayer who makes a qualified expenditure in a taxation year and encloses, with his fiscal return he is required to file for the year under section 1000, the prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for that year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 12% of the amount of the expenditure.

Computation of payments.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 1995, c. 1, s. 156; 1995, c. 63, s. 169; 1997, c. 3, s. 71; 1997, c. 14, s. 290; 1997, c. 31, s. 143; 1999, c. 83, s. 183; 2002, c. 40, s. 128; 2003, c. 9, s. 194; 2004, c. 21, s. 295; 2006, c. 13, s. 109; 2006, c. 36, s. 119; 2015, c. 21, s. 406.

Partnership.

1029.8.33.7. Where a qualified partnership makes a qualified expenditure at any particular time, each eligible taxpayer who is a member of that partnership throughout the period commencing at that particular time and ending at the end of the fiscal period of the qualified partnership in which the expenditure is made and encloses, with his fiscal return he is required to file under section 1000 for his taxation year in which the fiscal period of the partnership ends, the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for that year, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 12% of his share of the expenditure.

Computation of payments.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer’s taxation year in which the fiscal period of the qualified partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Taxpayer’s share.

For the purposes of the first paragraph, an eligible taxpayer’s share of a qualified expenditure made by a qualified partnership of which the eligible taxpayer is a member is equal to the agreed proportion of the expenditure in respect of the eligible taxpayer for the partnership’s fiscal period that ends in the eligible taxpayer’s taxation year.

History: 1995, c. 1, s. 156; 1995, c. 63, s. 169; 1997, c. 3, s. 71; 1997, c. 14, s. 290; 1997, c. 31, s. 143; 1999, c. 83, s. 184; 2002, c. 40, s. 129; 2003, c. 9, s. 195; 2004, c. 21, s. 296; 2006, c. 13, s. 110; 2006, c. 36, s. 120; 2009, c. 15, s. 227; 2015, c. 21, s. 407.

Government assistance and non-government assistance.

1029.8.33.7.1. Where an eligible taxpayer referred to in section 1029.8.33.7 has received, is entitled to receive or can reasonably expect to receive, on or before the day that is six months after the end of the fiscal period referred to in that section, in this section referred to as the “particular fiscal period”, an amount of government assistance or non-government assistance, in respect of a particular qualified expenditure made by a qualified partnership referred to in section 1029.8.33.7 for a week completed in the particular fiscal period, that may reasonably be attributed to the wages or salary for that week for an eligible trainee or for an eligible supervisor having supervised the eligible trainee during the week within the framework of a qualified training period served by the eligible trainee during the particular fiscal period, or to the travel expenses incurred during the week by the qualified partnership within the framework of the qualified training period, the eligible taxpayer’s share of the particular qualified expenditure, for the purpose of computing an amount deemed to have been paid under section 1029.8.33.7 by the eligible taxpayer to the Minister, for the taxation year referred to in that section, shall not exceed the amount determined by the formula

$A \times B.$

Interpretation.

For the purposes of the formula in the first paragraph,

(a) A is the amount that would have been determined in respect of the particular qualified expenditure if, for the purposes of section 1029.8.33.3, the qualified partnership had in the particular fiscal period received the amount of assistance referred to in the first paragraph and the latter amount were multiplied by the reciprocal of the agreed proportion in respect of the eligible taxpayer for the qualified partnership’s particular fiscal period; and

(b) B is the agreed proportion in respect of the eligible taxpayer for the qualified partnership’s particular fiscal period;

(c) *(subparagraph repealed).*

History: 1995, c. 63, s. 170; 1997, c. 3, s. 71; 1997, c. 31, s. 112; 2007, c. 12, s. 145; 2009, c. 15, s. 228.

Tax credit rate increase.

1029.8.33.7.2. For the purposes of sections 1029.8.33.6 and 1029.8.33.7, the following rules apply:

(a) where the eligible taxpayer referred to in either of those sections is a qualified corporation, the percentage of 12% mentioned in the first paragraph of that section is to be replaced,

i. where the qualified expenditure is made in respect of an eligible trainee who is an immigrant, a Native person or a

disabled person, or who is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, by a percentage of 32% in respect of that expenditure, and

ii. in any other case, by a percentage of 24%; and

(b) where the eligible taxpayer referred to in either of those sections is an individual (other than a tax-exempt individual) and the qualified expenditure is made in respect of an eligible trainee who is an immigrant, a Native person or a disabled person, or who is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, the percentage of 12% mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure, by a percentage of 16%.

History: 1995, c. 63, s. 170; 1997, c. 3, s. 71; 2004, c. 21, s. 297; 2009, c. 15, s. 229; 2015, c. 21, s. 408; 2019, c. 14, s. 314.

Tax credit rate increase.

1029.8.33.7.3. For the purposes of sections 1029.8.33.6 and 1029.8.33.7 and despite section 1029.8.33.7.2, where the qualified expenditure is made in respect of an eligible trainee described in any of paragraphs *b* to *c* of the definition of “eligible trainee” in the first paragraph of section 1029.8.33.2 (in this section referred to as a “student trainee”) and the conditions of the second paragraph are met, the following rules apply:

(a) if the eligible taxpayer referred to in section 1029.8.33.6 or 1029.8.33.7 is a qualified corporation, the percentage of 12% mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure,

i. where the student trainee is an immigrant, a Native person or a disabled person, or is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, by a percentage of 50%, and

ii. in any other case, by a percentage of 40%; and

(b) if the eligible taxpayer referred to in section 1029.8.33.6 or 1029.8.33.7 is an individual (other than a tax-exempt individual), the percentage of 12% mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure,

i. where the student trainee is an immigrant, a Native person or a disabled person, or is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, by a percentage of 25%, and

ii. in any other case, by a percentage of 20%.

Conditions.

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

(a) in the case of section 1029.8.33.6, the taxation year referred to in that section is at least the third consecutive taxation year in which the eligible taxpayer makes a qualified expenditure in respect of a student trainee and the qualified expenditure made in each of those consecutive taxation years is at least \$2,500; and

(b) in the case of section 1029.8.33.7, the fiscal period referred to in that section is at least the third consecutive fiscal period in which the qualified partnership makes a qualified expenditure in respect of a student trainee and the qualified expenditure made in each of those consecutive fiscal periods is at least \$2,500.

History: 2015, c. 36, s. 100; 2017, c. 29, s. 176; 2019, c. 14, s. 315.

Reduction of the qualified expenditure.

1029.8.33.8. If, in respect of a qualified expenditure made by an eligible taxpayer in a taxation year or by a qualified partnership in a fiscal period in respect of a qualified training period, a person or partnership has obtained, is entitled to obtain or can reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the qualified training period, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the eligible taxpayer under section 1029.8.33.6, the amount of the qualified expenditure shall be reduced by the amount of the benefit or advantage the person or partnership has obtained, is entitled to obtain or can reasonably expect to obtain on or before the eligible taxpayer's filing-due date for that taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.7 by an eligible taxpayer who is a member of the qualified partnership for his taxation year in which that fiscal period ends, the eligible taxpayer's share of the amount of the qualified expenditure shall be reduced, where applicable,

i. by his share of the amount of the benefit or advantage that a qualified partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or can reasonably expect to obtain on or before the day that is six months after the end of the fiscal period of the qualified partnership in which the expenditure was made, and

ii. by the amount of the benefit or advantage that the eligible taxpayer or a person with whom he does not deal at arm's length has obtained, is entitled to obtain or can reasonably expect to obtain on or before the day that is six months after the end of the fiscal period of the qualified partnership in which the expenditure was made.

Taxpayer's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the eligible taxpayer's share of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii of that subparagraph b has obtained, is entitled to obtain or can reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the eligible taxpayer for the qualified partnership's fiscal period that ends in the eligible taxpayer's taxation year.

History: 1995, c. 1, s. 156; 1995, c. 63, s. 171; 1997, c. 3, s. 71; 1997, c. 31, s. 113; 2006, c. 36, s. 121; 2009, c. 15, s. 230.

1029.8.33.9. (Repealed).

History: 1995, c. 1, s. 156; 1995, c. 63, s. 171; 2015, c. 21, s. 409.

§3. — Administration

Certificate.

1029.8.33.10. An eligible taxpayer may be deemed to have paid to the Minister, for a taxation year, an amount under section 1029.8.33.6 or 1029.8.33.7 relating to a qualified expenditure or to his share of the amount of such an expenditure incurred in respect of a qualified training period of the eligible taxpayer or qualified partnership of which he is a member, only if not later than six months after the end of the qualified training period or within a longer period considered by the Minister to be reasonable,

(a) where the qualified training period is served by one or more eligible trainees referred to in paragraph a of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the Minister of Employment and Social Solidarity or, as the case may be, the Kativik Regional Government established by the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1), issues to the eligible taxpayer or qualified partnership, as the case may be, a certificate certifying that the qualified training period is within the framework of the workplace apprenticeship program referred to in that paragraph a;

(b) where the qualified training period is served by one or more eligible trainees referred to in any of paragraphs b to c of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the recognized educational institution offering the education program within the framework of which the qualified training period is served issues to the eligible taxpayer or qualified partnership, as the case may be, a certificate in prescribed form containing the prescribed information;

(b.1) (subparagraph repealed);

(c) (subparagraph repealed).

History: 1995, c. 1, s. 156; 1995, c. 63, s. 172; 1997, c. 3, s. 71; 1997, c. 14, s. 218; 1997, c. 63, s. 118; O.C. 1677-97; 1997, c. 85, s. 252; 1999, c. 83, s. 185; 2000, c. 39, s. 136; 2002, c. 40, s. 130; 2006, c. 13, s. 111; 2006, c. 36, s. 122; 2007, c. 3, s. 62.

1029.8.33.11. (Repealed).

History: 1995, c. 63, s. 173; 1997, c. 31, s. 114; 2002, c. 9, s. 55.

DIVISION II.5.1.1

CREDIT FOR LABOUR TRAINING IN THE MANUFACTURING, FORESTRY AND MINING SECTORS

§1. — Interpretation and general

Definitions:

1029.8.33.11.1. In this division,

“accredited instructor”;

“accredited instructor” means a training body or an instructor accredited by the Minister of Employment and Social Solidarity under the Act to promote workforce skills development and recognition (chapter D-8.3) or a regulation made under that Act;

“apparent payment”;

“apparent payment” means an amount paid or payable by an eligible instructor for the use of premises, facilities or equipment, or for the supply of services, that may reasonably be considered to be included in an eligible training expenditure;

“eligibility period”;

“eligibility period” means

(a) if the eligible training expenditure relates to an activity described in paragraph *a* of the definition of “eligible activity”, the period beginning on 24 November 2007 and ending on 31 December 2015; and

(b) if the eligible training expenditure relates to an activity described in paragraph *b* of the definition of “eligible activity”, the period beginning on 20 March 2009 and ending on 31 December 2015;

“eligible activity”;

“eligible activity” of an eligible employer means an activity of the employer

(a) that relates to the manufacturing sector and is described under code 31, 32 or 33 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada; or

(b) that relates to the forestry or mining sector and is described under code 113, 211 or 212 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;

“eligible employee”;

“eligible employee” of an eligible employer for a taxation year or fiscal period means an employee of an establishment of the employer situated in Québec, other than an excluded employee at any time in that year or period, whose duties, for the year or period, consist primarily in carrying out or supervising duties attributable to an eligible activity;

“eligible employer”;

“eligible employer” means a qualified corporation or a qualified partnership;

“eligible instructor”;

“eligible instructor” in respect of an eligible employer at any time means a recognized educational institution or accredited instructor, but does not include a person or partnership that is, at that time,

(a) an employee of the eligible employer;

(b) a specified shareholder, a specified member or a member, as the case may be, of the eligible employer;

(c) an employee, a specified shareholder or a specified member of a person with whom the eligible employer is not dealing at arm’s length;

(d) an employee or a member of a partnership with which the eligible employer is not dealing at arm’s length;

(e) an employee, a specified shareholder or a specified member of a person who is a specified shareholder, a specified member or a member, as the case may be, of the eligible employer;

(f) an employee, a specified shareholder or a specified member of a person who is a specified shareholder, a specified member or a member, as the case may be, of a person with whom the eligible employer is not dealing at arm’s length;

(g) a member of a partnership that is a specified shareholder, a specified member or a member, as the case may be, of the eligible employer or of a person with whom the eligible employer is not dealing at arm’s length; or

(h) an employee, a specified shareholder or a specified member of a corporation that carries on a personal services business, or an employee or a member of a partnership that carries on such a business, if a shareholder or a specified member of the corporation or a member of the partnership is both a specified shareholder or a specified member of the corporation or a member of the partnership, as the case may be, and

i. an employee, a specified shareholder or a specified member of the eligible employer or of a person with whom the eligible employer is not dealing at arm’s length, or

ii. an employee, a specified shareholder or a specified member of a person or a member of a partnership that is a specified shareholder, a specified member or a member, as the case may be, of the eligible employer or of a person with whom the eligible employer is not dealing at arm’s length;

“eligible training”;

“eligible training” in respect of an eligible employer means a course that relates to an eligible activity of the eligible employer and that is given by an eligible instructor, in respect of the employer, under a contract entered into between the instructor and the employer after 23 November 2007, in the case of an activity described in paragraph *a* of the definition of “eligible activity”, or after 19 March 2009, in the case of an activity described in paragraph *b* of that definition, but does not include

(a) a seminar, convention, conference or other similar activity; or

(b) a course in respect of which any of the following conditions is met:

i. the course is required by a professional order governed by the Professional Code (chapter C-26) and is intended for a member of such an order or a person who is in the process of becoming such a member,

ii. the course is required by an employers’ association or a union association, or a similar association, and is intended for a member of such an association or a person who is in the process of becoming such a member,

iii. the course is taken because the eligible employer is required to comply with a law or regulation,

iv. the main objective of the course is to increase an employee’s skills regarding the negotiation or conclusion of contracts that concern the sale of a property or the provision of a service, and

v. the course is described in the definition of “eligible training” in the first paragraph of section 1029.8.33.11.11;

“eligible training expenditure”;

“eligible training expenditure” of an eligible employer for a taxation year or fiscal period means, subject to section 1029.8.33.11.2, the aggregate of all amounts each of which is an amount, incurred in the part of the eligibility period that is included in the year or period and determined in respect of an eligible employee of the eligible employer who participates in eligible training that begins in the eligibility period, equal to the total of

(a) the cost of the eligible training to the eligible employer or, if more than one person participates in the eligible training, the portion of that cost that may reasonably be attributed to the eligible employee’s participation in that training; and

(b) the lesser of

i. the portion of the eligible employee’s salary or wages that may reasonably be attributed to the period during which the eligible employee attends the eligible training, and

ii. 200% of the amount determined under paragraph *a*;

“excluded corporation”;

“excluded corporation” means a corporation that

(a) is exempt from tax for the year under Book VIII; or

(b) would be exempt from tax for the year under section 985, but for section 192;

“excluded employee”;

“excluded employee” of an eligible employer at a particular time means,

(a) if the employer is a corporation, an employee who is, at that time, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation;

(b) if the employer is a partnership, an employee who

i. is, at that time, a member of the partnership, or a specified shareholder or specified member of that member, or

ii. is not, at that time, dealing at arm’s length with a member of the partnership, or with a specified shareholder or specified member of that member;

(c) an employee in respect of whom it may reasonably be considered that one of the purposes for which the employee works for the eligible employer would be to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.3 or 1029.8.33.11.4; and

(d) an employee in respect of whom it may reasonably be considered that the conditions of employment with the eligible employer have been changed mainly to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.3 or 1029.8.33.11.4, or to increase an amount that the employer or a corporation that is a member of the employer would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec where it carries on an eligible activity;

“qualified partnership”;

“qualified partnership” for a fiscal period means a partnership that, in that period, has an establishment in Québec where it carries on an eligible activity;

“recognized educational institution”;

“recognized educational institution” means an educational institution that is

(a) a secondary-level or college-level educational institution under the authority of the Ministère de l’Éducation, du Loisir

et du Sport or the Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie;

(b) an educational institution accredited for purposes of subsidies under section 77 of the Act respecting private education (chapter E-9.1);

(c) an educational institution mentioned in the list established by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology under any of subparagraphs 1 to 3 of the first and second paragraphs of section 56 of the Act respecting financial assistance for education expenses (chapter A-13.3); or

(d) an educational institution operated by a person holding a permit issued, for that educational institution, by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology under section 12 of the Act respecting private education, provided that it offers a vocational education or vocational training program referred to in Chapter I of that Act;

“salary or wages”;

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

“specified member”.

“specified member” of a corporation that is a cooperative at any time means a member having, directly or indirectly, at that time, at least 10% of the votes at a meeting of the members of the cooperative.

Cost of eligible training.

For the purposes of paragraph *a* of the definition of “eligible training expenditure” in the first paragraph, the cost of eligible training does not include the travel, meal or accommodation expenses incurred in respect of an eligible employee in order to allow that employee to attend the eligible training.

History: 2009, c. 15, s. 231; 2010, c. 5, s. 140; 2013, c. 10, s. 100; 2013, c. 28, s. 142; 2019, c. 14, s. 316.

Additional limit.

1029.8.33.11.2. The eligible training expenditure of an eligible employer, for a taxation year or fiscal period, who is required to participate in workforce skills development in accordance with section 3 of the Act to promote workforce skills development and recognition (chapter D-8.3) for a calendar year that ends in the taxation year or fiscal period may not exceed an amount equal to the excess amount for the eligible employer that corresponds to the amount by which the amount that is, for the purposes of that Act, the total of the eligible employer’s eligible training expenditures for that calendar year, exceeds the total of

(a) the amount of the eligible employer’s minimum participation set for that calendar year under section 3 of that Act; and

(b) the amount of the eligible employer’s eligible training expenditure, within the meaning assigned by the first paragraph of section 1029.8.33.11.11, determined for the taxation year or fiscal period.

Presumption.

For the purposes of the first paragraph, an eligible employer who is an employer exempted from the application of Chapter II of the Act to promote workforce skills development and recognition, for a calendar year, under a regulation made under subparagraph 3 of the first paragraph of section 20 of that Act is deemed, for that calendar year, to be an employer who is required to participate in workforce skills development in accordance with section 3 of that Act.

History: 2009, c. 15, s. 231.

§2. — Credits

Credit.

1029.8.33.11.3. A qualified corporation that, in a taxation year, incurs an eligible training expenditure and encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to 24% of the amount of that expenditure, to the extent that that expenditure has been paid.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2009, c. 15, s. 231; 2015, c. 21, s. 410.

Credit.

1029.8.33.11.4. If, in a fiscal period, a qualified partnership incurs an eligible training expenditure, each corporation, other than an excluded corporation, that is a member of that partnership at the end of the fiscal period and that encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file under section 1000 for the corporation's taxation year in which the fiscal period ends is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 24% of the corporation's share of that expenditure, to the extent that that expenditure has been paid.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, for the corporation's taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of the corporation's tax payable for the year under this Part and of the corporation's tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Corporation's share.

For the purposes of the first paragraph, the corporation's share of an eligible training expenditure incurred by a qualified partnership in a fiscal period is equal to the agreed proportion of the expenditure in respect of the corporation for the fiscal period.

History: 2009, c. 15, s. 231; 2015, c. 21, s. 411.

Government assistance, non-government assistance or apparent payment.

1029.8.33.11.5. For the purpose of computing the amount that is deemed to have been paid to the Minister by a

corporation, for a taxation year, under section 1029.8.33.11.3 or 1029.8.33.11.4, the following rules apply:

(a) the amount of the corporation's expenditure referred to in the first paragraph of section 1029.8.33.11.3 is to be reduced, if applicable, by the amount of any government assistance, non-government assistance or apparent payment, attributable to the expenditure, that the corporation or, in the case of an apparent payment, a person with whom the corporation does not deal at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year; and

(b) the corporation's share of the eligible training expenditure referred to in the first paragraph of section 1029.8.33.11.4 of a qualified partnership of which the corporation is a member, for a fiscal period of the partnership that ends in the corporation's taxation year is to be reduced, if applicable,

i. by the corporation's share of the amount of any government assistance, non-government assistance or apparent payment, attributable to the expenditure, that the qualified partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance, non-government assistance or apparent payment, attributable to the expenditure, that the corporation or, in the case of an apparent payment, a person with whom the corporation does not deal at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

Corporation's share.

For the purposes of subparagraph *i* of subparagraph *b* of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of any government assistance, non-government assistance or apparent payment that the qualified partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2009, c. 15, s. 231.

Benefit or advantage.

1029.8.33.11.6. If, in respect of an eligible training expenditure incurred by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period, in relation to eligible training, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the eligible training, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of

disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the qualified corporation under section 1029.8.33.11.3, the amount of the eligible training expenditure is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.11.4 by a corporation that is a member of the qualified partnership for the corporation's taxation year in which the fiscal period ends, the corporation's share of the eligible training expenditure is to be reduced, if applicable,

i. by the corporation's share of the amount of the benefit or advantage that a partnership or a person, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage that the corporation or a person with whom it is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of the benefit or advantage that a partnership or a person has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2009, c. 15, s. 231.

Repayment of assistance by corporation.

1029.8.33.11.7. If, before 1 January 2018, a corporation pays, in a taxation year (in this section referred to as the "repayment year"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph a of the first paragraph of section 1029.8.33.11.5, an eligible training expenditure of the corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.3, the corporation is deemed, if the corporation encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file for the repayment year under section 1000,

to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.3, in respect of the eligible training expenditure, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular taxation year, the amount of any government assistance or non-government assistance referred to in subparagraph a of the first paragraph of section 1029.8.33.11.5, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.3 for the particular taxation year in respect of the eligible training expenditure; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

History: 2009, c. 15, s. 231; 2013, c. 10, s. 101.

Repayment of assistance by partnership.

1029.8.33.11.8. If, before 1 January 2018, a partnership pays, in a fiscal period (in this section referred to as the "fiscal period of repayment"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph i of subparagraph b of the first paragraph of section 1029.8.33.11.5, a corporation's share of an eligible training expenditure of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.4, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.4 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.4, for its taxation year in which the particular fiscal period ends, in respect of the eligible training expenditure of the partnership, if the agreed proportion in respect of the corporation for the

particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.33.11.5; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2009, c. 15, s. 231; 2013, c. 10, s. 102.

Repayment of assistance by member.

1029.8.33.11.9. If, before 1 January 2018, a corporation is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) and pays, in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.11.5, its share of an eligible training expenditure of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.4, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.4 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.4 for its taxation year in which the particular fiscal period ends, in respect of the share, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.11.5; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2009, c. 15, s. 231; 2013, c. 10, s. 103.

Deemed repayment of assistance.

1029.8.33.11.10. For the purposes of sections 1029.8.33.11.7 to 1029.8.33.11.9, an amount of assistance is deemed to be repaid by a corporation or partnership at a particular time, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.33.11.5, an eligible training expenditure or the share of a corporation that is a member of the partnership in such an expenditure, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.33.11.3 or 1029.8.33.11.4;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership could reasonably expect to receive.

History: 2009, c. 15, s. 231.

DIVISION II.5.1.2
CREDIT FOR FRANCIZATION IN THE
WORKPLACE

§1. — *Interpretation and general*

Definitions:

1029.8.33.11.11. In this division,

“accredited instructor”;

“accredited instructor” means a training body or an instructor accredited by the Minister of Employment and Social Solidarity under the Act to promote workforce skills development and recognition (chapter D-8.3) or a regulation made under that Act;

“apparent payment”;

“apparent payment” means an amount paid or payable by an eligible instructor for the use of premises, facilities or equipment, or for the supply of services, that may reasonably be considered to be included in an eligible training expenditure;

“eligibility period”;

“eligibility period” means the period beginning on 14 March 2008 and ending on 31 December 2011;

“eligible employee”;

“eligible employee” of an eligible employer at a particular time in a taxation year or fiscal period means an individual who is, at that time, an employee, other than an excluded employee, of an establishment of the employer situated in Québec and an immigrant;

“eligible employer”;

“eligible employer” means a qualified corporation or a qualified partnership;

“eligible instructor”;

“eligible instructor” in respect of an eligible employer at any time means a recognized educational institution or accredited instructor, but does not include a person or partnership that is, at that time,

- (a) an employee of the eligible employer;
- (b) a specified shareholder, a specified member or a member, as the case may be, of the eligible employer;
- (c) an employee, a specified shareholder or a specified member of a person with whom the eligible employer is not dealing at arm’s length;
- (d) an employee or a member of a partnership with which the eligible employer is not dealing at arm’s length;
- (e) an employee, a specified shareholder or a specified member of a person who is a specified shareholder, a specified member or a member, as the case may be, of the eligible employer;
- (f) an employee, a specified shareholder or a specified member of a person who is a specified shareholder, a specified member or a member, as the case may be, of a

person with whom the eligible employer is not dealing at arm’s length;

(g) a member of a partnership that is a specified shareholder, a specified member or a member, as the case may be, of the eligible employer or of a person with whom the eligible employer is not dealing at arm’s length; or

(h) an employee, a specified shareholder or a specified member of a corporation that carries on a personal services business, or an employee or a member of a partnership that carries on such a business, if a shareholder or a specified member of the corporation or a member of the partnership is both a specified shareholder or a specified member of the corporation or a member of the partnership, as the case may be, and

i. an employee, a specified shareholder or a specified member of the eligible employer or of a person with whom the eligible employer is not dealing at arm’s length, or

ii. an employee, a specified shareholder or a specified member of a person or a member of a partnership that is a specified shareholder, a specified member or a member, as the case may be, of the eligible employer or of a person with whom the eligible employer is not dealing at arm’s length;

“eligible training”;

“eligible training” in respect of an eligible employer means a course designed to foster the francization of immigrants that is given by an eligible instructor, in respect of the employer, under a contract entered into after 13 March 2008 between the instructor and the employer, but does not include a course taken because the eligible employer is required to comply with a law or regulation;

“eligible training expenditure”;

“eligible training expenditure” of an eligible employer for a taxation year or fiscal period means, subject to section 1029.8.33.11.12, the aggregate of all amounts each of which is an amount, incurred in the part of the eligibility period that is included in the year or period and determined in respect of an eligible employee of the eligible employer who participates in eligible training that begins in the eligibility period, equal to the total of

(a) the cost of the eligible training to the eligible employer or, if more than one person participates in the eligible training, the portion of that cost that may reasonably be attributed to the eligible employee’s participation in that training; and

(b) the lesser of

i. the portion of the eligible employee’s salary or wages that may reasonably be attributed to the period during which the eligible employee attends the eligible training, and

ii. 200% of the amount determined under paragraph a;

“excluded corporation”;

“excluded corporation” means a corporation that

(a) is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 that is not so exempt from tax on all of its taxable income for the year because of section 999.0.1; or

(b) would be exempt from tax for the year under section 985, but for section 192;

“excluded employee”;

“excluded employee” of an eligible employer at a particular time means,

(a) if the employer is a corporation, an employee who is, at that time, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation;

(b) if the employer is a partnership, an employee who

i. is, at that time, a member of the partnership, or a specified shareholder or specified member of that member, or

ii. is not, at that time, dealing at arm’s length with a member of the partnership, or with a specified shareholder or specified member of that member;

(c) an employee in respect of whom it may reasonably be considered that one of the purposes for which the employee works for the eligible employer would be to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.13 or 1029.8.33.11.14; and

(d) an employee in respect of whom it may reasonably be considered that the conditions of employment with the eligible employer have been changed mainly to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.13 or 1029.8.33.11.14, or to increase an amount that the employer or a corporation that is a member of the employer would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee;

“immigrant”;

“immigrant”, at any time of a taxation year or fiscal period, means a person who, at that time, is, within the meaning of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27),

(a) a permanent resident;

(b) a temporary resident or a holder of a temporary resident permit who was resident in Canada during the 18-month period preceding that time; or

(c) a protected person;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec;

“qualified partnership”;

“qualified partnership” for a fiscal period means a partnership that, in that period, has an establishment in Québec;

“recognized educational institution”;

“recognized educational institution” means an educational institution that is

(a) a secondary-level or college-level educational institution under the authority of the Ministère de l’Éducation, du Loisir et du Sport or the Ministère de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie;

(b) an educational institution accredited for purposes of subsidies under section 77 of the Act respecting private education (chapter E-9.1);

(c) an educational institution mentioned in the list established by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology under any of subparagraphs 1 to 3 of the first and second paragraphs of section 56 of the Act respecting financial assistance for education expenses (chapter A-13.3); or

(d) an educational institution operated by a person holding a permit issued, for that educational institution, by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology under section 12 of the Act respecting private education, provided that it offers a vocational education or vocational training program referred to in Chapter I of that Act;

“salary or wages”;

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

“specified member”.

“specified member” of a corporation that is a cooperative at any time means a member having, directly or indirectly, at that time, at least 10% of the votes at a meeting of the members of the cooperative.

Cost of eligible training.

For the purposes of the definition of “eligible training expenditure” in the first paragraph,

(a) the cost of eligible training does not include the travel, meal or accommodation expenses incurred in respect of an eligible employee in order to allow that employee to attend the eligible training; and

(b) if the eligible training is part of the Programme d’intégration linguistique des immigrants administered by the Ministère de l’Immigration et des Communautés culturelles, subparagraph ii of paragraph *b* of the definition of “eligible training expenditure” is to be read as follows, in respect of the eligible training:

“ii. 200% of the product obtained by multiplying \$90 by the number of hours the eligible training lasts or, if the eligible

training is offered to more than one eligible employer, of the proportion of that product that the number of eligible employees of the eligible employer who participate in the eligible training is of the number of eligible employees who participate in the eligible training;”.

History: 2009, c. 15, s. 231; 2010, c. 5, s. 141; 2013, c. 28, s. 142.

Additional limit.

1029.8.33.11.12. The eligible training expenditure of an eligible employer, for a taxation year or fiscal period, who is required to participate in workforce skills development in accordance with section 3 of the Act to promote workforce skills development and recognition (chapter D-8.3) for a calendar year that ends in the taxation year or fiscal period may not exceed an amount equal to the excess amount for the eligible employer that corresponds to the amount by which the amount that is, for the purposes of that Act, the total of the eligible employer’s eligible training expenditures for that calendar year, exceeds the amount of the eligible employer’s minimum participation set for that calendar year under section 3 of that Act.

Presumption.

For the purposes of the first paragraph, an eligible employer who is an employer exempted from the application of Chapter II of the Act to promote workforce skills development and recognition, for a calendar year, under a regulation made under subparagraph 3 of the first paragraph of section 20 of that Act is deemed, for that calendar year, to be an employer who is required to participate in workforce skills development in accordance with section 3 of that Act.

History: 2009, c. 15, s. 231.

§2. — *Credits*

Credit.

1029.8.33.11.13. A qualified corporation that, in a taxation year, incurs an eligible training expenditure and encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to 30% of the amount of that expenditure, to the extent that that expenditure has been paid.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and

of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2009, c. 15, s. 231.

Credit.

1029.8.33.11.14. If, in a fiscal period, a qualified partnership incurs an eligible training expenditure, each corporation, other than an excluded corporation, that is a member of that partnership at the end of the fiscal period and that encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file under section 1000 for the corporation’s taxation year in which the fiscal period ends is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 30% of the corporation’s share of that expenditure, to the extent that that expenditure has been paid.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, for the corporation’s taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of the corporation’s tax payable for the year under this Part and of the corporation’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Corporation's share.

For the purposes of the first paragraph, the corporation's share of an eligible training expenditure incurred by a qualified partnership in a fiscal period is equal to the agreed proportion of the expenditure in respect of the corporation for the fiscal period.

History: 2009, c. 15, s. 231.

Government assistance, non-government assistance or apparent payment.

1029.8.33.11.15. For the purpose of computing the amount that is deemed to have been paid to the Minister by a corporation, for a taxation year, under section 1029.8.33.11.13 or 1029.8.33.11.14, the following rules apply:

(a) the amount of the corporation's expenditure referred to in the first paragraph of section 1029.8.33.11.13 is to be reduced, if applicable, by the amount of any government assistance, non-government assistance or apparent payment, attributable to the expenditure, that the corporation or, in the case of an apparent payment, a person with whom the corporation does not deal at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year; and

(b) the corporation's share of the eligible training expenditure referred to in the first paragraph of section 1029.8.33.11.14 of a qualified partnership of which the corporation is a member, for a fiscal period of the partnership that ends in the corporation's taxation year is to be reduced, if applicable,

i. by the corporation's share of the amount of any government assistance, non-government assistance or apparent payment, attributable to the expenditure, that the qualified partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance, non-government assistance or apparent payment, attributable to the expenditure, that the corporation or, in the case of an apparent payment, a person with whom the corporation does not deal at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of any government assistance, non-government assistance or apparent payment that the qualified partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2009, c. 15, s. 231.

Benefit or advantage.

1029.8.33.11.16. If, in respect of an eligible training expenditure incurred by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period in relation to eligible training, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the eligible training, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the qualified corporation under section 1029.8.33.11.13, the amount of the eligible training expenditure is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.11.14 by a corporation that is a member of the qualified partnership for the corporation's taxation year in which the fiscal period ends, the corporation's share of the eligible training expenditure is to be reduced, if applicable,

i. by the corporation's share of the amount of the benefit or advantage that a partnership or a person, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage that the corporation or a person with whom it does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of the benefit or advantage that a partnership or a person has obtained, is

entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2009, c. 15, s. 231.

Repayment of assistance by corporation.

1029.8.33.11.17. If, before 1 January 2014, a corporation pays, in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *a* of the first paragraph of section 1029.8.33.11.15, an eligible training expenditure of the corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.13, the corporation is deemed, if the corporation encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.13, in respect of the eligible training expenditure, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular taxation year, the amount of any government assistance or non-government assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.33.11.15, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.13 for the particular taxation year in respect of the eligible training expenditure; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

History: 2009, c. 15, s. 231.

Repayment of assistance by partnership.

1029.8.33.11.18. If, before 1 January 2014, a partnership pays, in a fiscal period (in this section referred to as the “fiscal period of repayment”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.33.11.15, a corporation’s share of an eligible training expenditure of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.14, in respect of the share, for its

taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.14 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.14, for its taxation year in which the particular fiscal period ends, in respect of the eligible training expenditure of the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.33.11.15; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2009, c. 15, s. 231.

Repayment of assistance by member.

1029.8.33.11.19. If, before 1 January 2014, a corporation is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) and pays, in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *ii* of subparagraph *b* of the

first paragraph of section 1029.8.33.11.15, its share of an eligible training expenditure of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.14, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.14 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.14 for its taxation year in which the particular fiscal period ends, in respect of the share, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.11.15; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2009, c. 15, s. 231.

Deemed repayment of assistance.

1029.8.33.11.20. For the purposes of sections 1029.8.33.11.17 to 1029.8.33.11.19, an amount of assistance is deemed to be repaid by a corporation or partnership at a particular time, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.33.11.15, an eligible training expenditure or the share of a corporation that is a member of the partnership in such an expenditure, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.33.11.13 or 1029.8.33.11.14;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership could reasonably expect to receive.

History: 2009, c. 15, s. 231.

DIVISION II.5.1.3 CREDIT FOR THE TRAINING OF WORKERS EMPLOYED BY SMALL AND MEDIUM-SIZED BUSINESSES

§1. — *Interpretation and general rules*

Definitions :

1029.8.179.

“eligible dwelling”;

“eligible dwelling” of an individual means a dwelling that is located in Québec, other than an excluded dwelling, and that meets the following conditions:

(a) the dwelling was damaged by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 established under the Civil Protection Act (chapter S-2.3);

(b) the individual owns the dwelling both at the time of the disaster and at the time the expenditures relating to site restoration are incurred; and

(c) at the time the expenditures relating to site restoration are incurred and at the time of the disaster, or immediately before the disaster where the dwelling became uninhabitable because of the damage it sustained, the dwelling is suitable for year-round occupancy and is normally occupied by the individual;

“excluded dwelling”;

“excluded dwelling” of an individual means a dwelling that is eligible under the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 or that, before recognized work began to be carried out, was the subject of

(a) a notice of expropriation or a notice of intention to expropriate;

(b) a reserve for public purposes; or

(c) a prior notice of the exercise of a hypothecary right registered in the registry office or any other procedure calling

the individual's right of ownership of the dwelling into question;

“expenditure attributable to damage assessment services”;
 “expenditure attributable to damage assessment services” in relation to an eligible dwelling means the amount paid to obtain the report of a damage assessment expert that describes the damage caused to the eligible dwelling by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017, including the amount of any goods and services tax and Québec sales tax applicable;

“expenditure relating to site restoration”;
 “expenditure relating to site restoration” in relation to an eligible dwelling means an expenditure that is attributable to the carrying out of recognized work, in relation to the eligible dwelling, provided for in a service agreement and that is

(a) the cost of a service supplied to carry out the recognized work by a qualified contractor who is a party to the service agreement, including the amount of any goods and services tax and Québec sales tax applicable;

(b) the cost of a movable property that enters into the carrying out of recognized work, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired after the beginning of the flooding that damaged the eligible dwelling from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1); or

(c) the cost of a permit necessary to carry out the recognized work, including the cost of studies carried out to obtain such a permit;

“post-disaster clean-up work”;
 “post-disaster clean-up work” in relation to an eligible dwelling includes water pumping, demolition of certain dwelling components, debris removal, site clean-up, disinfection, extermination and decontamination, and site drying and dehumidification;

“preservation work”;
 “preservation work” in relation to an eligible dwelling means the work necessary to temporarily restore electrical service to the dwelling, achieve minimal insulation and board up openings in the dwelling to make it habitable prior to the carrying out of permanent work to repair the damage caused by the flooding that damaged the dwelling;

“qualified contractor”;
 “qualified contractor” in relation to a service agreement entered into in respect of an individual's eligible dwelling means a person or a partnership meeting the following conditions:

(a) at the time the service agreement is entered into, the person or partnership has an establishment in Québec and, where the person is an individual, is neither an owner of the

eligible dwelling nor the spouse of one of the owners of the eligible dwelling; and

(b) at the time the recognized work is being carried out and if required for the carrying out of such work, the person or partnership is the holder of the appropriate licence issued by the Régie du bâtiment du Québec, the Corporation des maîtres électriciens du Québec or the Corporation des maîtres mécaniciens en tuyauterie du Québec and, if applicable, has paid the licence security payable under the Building Act (chapter B-1.1);

“qualified expenditure”;
 “qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for the taxation year 2017 or the taxation year 2018, means the aggregate of all amounts each of which is an expenditure relating to site restoration in relation to the eligible dwelling, or an expenditure attributable to damage assessment services in relation to the eligible dwelling, that is paid in the year by the individual or the individual's legal representative, by a person who is the individual's spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, jointly owns the eligible dwelling;

“recognized work”;
 “recognized work” in relation to an eligible dwelling means work carried out in compliance with the rules set out in any Act, regulation or by-law of Canada, Québec or a municipality of Québec and the policies that apply according to the type of intervention, that is

(a) post-disaster clean-up work in relation to the eligible dwelling;

(b) preservation work in relation to the eligible dwelling; or

(c) repair work in relation to the eligible dwelling;

“repair work”;
 “repair work” in relation to an eligible dwelling means the work carried out to repair damage caused to the eligible dwelling that a damage assessment expert attributes to flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 and that pertains to

(a) foundations, footings, support beams, loadbearing walls, concrete slabs, French drains, framing, carports and garages forming an integral part of the structure of a dwelling, and basement entryways;

(b) exterior cladding and chimneys;

(c) roofing materials;

(d) exterior doors, including doors of garages forming an integral part of the structure of a dwelling, and windows;

(e) structure, wall, ceiling and subfloor insulation;

(f) electrical lead, systems and connections;

- (g) pipes, sewer connections, water connections and sanitary devices;
- (h) subfloors and fixed floor coverings;
- (i) gypsum board, plaster and paint on interior walls and ceilings, baseboards, ceiling mouldings and interior doors;
- (j) cabinets and vanities, including counters, drawers, shelves and panels;
- (k) interior stairway stringers, treads, risers and handrails;
- (l) main and secondary heating systems (wood stoves among others), including conduits, firewood, air exchangers and their conduits, natural gas connections and tanks;
- (m) pumps and wet wells, septic tanks, leaching beds, drinking water supply systems, drinking water filtration and treatment systems, hot water tanks and equipment for disabled persons;
- (n) detached garages, sheds, porches, balconies, decks, patios and terraces;
- (o) landscaping works such as driveways, walkways, fences, low walls and slabs on grade; and
- (p) the portion of the land that may reasonably be considered as facilitating the use and enjoyment of the dwelling, the trees and the hedges;

“service agreement”.

“service agreement” entered into in respect of an individual’s eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized work in respect of the individual’s eligible dwelling that is entered into between the qualified contractor and

- (a) the individual;
- (b) a person who, at the time the agreement is entered into, is the individual’s spouse, another individual who jointly owns the eligible dwelling or that other individual’s spouse; or
- (c) where the individual’s eligible dwelling is an apartment in an immovable under divided co-ownership, the syndicate of co-owners of the immovable.

Limit.

For the purposes of the definition of “expenditure relating to site restoration” in the first paragraph, the portion of the expenditure relating to site restoration, in relation to an eligible dwelling of an individual, that is attributable to the carrying out of recognized work that is repair work to which paragraphs *n* to *p* of the definition of “repair work” in the first paragraph apply may not exceed

- (a) for the taxation year 2017, an amount of \$5,000; or
- (b) for the taxation year 2018, the amount by which \$5,000 exceeds the portion of that expenditure that was taken into account in determining the amount deemed to be paid to the

Minister under this division for the taxation year 2017 on account of an individual’s tax payable under this Part.

Eligible dwelling.

For the purposes of the definition of “eligible dwelling” in the first paragraph, a dwelling includes

- (a) incidental structures of the dwelling such as detached garages, sheds, patios and balconies;
- (b) landscaping works such as driveways, walkways and fences; and
- (c) land subjacent to the dwelling and its landscaping.

Repair work.

For the purposes of the definition of “repair work” in the first paragraph, the following rules apply:

- (a) work to replace property specified in any of paragraphs *a* to *p* of the definition of “repair work” in the first paragraph that is damaged because of flooding is deemed to be repair work where the property cannot be repaired; and
- (b) where an individual’s eligible dwelling is damaged because of flooding to such an extent that it is preferable to rebuild it, the work carried out to rebuild the eligible dwelling that pertains to components specified in any of paragraphs *a* to *p* of the definition of “repair work” in the first paragraph is deemed to be repair work in relation to the eligible dwelling.

History: 2019, c. 14, s. 416.

Merchant deemed to hold a registration number.

1029.8.180. For the purposes of paragraph *b* of the definition of “expenditure relating to site restoration” in the first paragraph of section 1029.8.179, a merchant is deemed to hold a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) if the merchant is not a registrant for the purposes of that Act because the merchant is a small supplier within the meaning of section 1 of that Act.

History: 2019, c. 14, s. 416.

Qualified expenditure.

1029.8.181. For the purpose of determining an individual’s qualified expenditure for a particular taxation year in relation to an eligible dwelling, the following rules apply:

- (a) the amount of the qualified expenditure may not include
- i. an amount that is used to finance the cost of the services supplied by a damage assessment expert or the cost of recognized work,

ii. an amount that is attributable to property or services supplied by a person not dealing at arm's length with the individual or with any of the other owners of the dwelling, unless the person holds a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1),

iii. an amount that is incurred to acquire property used by the individual before the acquisition under a contract of lease,

iv. an amount that is deductible in computing a taxpayer's income from a business or property for the year or any other taxation year,

v. an amount that is included in the capital cost of depreciable property, or

vi. an amount that is taken into account in computing

(1) an amount deducted in computing an individual's tax payable for the year or any other taxation year under this Part, or

(2) an amount deemed to have been paid to the Minister on account of an individual's tax payable for the year or any other taxation year under this Part, except an amount deemed under this division to have been paid to the Minister on account of an individual's tax payable under this Part;

(b) the qualified expenditure must be reduced by the amount of any government assistance, non-government assistance, reimbursement or other form of assistance, including an indemnity paid under an insurance contract, attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the service agreement under which the expenditure is incurred) has received, is entitled to receive or may reasonably expect to receive in any taxation year, except to the extent that the amount has reduced the individual's qualified expenditure for a preceding taxation year;

(c) where a service agreement entered into with a qualified contractor deals with repair work and post-disaster clean-up or preservation work, or does not deal only with recognized work, an amount paid under the agreement may be included in the individual's qualified expenditure only if the qualified contractor gives the individual a written statement showing the breakdown of the cost of the property and services the qualified contractor supplied among the various types of work carried out under the agreement; and

(d) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the individual's qualified expenditure is deemed to include the individual's share of an expenditure paid by the syndicate of co-owners if

i. it is reasonable to consider that the expenditure would be a qualified expenditure of an individual if the syndicate of

co-owners were an individual and the immovable were an eligible dwelling of the individual, and

ii. the syndicate of co-owners provided the individual with information, in the prescribed form, relating to the services supplied by a damage assessment expert and the recognized work as well as the amount of the individual's share of the expenditure.

History: 2019, c. 14, s. 416.

§2. — Credits

Tax credit for the taxation year 2017.

1029.8.182. An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2017 and files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2017 on account of the individual's tax payable under this Part for that year an amount equal to the aggregate of

(a) the lesser of \$3,000 and the amount obtained by multiplying 30% by the amount by which \$500 is exceeded by the portion of the individual's qualified expenditure for the taxation year 2017 that is attributable to the carrying out of recognized work, in relation to an eligible dwelling of the individual, other than repair work; and

(b) the lesser of \$15,000 and the amount obtained by multiplying 30% by the portion of the individual's qualified expenditure for the taxation year 2017, in relation to an eligible dwelling of the individual, that is either an expenditure attributable to damage assessment services or an expenditure attributable to the carrying out of recognized work that is repair work.

Tax credit for the taxation year 2018.

An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2018 and files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2018 on account of the individual's tax payable under this Part for that year an amount equal to the lesser of

(a) the amount obtained by multiplying 30% by the portion of the individual's qualified expenditure, in relation to an eligible dwelling of the individual that is either an expenditure attributable to damage assessment services or an expenditure attributable to the carrying out of recognized work that is repair work; and

(b) the amount by which \$15,000 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under subparagraph *b* of the first paragraph for the taxation year 2017.

Individual who dies or ceases to be resident in Canada.

For the purposes of this section, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of 31 December of that year if the individual was resident in Québec immediately before dying or, as the case may be, on the last day the individual was resident in Canada.

Certificate.

An individual is deemed to have paid an amount to the Minister under this section on account of the individual's tax payable under this Part for a taxation year only if the individual obtains from the municipality in which the individual's eligible dwelling is located a certificate confirming that the land subjacent to the eligible dwelling was hit by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 established under the Civil Protection Act (chapter S-2.3).

History: 2019, c. 14, s. 416.

More than one individual.

1029.8.183. Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister under section 1029.8.182 in relation to the same eligible dwelling that the individuals jointly own, the total of the amounts that each of those individuals is deemed to have paid under that section in relation to the eligible dwelling may not exceed the particular amount that only one of those individuals would be deemed to have paid to the Minister under that section in relation to the eligible dwelling if the dwelling were an eligible dwelling in respect of that individual only.

Determination by the Minister.

Where the individuals cannot agree as to what portion of the particular amount each would be deemed to have paid to the Minister under section 1029.8.182, the Minister may determine what portion of that amount is deemed to be paid by each individual under that section.

History: 2019, c. 14, s. 416.

Advance payments of credit.

1029.8.184. Where, on or before 1 December of a taxation year, an individual applies to the Minister, in the prescribed form containing prescribed information, the Minister may pay, as an advance payment, on such terms and

conditions as the Minister determines, in respect of the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual's tax payable for the year under the first or second paragraph of section 1029.8.182, an amount (in this subdivision referred to as the "amount of the advance relating to the restoration of a secondary residence"), in respect of an eligible expense paid by the individual or the individual's spouse in the year, in relation to an eligible dwelling the individual owns, if

(a) the individual is resident in Québec at the time the application is made;

(b) the individual obtained the certificate referred to in the fourth paragraph of section 1029.8.182 in relation to the eligible dwelling;

(c) where the application concerns an expenditure attributable to damage assessment services or a repair expenditure, the individual has obtained the report of a damage assessment expert that describes the damage caused to the eligible dwelling;

(d) the application is accompanied by a receipt confirming the payment of the qualified expenditure; and

(e) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4—Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.

Application made by spouse.

Where, at the time the application referred to in the first paragraph is made, an individual has a spouse, only one of them may make the application for the year.

History: 2019, c. 14, s. 416.

Additional documents or information.

1029.8.185. The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.184 a document or information other than those provided for in that paragraph if the Minister considers the document or information necessary to evaluate the application.

History: 2019, c. 14, s. 416.

Refusal by the Minister.

1029.8.186. Despite the first paragraph of section 1029.8.184, the Minister is not required to grant an application for advance payments referred to in that paragraph for the taxation year 2018 if

(a) the individual, or the individual's spouse at the time of the application, received a payment of the amount of the advance relating to the restoration of a secondary residence for the taxation year 2017 and, at the time the application is processed, has not filed a fiscal return for the taxation year 2017; and

(b) the application is processed after the filing-due date of the person referred to in paragraph *a* for the taxation year 2017.

History: 2019, c. 14, s. 416.

Cessation or suspension of advance payments.

1029.8.187. The Minister may suspend the payment of, reduce or cease to pay the amount of the advance relating to the restoration of a secondary residence if documents or information brought to the Minister's attention so warrant.

History: 2019, c. 14, s. 416.

Definitions :

1029.8.33.11.21. In this division,

“eligible employee”;

“eligible employee” of an eligible employer for a taxation year or a fiscal period, as the case may be, means an employee of an establishment of the employer situated in Québec, other than an excluded employee at a particular time in that year or fiscal period, who meets the following conditions:

(a) the employee holds, in the year or fiscal period, a full-time employment requiring at least 26 hours of work per week, for an expected minimum period of 40 weeks; and

(b) the employee's duties, for the year or fiscal period, consist in undertaking or directly supervising activities of the eligible employer in an establishment of that employer situated in Québec;

“eligible employer”;

“eligible employer” means a qualified corporation for a taxation year or a qualified partnership for a fiscal period the total payroll of which is, for the taxation year or fiscal period, less than \$7,000,000;

“eligible training”;

“eligible training” means training taken by an eligible employee with a recognized educational institution but does not include a course taken because the eligible employer is required to comply with a law or regulation;

“eligible training fees”;

“eligible training fees” of an eligible employer for a taxation year or a fiscal period, as the case may be, means, subject to the second paragraph, the aggregate of all amounts each of which is the salary or wages, computed on an hourly basis, incurred after 27 March 2018 and before 1 January 2023 by the eligible employer in respect of an eligible employee for that year or fiscal period, to the extent that the salary or

wages are payable in currency and are attributable to an eligible training period of the eligible employee;

“eligible training period”;

“eligible training period” of an eligible employee means, subject to the third paragraph, all of the hours included in a standard workweek of the eligible employee during which the employee is released from his or her regular duties to attend eligible training;

“excluded corporation”;

“excluded corporation” for a taxation year means a corporation that

(a) is exempt from tax for the year under Book VIII; or

(b) would be exempt from tax for the year under section 985, but for section 192;

“excluded employee”;

“excluded employee” of an eligible employer at a particular time means,

(a) where the employer is a corporation, an employee who is, at that time, a specified shareholder of the corporation or, where the corporation is a cooperative, a specified member of the corporation;

(b) where the employer is a partnership, an employee who

i. is, at that time, a specified shareholder or specified member, as the case may be, of a member of that partnership, or

ii. is not, at that time, dealing at arm's length with a member of the partnership, or with a specified shareholder or specified member, as the case may be, of that member;

(c) an employee in respect of whom it may reasonably be considered that one of the purposes for which the employee works for the eligible employer would be to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.22 or 1029.8.33.11.23, as the case may be; or

(d) an employee in respect of whom it may reasonably be considered that the conditions of employment with the eligible employer have been changed mainly to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.22 or 1029.8.33.11.23, as the case may be, or to increase an amount that the employer or a corporation that is a member of the employer would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation (other than an excluded corporation for the year) that, in the year, carries on a business in Québec and has an establishment in Québec;

“qualified partnership”;

“qualified partnership” for a fiscal period means a partnership that, in the fiscal period, carries on a business in Québec and has an establishment in Québec;

“recognized educational institution”;

“recognized educational institution” means an educational institution that is

(a) a secondary-level or college-level educational institution under the authority of the Ministère de l'Éducation, du Loisir et du Sport or of the Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie;

(b) an educational institution accredited for purposes of subsidies under section 77 of the Act respecting private education (chapter E-9.1);

(c) an educational institution mentioned in the list established by the Minister of Higher Education, Research, Science and Technology under any of subparagraphs 1 to 3 of the first paragraph or of the second paragraph of section 56 of the Act respecting financial assistance for education expenses (chapter A-13.3); or

(d) an educational institution operated by a person holding a permit issued, for that educational institution, by the Minister of Education, Recreation and Sports or by the Minister of Higher Education, Research, Science and Technology under section 12 of the Act respecting private education, provided that it offers a vocational education or vocational training program referred to in Chapter I of that Act;

“salary or wages”;

“salary or wages” means the income computed under Chapters I and II of Title II of Book III, but does not include directors' fees, premiums, incentive bonuses, overtime compensation, other than remuneration related to eligible training, for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member”;

“specified member” of a corporation that is a cooperative at any time means a member having, directly or indirectly, at that time, at least 10% of the votes at a meeting of the members of the cooperative;

“total payroll”.

“total payroll” of an eligible employer for a taxation year or a fiscal period, as the case may be, means the total payroll of the eligible employer for that year or fiscal period, determined in accordance with Division I of Chapter IV of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5).

Rules applicable.

For the purposes of the definition of “eligible training fees” in the first paragraph, the following rules apply:

(a) the salary or wages incurred by an eligible employer in respect of an eligible employee for an hour included in an

eligible training period are deemed to be equal to the lesser of the salary or wages otherwise determined and \$35; and

(b) where the conditions of an eligible employee's contract of employment do not allow the employee's salary or wages to be computed on an hourly basis, the salary or wages are deemed to be equal to the quotient obtained by dividing the employee's salary or wages computed on an annual basis by 2,080.

Limits.

For the purposes of the definition of “eligible training period” in the first paragraph, the following rules apply:

(a) the number of hours during which an employee is released from the employee's regular duties to attend eligible training that are included in a standard workweek of the employee is deemed to be equal to the lesser of that number of hours otherwise determined and 40; and

(b) the number of hours determined in accordance with subparagraph *a*, in relation to an eligible employee of an eligible employer, for all of the eligible employee's standard workweeks that are included in a taxation year or fiscal period of the eligible employer, as the case may be, is deemed to be equal to the lesser of that number of hours otherwise determined and 520.

History: 2019, c. 14, s. 317.

Credit.

1029.8.33.11.22. An eligible employer that is a qualified corporation for a taxation year, incurs eligible training fees in the year and encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the fourth paragraph, to have paid to the Minister on the eligible employer's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the product obtained by multiplying the amount of the eligible training fees, to the extent that those fees have been paid, by the rate determined in respect of the eligible employer for the year in accordance with the second paragraph.

Determination of the rate.

The rate to which the first paragraph refers for a taxation year of the eligible employer is

(a) where the eligible employer's total payroll for the year does not exceed \$5,000,000, 30%; and

(b) where the eligible employer's total payroll for the year exceeds \$5,000,000 and is less than \$7,000,000, the amount by which 30% exceeds the rate determined by the formula

30% [(A – \$5,000,000)/\$2,000,000].

Formula element.

In the formula in the second paragraph, A is the eligible employer's total payroll for the year.

Computation of payments.

For the purpose of computing the payments that an eligible employer referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the employer is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2019, c. 14, s. 317.

Credit.

1029.8.33.11.23. Where, in a fiscal period, an eligible employer that is a qualified partnership incurs eligible training fees, each corporation, other than an excluded corporation, that is a member of that partnership at the end of the fiscal period and encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file under section 1000 for the corporation's taxation year in which the fiscal period ends is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the product obtained by multiplying the corporation's share of the eligible training fees, to the extent that those fees have been paid, by the rate determined in respect of the eligible employer for the fiscal period in accordance with the second paragraph.

Détermination du taux du crédit d'impôt.

The rate to which the first paragraph refers for a fiscal period of the eligible employer is

(a) where the eligible employer's total payroll for the fiscal period does not exceed \$5,000,000, 30%; and

(b) where the eligible employer's total payroll for the fiscal period exceeds \$5,000,000 and is less than \$7,000,000, the amount by which 30% exceeds the rate determined by the formula

$30\% [(A - \$5,000,000)/\$2,000,000]$.

Interpretation.

In the formula in the second paragraph, A is the eligible employer's total payroll for the fiscal period.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of the corporation's tax payable for the year under this Part and of the corporation's tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Corporation's share.

For the purposes of the first paragraph, the corporation's share of eligible training fees incurred by an eligible employer that is a qualified partnership in a fiscal period is equal to the agreed proportion of the fees in respect of the corporation for the fiscal period.

History: 2019, c. 14, s. 317.

Government assistance or non-government assistance.

1029.8.33.11.24. For the purpose of computing the amount that is deemed to have been paid to the Minister by a corporation, for a taxation year, under section 1029.8.33.11.22 or 1029.8.33.11.23, the following rules apply:

(a) the amount of the salary or wages considered in the corporation's eligible training fees referred to in the first paragraph of section 1029.8.33.11.22 is to be reduced, if

applicable, by the amount of any government assistance or non-government assistance, attributable to the salary or wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year; and

(b) the corporation's share of the salary or wages considered in the eligible training fees referred to in the first paragraph of section 1029.8.33.11.23 of a qualified partnership of which the corporation is a member, for a fiscal period of the partnership that ends in the corporation's taxation year, is to be reduced, if applicable,

i. by the corporation's share of the amount of any government assistance or non-government assistance, attributable to the salary or wages, that the qualified partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance or non-government assistance, attributable to the salary or wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of any government assistance or non-government assistance that the qualified partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2019, c. 14, s. 317.

Benefit or advantage.

1029.8.33.11.25. Where, in respect of salary or wages considered in the eligible training fees incurred by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period in relation to eligible training, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the eligible training, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the qualified corporation under section 1029.8.33.11.22, the amount of the salary or wages is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to

obtain on or before the qualified corporation's filing-due date for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.11.23 by a corporation that is a member of the qualified partnership for the corporation's taxation year in which the fiscal period ends, the corporation's share of the salary or wages is to be reduced, if applicable,

i. by the corporation's share of the amount of the benefit or advantage that a partnership or a person, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage that the corporation or a person with whom it does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of the benefit or advantage that a partnership or a person has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2019, c. 14, s. 317.

Repayment of assistance.

1029.8.33.11.26. Where, before 1 January 2025, a corporation pays, in a taxation year (in this section referred to as the "repayment year"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph a of the first paragraph of section 1029.8.33.11.24, salary or wages considered in the eligible training fees of the corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.22, the corporation is deemed, if the corporation encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.22, in respect of the eligible training fees, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular taxation year, the amount of any government assistance or

non-government assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.33.11.24, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.22 for the particular taxation year in respect of the eligible training fees; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

History: 2019, c. 14, s. 317.

Repayment of assistance.

1029.8.33.11.27. Where, before 1 January 2025, a partnership pays, in a fiscal period (in this section referred to as the “fiscal period of repayment”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.33.11.24, a corporation’s share of the salary or wages considered in the partnership’s eligible training fees for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.23, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.23 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.23, for its taxation year in which the particular fiscal period ends, in respect of the partnership’s eligible training fees, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect

of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.33.11.24; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2019, c. 14, s. 317.

Repayment of assistance.

1029.8.33.11.28. Where, before 1 January 2025, a corporation is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) and pays, in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *ii* of subparagraph *b* of the first paragraph of section 1029.8.33.11.24, its share of the salary or wages considered in the partnership’s eligible training fees for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.23, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.23 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.23 for its taxation year in which the particular fiscal period ends, in respect of the share, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation

year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.11.24; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2019, c. 14, s. 317.

Deemed repayment of assistance.

1029.8.33.11.29. For the purposes of sections 1029.8.33.11.26 to 1029.8.33.11.28, an amount of assistance is deemed to be repaid by a corporation or a partnership, as the case may be, at a particular time, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.33.11.24, salary or wages considered in eligible training fees or the share of a corporation that is a member of the partnership of the salary or wages considered in such fees, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.33.11.22 or 1029.8.33.11.23;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership could reasonably expect to receive.

History: 2019, c. 14, s. 317.

DIVISION II.5.2

CREDIT IN RESPECT OF TIP REPORTING

Definitions:

1029.8.33.12. In this division,

“eligible employee”;

“eligible employee”, in respect of an eligible taxpayer or a qualified partnership, at any time, means an individual to whom section 1019.4 applies and an individual to whom the first paragraph of section 42.12 applies;

“eligible taxpayer”;

“eligible taxpayer”, for a taxation year, means a taxpayer who, during that year, is the employer of an individual who performs employment duties for a regulated establishment;

“qualified expenditure”;

“qualified expenditure” that an eligible taxpayer is required to pay in respect of a taxation year or that a qualified partnership is required to pay in respect of a fiscal period means,

(a) unless provided for in paragraph *b*, an amount paid by the eligible taxpayer or the qualified partnership in respect of an eligible employee in relation to the taxation year or fiscal period, as the case may be, under any of the following provisions:

i. section 59 of the Act respecting parental insurance (chapter A-29.011),

ii. section 39.0.2 of the Act respecting labour standards (chapter N-1.1),

iii. section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5),

iv. section 52 of the Act respecting the Québec Pension Plan (chapter R-9), and

v. section 68 of the Employment Insurance Act (Statutes of Canada, 1996, chapter 23);

(a.1) the amount paid, as an assessment, by the eligible taxpayer or the qualified partnership in respect of an eligible employee in relation to the taxation year or fiscal period, as the case may be, pursuant to the Act respecting industrial accidents and occupational diseases (chapter A-3.001); and

(b) an indemnity pertaining to the annual leave as prescribed by the Act respecting labour standards or the compensation in lieu thereof provided for in a contract of employment and earned by an eligible employee of the eligible taxpayer in respect of the taxation year or of the qualified partnership in respect of the fiscal period, as the case may be, and any amount payable by the eligible taxpayer or by the qualified partnership under the provisions mentioned in subparagraphs i and iii to v of paragraph *a* in respect of that indemnity or compensation;

(c) an indemnity pertaining to a statutory holiday as prescribed by the Act respecting labour standards or by the National Holiday Act (chapter F-1.1) or the compensation, in lieu of that indemnity, provided for in a contract of employment and paid to an eligible employee of the eligible taxpayer in respect of the taxation year or of the qualified partnership in respect of the fiscal period, as the case may be;

(d) an indemnity in respect of a family event described in any of sections 80, 81 and 81.1 of the Act respecting labour standards or the compensation, in lieu of that indemnity, provided for in a contract of employment and paid to an eligible employee of the eligible taxpayer in respect of the

taxation year or of the qualified partnership in respect of the fiscal period, as the case may be;

(e) an indemnity in respect of the fulfilment of family obligations mentioned in section 79.7 of the Act respecting labour standards or the compensation, in lieu of that indemnity, provided for in a contract of employment and paid to an eligible employee of the eligible taxpayer in respect of the taxation year or of the qualified partnership in respect of the fiscal period, as the case may be; and

(f) an indemnity in respect of health reasons mentioned in section 79.1 of the Act respecting labour standards or the compensation, in lieu of that indemnity, provided for in a contract of employment and paid to an eligible employee of the eligible taxpayer in respect of the taxation year or of the qualified partnership in respect of the fiscal period, as the case may be;

“qualified partnership”;

“qualified partnership”, for a fiscal period, means a partnership that, during the fiscal period, is the employer of an individual who performs employment duties for a regulated establishment;

“regulated establishment”;

“regulated establishment” had the meaning assigned by section 42.6;

“statutory holiday”;

“statutory holiday” means one of the following days:

- (a) 1 January;
- (b) Good Friday or Easter Monday, at the option of the employer;
- (c) the Monday preceding 25 May;
- (d) 24 June, or 25 June when the 24th falls on a Sunday;
- (e) 1 July, or 2 July when the 1st falls on a Sunday;
- (f) the first Monday in September;
- (g) the second Monday in October; or
- (h) 25 December;

“wages”.

“wages” means the income computed pursuant to the provisions of Chapters I and II of Title II of Book III, except for section 43.3.

History: 1997, c. 85, s. 253; 1999, c. 83, s. 186; 1999, c. 89, s. 53; O.C. 149-2000; 2000, c. 39, s. 137; 2001, c. 51, s. 104; 2005, c. 38, s. 237; 2006, c. 36, s. 123; 2007, c. 12, s. 146; 2020, c. 16, s. 144.

Credit.

1029.8.33.13. An eligible taxpayer who, in respect of a taxation year, is required to pay qualified expenditures and who encloses the prescribed form containing the prescribed information with the fiscal return the taxpayer is required to file for the year under section 1000, or would be required to

file for the year under section 1000 if the taxpayer were not a registered charity and if tax were payable under this Part by the taxpayer, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for the taxation year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 75% of the aggregate of the qualified expenditures determined in respect of the taxpayer for the taxation year in accordance with the third paragraph.

Computation of payments.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Qualified expenditure.

The qualified expenditure, for a taxation year, to which the first paragraph refers in respect of an eligible taxpayer consists of

(a) the aggregate of all amounts paid under the provisions mentioned in subparagraphs iii and iv of paragraph *a* of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, other than any amount paid or payable under those provisions and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the salary, wages or other remuneration paid, allocated, granted, awarded or attributed in that calendar year by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees;

(b) the aggregate of all amounts paid under the provisions mentioned in subparagraphs i and v of paragraph a of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, other than any amount paid or payable under those provisions and referred to in subparagraph d in relation to an indemnity referred to in that subparagraph, in relation to the salary, wages or other remuneration paid, allocated, granted or awarded in that calendar year by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer and to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill;

(c) the amount paid under the provision mentioned in subparagraph ii of paragraph a of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the eligible taxpayer in that calendar year to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees;

(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, received or receivable for the taxation year by the eligible employees of the eligible taxpayer in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees, and of any amount paid or payable in respect of the taxation year, under the provisions mentioned in subparagraphs i and iii to v of paragraph a of the definition of “qualified expenditure” in section 1029.8.33.12, in relation to such indemnities, as if those indemnities had been paid in the taxation year;

(e) the aggregate of all amounts each of which is an amount paid, as an assessment, under the Act mentioned in paragraph a.1 of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to the gross wages, within the meaning of sections 289 and 289.1 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001), paid, allocated, granted, awarded or attributed by

the eligible taxpayer in that calendar year to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees;

(f) the aggregate of the indemnities pertaining to a statutory holiday as prescribed by the Act respecting labour standards or by the National Holiday Act (chapter F-1.1) or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the taxation year by the eligible employees of the eligible taxpayer in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees;

(g) the aggregate of the indemnities pertaining to an absence from work for family or parental matters described in any of sections 80, 81 and 81.1 of the Act respecting labour standards or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the taxation year by the eligible employees of the eligible taxpayer in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees;

(h) the aggregate of the indemnities pertaining to an absence from work to fulfil family obligations referred to in section 79.7 of the Act respecting labour standards and in the second paragraph of section 79.16 of that Act or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the taxation year by the eligible employees of the eligible taxpayer in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees; and

(i) the aggregate of the indemnities pertaining to an absence from work for health reasons referred to in section 79.1 of the Act respecting labour standards and in the second paragraph of section 79.16 of that Act or of the

compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the taxation year by the eligible employees of the eligible taxpayer in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees.

Special rules.

For the purposes of subparagraphs *a* to *c* and *e* of the third paragraph, if no calendar year ends in a particular taxation year of a particular eligible taxpayer, no calendar year end coincides with the end of that taxation year and no amount may, but for this paragraph, be deemed to have been paid to the Minister under this division by an eligible taxpayer for a taxation year in relation to the amounts described in those subparagraphs *a* to *c* and *e* that the particular eligible taxpayer has paid in the part of the calendar year that is included in the particular taxation year, that part of a calendar year is deemed to be a calendar year the end of which coincides with the end of that particular taxation year.

History: 1997, c. 85, s. 253 [amended by 1999, c. 83, s. 33 [amended by 2000 c. 39, s. 303]]; 1999, c. 83, s.187; 2000, c. 39, s.138; 2002, c. 40, s.131; 2003, c. 9, s.196; 2004, c. 21, s.298; 2005, c. 38, s.238; 2006, c. 36, s.124; 2020, c. 16, s.145.

Credit.

1029.8.33.14. Where a qualified partnership is required to pay, in respect of a fiscal period, qualified expenditures, each taxpayer who is a member of the partnership at the end of that fiscal period and who encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file under section 1000, or would be required to file under section 1000 if the taxpayer were not a registered charity and if tax were payable under this Part by the taxpayer for the taxpayer's taxation year in which the partnership's fiscal period ends, is deemed, subject to the third paragraph, to have paid to the Minister on the taxpayer's balance-due day for the taxation year, on account of the taxpayer's tax payable for that year under this Part, the taxpayer's share of an amount equal to 75% of the aggregate of the qualified expenditures determined in respect of the qualified partnership for the fiscal period in accordance with the fourth paragraph.

Taxpayer's share.

For the purposes of the first paragraph, a taxpayer's share of an amount is equal to the agreed proportion of the amount in respect of the taxpayer for the qualified partnership's fiscal period that ends in the taxpayer's taxation year.

Computation of payments.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for the taxpayer's taxation year in which the fiscal period of the qualified partnership ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer's tax payable for the year under this Part and of the taxpayer's tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Qualified expenditure.

The qualified expenditure, for a fiscal period, to which the first paragraph refers in respect of a qualified partnership consists of

(a) the aggregate of all amounts paid under the provisions mentioned in subparagraphs iii and iv of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, other than any amount paid or payable under those provisions and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the salary, wages or other remuneration paid, allocated, granted, awarded or attributed in that calendar year by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees;

(b) the aggregate of all amounts paid under the provisions mentioned in subparagraphs i and v of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, other than any amount paid or payable under those provisions and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the

salary, wages or other remuneration paid, allocated, granted or awarded in that calendar year by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership and to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill;

(c) the amount paid under the provision mentioned in subparagraph ii of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees;

(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, received or receivable for the fiscal period by the eligible employees of the qualified partnership in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees, and of any amount paid or payable in respect of the fiscal period, under the provisions mentioned in subparagraphs i and iii to v of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in relation to such indemnities, as if those indemnities had been paid in the fiscal period;

(e) the aggregate of all amounts each of which is an amount paid, as an assessment, under the Act mentioned in paragraph *a.1* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to the gross wages, within the meaning of sections 289 and 289.1 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees;

(f) the aggregate of the indemnities pertaining to a statutory holiday as prescribed by the Act respecting labour standards or by the National Holiday Act (chapter F-1.1) or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the fiscal period by the eligible employees of the qualified partnership in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees;

(g) the aggregate of the indemnities pertaining to an absence from work for family or parental matters described in any of sections 80, 81 and 81.1 of the Act respecting labour standards or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the fiscal period by the eligible employees of the qualified partnership in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees;

(h) the aggregate of the indemnities pertaining to an absence from work to fulfil family obligations referred to in section 79.7 of the Act respecting labour standards and in the second paragraph of section 79.16 of that Act or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the fiscal period by the eligible employees of the qualified partnership in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees; and

(i) the aggregate of the indemnities pertaining to an absence from work for health reasons referred to in section 79.1 of the Act respecting labour standards and in the second paragraph of section 79.16 of that Act or of the compensations, in lieu of those indemnities, provided for in a contract of employment, as the case may be, received in the fiscal period by the eligible employees of the qualified partnership in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or

benefited from and that constitute service charges added to a customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees.

Special rule.

For the purposes of subparagraphs *a* to *c* and *e* of the fourth paragraph, if no calendar year ends in a fiscal period of a qualified partnership, no calendar year end coincides with the end of that fiscal period and no amount may, but for this paragraph, be deemed to have been paid to the Minister under this division by a taxpayer for a taxation year in relation to the amounts described in those subparagraphs *a* to *c* and *e* that the partnership has paid in the part of the calendar year that is included in that fiscal period, that part of a calendar year is deemed to be a calendar year whose end coincides with the end of that fiscal period.

History: 1997, c. 85, s. 253 [amended by 1999, c. 83, s. 33 [amended by 2000, c. 39, s. 303]]; 1999, c. 83, s.188; 2000, c. 39, s.139; 2002, c. 40, s.132; 2003, c. 9, s.197; 2004, c. 21, s.299; 2005, c. 38, s.239; 2006, c. 36, s.125; 2009, c. 15, s. 232; 2020, c. 16, s. 146.

1029.8.33.15. (Repealed).

History: 1997, c. 85, s. 253; 1998, c. 16, s. 228; 2000, c. 39, s. 140.

Government assistance.

1029.8.33.16. For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a taxpayer under section 1029.8.33.13 or 1029.8.33.14, the following rules apply:

(a) the amount of a qualified expenditure determined under any of subparagraphs *a* to *c* of the third paragraph of section 1029.8.33.13 shall be reduced, where applicable, by the amount of any government assistance attributable to the qualified expenditure, that the eligible taxpayer has received, is entitled to receive or may reasonably expect to receive, on or before the eligible taxpayer's filing-due date for that year;

(b) the amount of a qualified expenditure determined under any of subparagraphs *a* to *c* of the fourth paragraph of section 1029.8.33.14 shall be reduced, where applicable, by the amount of any government assistance attributable to the qualified expenditure, that the qualified partnership has received, is entitled to receive or may reasonably expect to receive, on or before a date that is six months after the end of its fiscal period that ends in that year; and

(c) the share of a taxpayer who is a member of a qualified partnership of the aggregate of the qualified expenditure determined in respect of the qualified partnership for its fiscal period ended in that year shall be reduced, where applicable, by the amount of any government assistance attributable to a qualified expenditure of the qualified partnership forming part of that aggregate, that the taxpayer has received, is entitled to receive or may reasonably expect

to receive, on or before a date that is six months after the end of that fiscal period of the partnership.

History: 1997, c. 85, s. 253.

Repayment of assistance.

1029.8.33.17. Where, at a particular time, an eligible taxpayer or a qualified partnership pays, pursuant to a legal obligation, a particular amount that may reasonably be considered to be repayment of government assistance that reduced, pursuant to paragraph *a* or *b* of section 1029.8.33.16, a particular qualified expenditure of the taxpayer or partnership, as the case may be, for the purpose of computing an amount deemed to have been paid to the Minister for a taxation year under section 1029.8.33.13 or 1029.8.33.14, the following rules apply:

(a) the particular amount is deemed, for the purposes of those sections 1029.8.33.13 and 1029.8.33.14, to be a qualified expenditure of the taxpayer or partnership, as the case may be, determined at that particular time; and

(b) the amount that the eligible taxpayer or a taxpayer who is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister under those sections is deemed

i. to be

(1) where the particular qualified expenditure has been determined in respect of the taxpayer, equal to the amount that, were it not for that assistance, would have been deemed to have been paid to the Minister by the taxpayer under section 1029.8.33.13 in respect of the portion of that qualified expenditure corresponding to the assistance so repaid, or

(2) where the particular qualified expenditure has been determined in respect of the qualified partnership, equal to the amount that, were it not for that assistance and if the taxpayer's share of the income or loss of the partnership were the same as that determined at the end of the fiscal period of the partnership that includes the particular time, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000, would have been deemed to have been paid to the Minister by the taxpayer under section 1029.8.33.14 in respect of the portion of the taxpayer's share of that particular qualified expenditure corresponding to the assistance so repaid, and

ii. paid to the Minister under the same section as the section under which, but for that assistance, the taxpayer would have been deemed to have paid an amount to the Minister in respect of the portion, corresponding to the assistance so repaid, of the particular qualified expenditure determined in the taxpayer's respect or of the taxpayer's share of the

particular qualified expenditure determined in respect of the partnership, as the case may be.

History: 1997, c. 85, s. 253; 2000, c. 39, s. 141; 2001, c. 7, s. 169; 2002, c. 40, s. 133.

Repayment of assistance.

1029.8.33.18. Where, at a particular time, a taxpayer who is a member of a qualified partnership pays, pursuant to a legal obligation, a particular amount that may reasonably be considered to be repayment of government assistance that reduced, pursuant to paragraph *c* of section 1029.8.33.16, the taxpayer's share of an aggregate of qualified expenditure determined in respect of the partnership for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.33.14, the following rules apply:

(a) the particular amount is deemed, for the purposes of that section 1029.8.33.14, to be the taxpayer's share of a qualified expenditure of the partnership determined at that particular time; and

(b) the amount that the taxpayer is deemed to have paid to the Minister under that section is deemed

i. to be equal to the amount that, were it not for that assistance, would have been deemed to have been paid to the Minister by the taxpayer under section 1029.8.33.14 in respect of the portion of the taxpayer's share of the particular qualified expenditure corresponding to the assistance so repaid, and

ii. to be paid to the Minister under that section 1029.8.33.14.

History: 1997, c. 85, s. 253; 2000, c. 39, s. 142; 2001, c. 7, s. 169; 2002, c. 40, s. 134.

Deemed repayment of assistance.

1029.8.33.19. For the purposes of sections 1029.8.33.17 and 1029.8.33.18, an amount of assistance is deemed to be repaid, at a particular time, by an eligible taxpayer or a qualified partnership, as the case may be, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.33.16, the amount of a qualified expenditure referred to in section 1029.8.33.13 or the share of a taxpayer who is a member of the qualified partnership of an aggregate of qualified expenditure referred to in section 1029.8.33.14, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for a taxation year under sections 1029.8.33.13 and 1029.8.33.14;

(b) was not received by the eligible taxpayer or qualified partnership; and

(c) ceased, at that particular time, to be an amount that the eligible taxpayer or qualified partnership, as the case may be, may reasonably expect to receive.

History: 1997, c. 85, s. 253; 2001, c. 7, s. 169; 2002, c. 40, s. 135.

DIVISION II.6

CREDIT FOR QUÉBEC FILM PRODUCTIONS

§1. — *Interpretation and generalities*

Definitions:

1029.8.34. In this division,

“*computer-aided special effects and animation expenditure*”;

“computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means

(a) where the corporation is not a qualified corporation for the year, an amount equal to zero; and

(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on in Québec as part of the production of the property and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion of either the amount described in paragraph *a* of the definition of “labour expenditure” or an amount described in any of subparagraphs *i* to *v* of paragraph *b* and *i* to *iv* of paragraphs *b.1* and *b.2* of that definition, that is included in that portion of the corporation's labour expenditure for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular portion that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular portion that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular portion is the portion of an amount described in any of subparagraphs *i* to *v* of paragraph *b* and *i* to *iv* of paragraph *b.1* of the definition of “labour expenditure”, the amount of any government assistance and

non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that are referred to in that subparagraph and that relate to the particular portion;

“eligible employee”;

“eligible employee” of an individual, a corporation or a partnership means, in respect of a property that is a Québec film production, an individual resident in Québec at any time in the calendar year during which the individual renders services as part of the production of the property;

“eligible online video service”;

“eligible online video service” means an online video service that carries other pre-screened or pre-qualified content, is accessible in Québec, has Québec as part of its target audience and is considered to be an acceptable online service for the purposes of Public Notice 2017-01 of the Canadian Audio-Visual Certification Office;

“expenditure for services rendered outside the Montréal area”;

“expenditure for services rendered outside the Montréal area” of a corporation for a taxation year in respect of a property that is a Québec film production means

(a) where the corporation is not a qualified corporation for the year, an amount equal to zero; and

(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to services rendered in the year in Québec, outside the Montréal area, in relation to a regional production and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion of either the amount described in paragraph *a* of the definition of “labour expenditure” or an amount described in any of subparagraphs *i* to *v* of paragraph *b* and *i* to *iv* of paragraphs *b.1* and *b.2* of that definition, that is included in that portion of the corporation's labour expenditure for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular portion that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular portion that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee,

in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular portion is the portion of an amount described in any of subparagraphs *i* to *v* of paragraph *b* and *i* to *iv* of paragraph *b.1* of the definition of “labour expenditure”, the amount of any government assistance and non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that are referred to in that subparagraph and that relate to the particular portion;

“labour expenditure”;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means, subject to the second paragraph, the aggregate of the following amounts included in the production cost, cost or capital cost, as the case may be, of the property to the corporation:

(a) the salaries or wages directly attributable to the property that are incurred in the year by the corporation and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they relate to services rendered in relation to the stages of production of the property, from the script stage to the post-production stage, or in relation to another stage of production of the property that is carried out after the post-production stage within a period that is reasonable to the Minister but that must not extend beyond the date provided for in the fifth paragraph, and that are paid by the corporation to its eligible employees;

(b) the portion of the remuneration, other than salary or wages, that is incurred in the year by the corporation and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that was incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, in relation to the stages of production referred to in paragraph *a* of the property and that is paid by the corporation under a contract for services rendered as part of the production of the property to a person or partnership (in this section referred to as a “first-tier subcontractor”) who is

i. an individual, to the extent that that portion of the remuneration is reasonably attributable either to services rendered by the individual personally as part of the production of the property or to the wages of the individual's eligible employees who rendered services as part of the production of the property,

ii. a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iv, a corporation described in paragraph *a.2* or *a.4* of the definition of "qualified corporation" (in this definition referred to as an "excluded corporation"), or a corporation that is not dealing at arm's length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services as part of the production of the property,

iii. despite subparagraph ii, a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services exclusively at the post-production stage of the property,

iv. a corporation that has an establishment in Québec all the issued capital stock of which, except directors' qualifying shares, belongs to an individual and whose activities consist mainly in providing the services of that individual, to the extent that that portion of the remuneration is reasonably attributable to services rendered by the individual as part of the production of the property, or

v. a partnership carrying on a business in Québec, to the extent that that portion of the remuneration is reasonably attributable either to services rendered, as part of the production of the property, by an individual who is a member of the partnership or to the wages of the partnership's eligible employees who rendered services as part of the production of the property;

(b.1) 65% of the portion of the remuneration, other than salary or wages, that is incurred in the year by the first-tier subcontractor and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, 65% of the portion of the remuneration that was incurred by the first-tier subcontractor in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, in relation to the stages of production referred to in paragraph *a* of the property and that is paid by the first-tier subcontractor under a contract for services rendered as part of the production of the property to a person or partnership with whom the first-tier subcontractor is dealing at arm's

length at the time the contract is entered into (in this section referred to as a "second-tier subcontractor") and who is

i. an individual, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not an excluded corporation, or a corporation that is not dealing at arm's length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or

iv. a partnership carrying on a business in Québec, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property;

(b.2) 65% of the portion of the remuneration, other than salary or wages, that is incurred in the year by the corporation and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, 65% of the portion of the remuneration that was incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, in relation to the stages of production referred to in paragraph *a* of the property, and that is paid by the corporation under a contract for services rendered as part of the production of the property to a first-tier subcontractor with which the corporation is dealing at arm's length at the time the contract is entered into and who is

i. an individual, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not an excluded corporation, or a corporation that is not dealing at arm's length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length

with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or

iv. a partnership carrying on a business in Québec, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property; and

(c) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the labour expenditure of the corporation in respect of the property for the particular year because of any of paragraphs *a* to *b.2* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid at the same time and to the same person or partnership as it was paid by the particular corporation;

“post-production”;

“post-production” of a property means the stage of production of the property that includes all the activities that follow the shooting of the property, in particular transcoding and duplication of the property, digitization, compression and duplication of DVDs and CD-ROMs, video-on-demand encoding, subtitling of films, captioning for persons with a hearing impairment and video description for persons with a visual impairment;

“qualified computer-aided special effects and animation expenditure”;

“qualified computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means the lesser of

(a) the amount by which

i. the aggregate of

(1) the computer-aided special effects and animation expenditure of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, up to the product

obtained by multiplying the conversion factor determined in respect of the property under the tenth paragraph by the amount of the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation’s computer-aided special effects and animation expenditure or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the corporation’s qualified computer-aided special effects and animation expenditure in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the tenth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a year preceding the year because of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph i of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, pursuant to subparagraph ii of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year, and

(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b.1* of the definition of “labour expenditure” and with whom the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, and that is attributable to services rendered by an individual or to the wages of the person’s or partnership’s eligible employees that relate to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of that property, to the extent that the amount has not, under subparagraph iii of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year; and

(b) the amount by which

i. 50% of the amount by which the production costs directly attributable to the production of the property, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property until the post-production stage or within a longer period that is reasonable to the Minister but that may not exceed the date provided for in the fifth paragraph, and paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, exceeds

ii. the amount by which the aggregate of all amounts each of which is the corporation’s qualified computer-aided special effects and animation expenditure in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the tenth paragraph by the

aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;

“qualified corporation”;

“qualified corporation”, in respect of a taxation year, means a corporation that, in the year, has an establishment in Québec and carries on there a Québec film or television production business that is a qualified business, but does not include

(a) a corporation that, at any time in the year or during the 24 months preceding the year, is controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec;

(a.1) a corporation that, at any time in the year or during the 24 months preceding the year, would be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by that particular person;

(a.2) a corporation that is the holder of a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission;

(a.3) a corporation that, at any time in the year or during the 24 months preceding the year, is not dealing at arm’s length with another corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;

(a.4) a corporation that, at any time in the year or during the 24 months preceding the year, is an eligible online video service provider;

(a.5) a corporation that, at any time in the year or during the 24 months preceding the year, is not dealing at arm’s length with another corporation that is an eligible online video service provider, unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division; or

(b) *(paragraph repealed)*;

(c) a corporation that, in accordance with Book VIII, is exempt from tax for the year under this Part or that would be but for section 192;

(d) *(paragraph repealed)*;

(e) *(paragraph repealed)*;

“qualified expenditure for services rendered outside the Montréal area”;

“qualified expenditure for services rendered outside the Montréal area” of a corporation for a taxation year in respect of a property that is a Québec film production means the lesser of

(a) the amount by which

i. the aggregate of

(1) the corporation's expenditure for services rendered outside the Montréal area for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area" in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, up to the product obtained by multiplying the conversion factor determined in respect of the property under the ninth paragraph by the amount of the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation's expenditure for services rendered outside the Montréal area or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the corporation's qualified expenditure for services rendered outside the Montréal area in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the ninth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a year preceding the year because of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to an expenditure for services rendered outside the Montréal area of the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph i of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area", reduced the amount of that expenditure for services rendered outside the Montréal area of the corporation for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to an expenditure for services rendered outside the Montréal area of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, pursuant to subparagraph ii of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area", reduced the amount of that expenditure for services rendered outside the Montréal area of the corporation for that preceding year, and

(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b.1* of the definition of "labour expenditure" and with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that relate to an expenditure for services rendered outside the Montréal area of the corporation for a taxation year preceding the year in respect of that property, to the extent that the amount has not, under subparagraph iii of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area", reduced the amount of that expenditure for services rendered outside the Montréal area of the corporation for that preceding year; and

(b) the amount by which

i. 50% of the amount by which the production costs directly attributable to the production of the property, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property until the post-production stage or within a longer period that is reasonable to the Minister but that may not exceed the date provided for in the fifth paragraph, and paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that a person or partnership has obtained, is

entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, exceeds

ii. the amount by which the aggregate of all amounts each of which is the corporation's qualified expenditure for services rendered outside the Montréal area in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the ninth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;

“qualified labour expenditure”;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means the lesser of the following amounts:

(a) the amount by which

i. the aggregate of

(1) the labour expenditure of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *e* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, up to the product obtained by multiplying the conversion factor determined in respect of the property under the twelfth paragraph by the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

(2.1) (*subparagraph repealed*),

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is a qualified labour expenditure of the corporation in respect of the property, for a taxation year that precedes the year, exceeds the product obtained by

multiplying the conversion factor determined in respect of the property under the twelfth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a taxation year preceding the year by reason of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, by virtue of subparagraph i of subparagraph *e* of the second paragraph, reduced the amount of that labour expenditure of the corporation for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, by virtue of subparagraph ii of subparagraph *e* of the second paragraph, reduced the amount of that labour expenditure for that preceding year, and

(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b.1* of the definition of “labour expenditure” and with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees, to the extent that the amount has not, under subparagraph iii of subparagraph *e* of the second paragraph, reduced the amount of the labour expenditure of the corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 50% of the amount by which the production costs directly attributable to the production of the property, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property until the post-production stage or within a longer period that is reasonable to the Minister

but that may not exceed the date provided for in the fifth paragraph, and paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the twelfth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;

“Québec film production”;

“Québec film production” means a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series in respect of which the Société de développement des entreprises culturelles gave a favourable advance ruling or issued a certificate for the purposes of this division;

“regional corporation”;

“regional corporation”, in relation to a taxation year, means a qualified corporation in respect of which the Société de développement des entreprises culturelle issues, for the year, a certificate certifying that the corporation is a regional corporation for the purposes of subparagraph *a.1* of the first paragraph of section 1029.8.35;

“regional production”;

“regional production” means a Québec film production in respect of which the Société de développement des entreprises culturelles certifies, on the favourable advance ruling given or the certificate issued to a corporation in respect of the production, that the production qualifies for the purposes of subparagraph *a.1* of the first paragraph of section 1029.8.35;

“salary or wages”.

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

Rules governing labour expenditure of a corporation.

For the purposes of the definition of “labour expenditure” set forth in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of the said definition, the salaries or wages directly attributable to a property are, where an employee directly undertakes, supervises or supports the production of the property, that portion of the salaries or wages, paid to or on behalf of that employee, that may reasonably be considered to be related to the production of the property;

(b) remuneration, including a salary or wages, includes neither an expenditure included in the production cost of a property to a corporation and consisting of an amount otherwise included in the cost or capital cost of the property to another corporation that is a qualified corporation nor, for greater certainty, remuneration based on the profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(b.1) remuneration, including a salary or wages, does not include remuneration paid for services rendered by a person who, in the opinion of the Société de développement des entreprises culturelles as indicated in the advance ruling given or the certificate issued in relation to property, assumes the role of the main character in the production of the property that is a docu-soap;

(c) an amount may be included in the amount established under paragraph *b* of that definition in respect of an employee referred to in any of subparagraphs *i*, *ii* and *v* of that paragraph *b* or an individual referred to in subparagraph *iv* or *v* of that paragraph *b* only if that employee or individual is a party to the contract entered into between the employee's or the individual's employer, the corporation referred to in that subparagraph *iv* of which the employee or the individual is a shareholder or the partnership of which the employee or the individual is a member, as the case may be, and the corporation in respect of which that definition applies, under which the employee or the individual, as the case may be, undertakes to personally render services as part of the production of the property referred to in that definition;

(c.1) the amount included by a particular corporation in computing its labour expenditure for a taxation year under paragraph *b.1* or *b.2* of that definition, in relation to the portion of the remuneration incurred in respect of a property under a particular contract referred to in that paragraph, must be reduced by the aggregate of

- i. the aggregate of all amounts each of which is the salaries or wages paid by a person or partnership who is a subcontractor party to the particular contract or a subcontract that arises from it, to the person's or partnership's employee who is not an eligible employee, unless the salaries or wages are paid
- (1) to an employee of the first-tier subcontractor, where the particular contract is referred to in paragraph *b.1* of that definition,
- (2) by a corporation or partnership that does not have an establishment in Québec or does not carry on a business in Québec, for services rendered as part of the production of the property,
- (3) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is described in paragraph *a.2* or *a.4* of the definition of "qualified corporation" (in this subparagraph *c.1* referred to as an "excluded corporation"), for services rendered as part of the production of the property, or
- (4) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with an excluded corporation for services rendered at a stage of production of the property that is not the post-production stage,
- ii. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that is a party to a subcontract arising from the particular contract and that does not have an establishment in Québec for services rendered as part of the production of the property,
- iii. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a partnership that is a party to a subcontract arising from the particular contract and that does not carry on a business in Québec for services rendered as part of the production of the property,
- iv. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, is an excluded corporation, for services rendered as part of the production of the property, and
- v. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that is an excluded corporation, for services rendered at a stage of production of the property that is not the post-production stage;
- (c.2) a corporation that has entered into a contract (in this subparagraph referred to as an "initial contract") with a first-tier subcontractor for the provision of services as part of the production of a property may not, in computing its labour expenditure for a taxation year in respect of the property under paragraph *b* or *b.1* of that definition, include an amount in relation to the portion of the remuneration that the corporation pays under the initial contract to the first-tier subcontractor and to the portion of any remuneration the first-tier subcontractor pays to a second-tier subcontractor for services rendered as part of the production of the property if, in relation to the portion of the remuneration the corporation pays under the initial contract to the first-tier subcontractor, it includes an amount in computing its labour expenditure for any taxation year in respect of the property under paragraph *b.2* of that definition;
- (d) *(subparagraph repealed)*;
- (d.1) *(subparagraph repealed)*;
- (d.2) *(subparagraph repealed)*;
- (e) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, if applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* of that definition, or to the amount referred to in any of subparagraphs *i* to *v* of paragraph *b* and *i* to *iv* of paragraphs *b.1* and *b.2* of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of
- i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year,
- ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and
- iii. if the particular amount corresponds to the amount referred to in any of subparagraphs *i* to *v* of paragraph *b* and *i* to *iv* of paragraphs *b.1* and *b.2* of that definition, the amount of any government assistance and non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, that is attributable to services rendered by an individual or to the wages of the eligible employees of the person or partnership referred to in that subparagraph; and

(f) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property is deemed nil.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definitions of “qualified computer-aided special effects and animation expenditure”, “qualified expenditure for services rendered outside the Montréal area” and “qualified labour expenditure” in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing an amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.35,

i. a qualified computer-aided special effects and animation expenditure of the corporation, because of subparagraph ii of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph,

i.1. a qualified expenditure for services rendered outside the Montréal area of the corporation, because of subparagraph ii of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph,

i.2. an expenditure for services rendered outside the Montréal area of the corporation, because of paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in the first paragraph,

ii. a labour expenditure of the corporation, because of subparagraph *e* of the second paragraph,

iii. a qualified labour expenditure of the corporation, because of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, or

iv. a computer-aided special effects and animation expenditure of the corporation, because of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph;

(b) was not received by the corporation, the other person or the partnership; and

(c) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Production costs.

For the purposes of paragraph *b* of the definitions of “qualified computer-aided special effects and animation expenditure”, “qualified expenditure for services rendered outside the Montréal area” and “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) (*paragraph repealed*);

(b) production costs directly attributable to the production of property that is a Québec film production include the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the production of the property, that is the portion of the depreciation of that particular property, for a taxation year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the production of the property; and

(c) the amount of an advantage attributable to production costs includes the portion of the proceeds of disposition for a corporation of a particular property used by it as part of the production of property that is a Québec film production that relates to the portion of the cost of acquisition of that particular property that is already included in the production costs of the property up to the amount of the portion of the cost of acquisition of the particular property that is already included in the production costs of the property.

Rules applicable.

For the purposes of the definitions of “labour expenditure”, “qualified computer-aided special effects and animation expenditure”, “qualified expenditure for services rendered outside the Montréal area” and “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the date to which those definitions refer is the date that is 18 months after the end of the corporation’s fiscal period that includes the date of recording of the first trial composite of the property or, in the case of a series, the date of recording of the last first trial composite of an episode or broadcast that is part of the series; and

(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a Québec film production or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.35 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is

paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property.

Montréal area.

For the purposes of the definitions of “qualified expenditure for services rendered outside the Montréal area” and “expenditure for services rendered outside the Montréal area” in the first paragraph, the Montréal area means the portion of the territory of Québec that is situated within 25 kilometres, by the shortest normally used road suitable for motor vehicles, from any point of the circumference of a circle having a radius of 25 kilometres the centre of which is the Papineau subway station.

Computer-aided special effects and animation expenditure.

For the purposes of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph, subparagraph *i* of paragraph *b* of the definition of “labour expenditure” in that first paragraph is to be read as if “if the individual is resident in Québec at any time in the calendar year in which the individual rendered those services” was inserted after “individual personally”.

Remuneration based on profits and revenues.

For the purposes of subparagraph *b* of the second paragraph, remuneration based on the profits and revenues derived from the operation of a property that is a Québec film production does not include remuneration included in the production cost, cost or capital cost, as the case may be, of the property to a corporation if that remuneration

(a) is determined in particular on the basis of the area contemplated for the distribution or broadcasting of the property; and

(b) (*subparagraph repealed*);

(c) may not be reimbursed if the property is not operated as first anticipated.

Conversion factor.

For the purpose of determining the qualified expenditure for services rendered outside the Montréal area of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

1/A.

Conversion factor.

For the purpose of determining the qualified computer-aided special effects and animation expenditure of a corporation in

respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

1/B.

Transitional rules in respect of a qualified labour expenditure incurred before 1 January 2009.

For the purpose of determining the qualified labour expenditure of a corporation for a taxation year that ends after 31 December 2008 in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the amount of a labour expenditure incurred by the corporation in respect of the property before 1 January 2009 is to be multiplied by

(a) 39.375/45, if subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.35 applies in respect of the property; and

(b) 29.1667/35, if subparagraph *ii* of subparagraph *a* of the first paragraph of section 1029.8.35 applies in respect of the property.

Conversion factor.

For the purpose of determining the qualified labour expenditure of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

1/(C + D).

Interpretation.

In the formulas in the ninth, tenth and twelfth paragraphs,

(a) A is the percentage applicable to the amount of the qualified expenditure for services rendered outside the Montréal area for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *a.1* of the first paragraph of section 1029.8.35;

(b) B is the percentage applicable to the amount of the qualified computer-aided special effects and animation expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *b* of the first paragraph of section 1029.8.35;

(c) C is the percentage applicable to the amount of the qualified labour expenditure for a taxation year in respect of the property that was used to determine the amount deemed

to be paid in respect of the property for that year under subparagraph *a* of the first paragraph of section 1029.8.35; and

(*d*) *D* is the percentage applicable to the amount of the qualified labour expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *c* of the first paragraph of section 1029.8.35.

History: 1992, c. 1, s. 177; 1993, c. 19, s. 122; 1993, c. 64, s. 167; 1994, c. 22, s. 321; 1995, c. 63, s. 174; 1996, c. 39, s. 273; 1997, c. 3, s. 61; 1997, c. 14, s. 219; 1997, c. 31, s. 143; 1997, c. 85, s. 254; 1999, c. 83, s. 189; 2000, c. 5, s. 255; 2000, c. 39, s. 143; 2001, c. 7, s. 144; 2001, c. 51, s. 105; 2002, c. 9, s. 56; 2003, c. 9, s. 198; 2004, c. 21, s. 300; 2005, c. 1, s. 230; 2005, c. 23, s. 153; 2005, c. 38, s. 240; 2006, c. 13, s. 112; 2006, c. 36, s. 126; 2007, c. 12, s. 147; 2009, c. 15, s. 233; 2010, c. 5, s. 142; 2010, c. 25, s. 125; 2011, c. 1, s. 61; 2011, c. 6, s. 186; 2011, c. 34, s. 73; 2013, c. 10, s. 104; 2015, c. 21, s. 412; 2015, c. 24, s. 135; 2015, c. 36, s. 101; 2019, c. 14, s. 318.

Corresponding Federal Provision: 125.4(1) and (2).

Corporation related to an excluded corporation by reason of a right in relation to shares.

1029.8.34.1. Despite Chapter IV of Title II of Book I, where, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to another corporation that is described in paragraph *a.2* or *a.4* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34 (in this section and section 1029.8.34.2 referred to as the “excluded corporation”) as a consequence of the particular corporation and the excluded corporation being controlled at that time by a specified entity, within the meaning of section 1029.8.34.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the excluded corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the excluded corporation for the purposes of the following provisions:

(*a*) subparagraphs ii and iii of paragraphs *b* to *b.2* of the definition of “labour expenditure” in the first paragraph of section 1029.8.34;

(*b*) paragraphs *a.3* and *a.5* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34; and

(*c*) subparagraph 4 of subparagraph i of subparagraph *c.1* of the second paragraph of section 1029.8.34.

Corporation related to an excluded corporation through a third corporation.

Despite Chapter IV of Title II of Book I, where, at any time, a particular corporation would, but for this paragraph, be deemed to be related to an excluded corporation under subsection 2 of section 19 as a consequence of the particular corporation and the excluded corporation being related at that time to the same corporation (in this paragraph referred to as the “third corporation”), no right referred to in paragraph *b* of section 20 that is held by a specified entity in relation to shares of the capital stock of the particular corporation, the excluded corporation and the third corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the excluded corporation for the purposes of the provisions referred to in subparagraphs *a* to *c* of the first paragraph.

History: 2015, c. 21, s. 413; 2015, c. 36, s. 102; 2019, c. 14, s. 319.

Control by related group of persons.

1029.8.34.2. Despite Chapter IV of Title II of Book I, where, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to an excluded corporation as a consequence of the particular corporation and the excluded corporation being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.34.3, neither the shares of the capital stock of the particular corporation and the excluded corporation owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the excluded corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the excluded corporation for the purposes of the following provisions:

(*a*) subparagraphs ii and iii of paragraphs *b* to *b.2* of the definition of “labour expenditure” in the first paragraph of section 1029.8.34;

(*b*) paragraphs *a.3* and *a.5* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34; and

(*c*) subparagraph 4 of subparagraph i of subparagraph *c.1* of the second paragraph of section 1029.8.34.

Exception.

However, the first paragraph does not apply where a specified entity is a member at a particular time of a group of persons that controls several corporations, including the particular corporation and the excluded corporation, and where, at that time, the specified entity acts in concert with

one or more members of that group to control those corporations.

History: 2015, c. 21, s. 413; 2015, c. 36, s. 103; 2019, c. 14, s. 320.

Meaning of “specified entity”.

1029.8.34.3. In sections 1029.8.34.1 and 1029.8.34.2, “specified entity” means

- (a) the Caisse de dépôt et placement du Québec;
- (b) Capital régional et coopératif Desjardins;
- (c) the Financière des entreprises culturelles;
- (d) Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi;
- (e) the Fonds Capital Culture Québec;
- (f) the Fonds de solidarité des travailleurs du Québec (F.T.Q.);
- (g) the Fonds d’investissement de la culture et des communications;
- (h) Investissement Québec;
- (i) the Société de développement des entreprises culturelles; or
- (j) a corporation all the issued capital stock of which, except directors’ qualifying shares, belongs to one or more entities described in any of paragraphs *a* to *i* or in this paragraph.

History: 2015, c. 21, s. 413.

§2. — *Credit*

Credit.

1029.8.35. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing prescribed information, a copy of the favourable advance ruling given or certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a Québec film production and a copy of the qualification certificate referred to in paragraph *a.3* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34, if applicable, is deemed, subject to the second paragraph and sections 1029.8.35.1 to 1029.8.35.3, where the application for an advance ruling has been filed or, in the absence of such an application, where the application for a certificate has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its

tax payable for that year under this Part, an amount equal to the aggregate of

- (a) the amount obtained by multiplying,
 - i. where the property is a property in respect of which the Société de développement des entreprises culturelles has issued a certificate for the purposes of this division to the effect that the property qualifies for the increase applicable to certain French-language productions or to giant-screen films, the amount of the corporation’s qualified labour expenditure for the year in respect of the property by,
 - (1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 36%,
 - (1.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 40%, or
 - (2) in other cases, 39.375% if the taxation year ends before 1 January 2009, or 45% if it ends after 31 December 2008, or
 - ii. where the property is a property in respect of which the Société de développement des entreprises culturelles has not issued the certificate referred to in subparagraph *i*, the amount of the corporation’s qualified labour expenditure for the year in respect of the property by,
 - (1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after

26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 28%,

(1.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 32%, or

(2) in other cases, 29.1667% if the taxation year ends before 1 January 2009, or 35% if it ends after 31 December 2008;

(a.1) where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it for the year by the Société de développement des entreprises culturelles certifying that it qualifies for the year as a regional corporation, and a copy of the document enclosed with the advance ruling given or the certificate issued in relation to the property and respecting the amount of the corporation's expenditure for services rendered outside the Montréal area in respect of the property, the amount obtained by multiplying,

i. where subparagraph i of subparagraph *a* applies in respect of the property, the amount of the corporation's qualified expenditure for services rendered outside the Montréal area for the year in respect of the property by,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, 10%,

(2) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017 and after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8%, or

(3) in any other case, 9.1875% if the taxation year ends before 1 January 2009, or 10% if it ends after 31 December 2008, or

ii. where subparagraph ii of subparagraph *a* applies in respect of the property, the amount of the corporation's qualified expenditure for services rendered outside the Montréal area for the year in respect of the property by,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des

entreprises culturelles in respect of the property after 28 March 2017, 20%,

(2) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017 and after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 16%, or

(3) in any other case, 19.3958% if the taxation year ends before 1 January 2009, or 20% if it ends after 31 December 2008;

(b) where the corporation encloses with the fiscal return it is required to file for the year a copy of the document that is enclosed with the advance ruling given or the certificate issued in relation to the property concerning the amount of the corporation's computer-aided special effects and animation expenditure in respect of the property, and the property is a property referred to in subparagraph ii of subparagraph *a*, the amount obtained by multiplying the corporation's computer-aided special effects and animation expenditure for the year in respect of the property by,

i. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, 10%,

ii. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017 and after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8%, or

iii. in any other case,

(1) if an amount included in computing the corporation's qualified computer-aided special effects and animation expenditure for the year in respect of the property was incurred before 1 January 2009, 10.2083%, or

(2) if subparagraph 1 does not apply, 10%; and

(c) one of the following amounts:

i. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, and where the corporation encloses with the fiscal return it is required to file for the year a copy of the

valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property certifying that the property qualifies for the tax credit enhancement determined by reference to public financial assistance, the amount obtained by multiplying its qualified labour expenditure by the rate determined by the formula

$$16\% \times [(32\% - A)/32\%], \text{ or}$$

ii. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017, and where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property certifying that the property qualifies for the tax credit enhancement applicable to certain productions that do not receive an amount of financial assistance granted by a public body and that none of the amounts of assistance referred to in subparagraphs ii to viii.5 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted for the production of the property,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8% of the corporation's qualified labour expenditure for the year in respect of the property, or

(2) in any other case, 10% of the portion of its qualified labour expenditure for the year in respect of the property that may reasonably be considered to be attributable to a labour expenditure incurred after 31 December 2008 in respect of the property.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to

the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Exceptions.

However, this section does not apply

(a) in respect of a property, where, as a consequence of agreements entered into as part of the financing of the production of the property or as a consequence of a series of transactions or events related to such financing, an individual resident in Québec at the end of a taxation year or a partnership any member of which, at the end of its fiscal period ending in a taxation year, is such an individual at the end of that year or such a partnership, may deduct, under section 130 or 130.1, an amount in respect of the property or any part thereof in computing his or its income from a business or property for such a taxation year or fiscal period, as the case may be; or

(b) in respect of a qualified expenditure for services rendered outside the Montréal area, a qualified computer-aided special effects and animation expenditure or a qualified labour expenditure of a corporation for a particular taxation year or a subsequent taxation year in respect of a property all or any part of which, in circumstances other than those described in subparagraph *a* and on or before the earlier of the first day on which the property is used for commercial purposes and the first anniversary of the day on which the main filming or taping was completed, was acquired by an individual resident in Québec at the end of any taxation year of that individual or by a partnership any member of which, at the end of any of the partnership's fiscal periods, is such an individual at the end of the individual's taxation year in which the fiscal period ends or such a partnership, where,

i. in the case where the particular year and, where such is the case, the fiscal period of the partnership end in the individual's taxation year, the individual, or the partnership, may deduct, under section 130 or 130.1, an amount in respect of the property or that part thereof in computing his or its income from a business or property for that taxation year or that fiscal period, as the case may be, and

ii. in other cases, it may reasonably be expected, on or before the person's or the partnership's filing-due date for the particular year, that the individual, or the partnership, is entitled to deduct, under section 130 or 130.1, an amount in respect of the property or that part thereof in computing his or its income from a business or property for a taxation year subsequent to that in which the particular year ends or for a

fiscal period following that in which the particular year ends, as the case may be.

Formula elements.

In the formula in subparagraph i of subparagraph c of the first paragraph, A is the proportion that the aggregate of all amounts each of which is the amount of financial assistance granted for the production of the property and referred to in any of subparagraphs ii to viii.5 of subparagraph c of the second paragraph of section 1029.6.0.0.1 is of the aggregate of the production costs attributable to the production of the property that would be referred to in subparagraph i of paragraph b of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.34 if that subparagraph i were read as if “incurred by the corporation before the end of the year” were replaced by “incurred by the corporation”.

History: 1992, c. 1, s. 177; 1993, c. 19, s. 123; 1993, c. 64, s. 168; 1994, c. 21, s. 50; 1994, c. 21, s. 66; O.C. 216-95; 1995, c. 63, s. 175 [amended by 1997, c. 14, s. 375]; 1997, c. 3, s. 71; 1997, c. 14, s. 220; 1997, c. 14, s. 375; 1997, c. 31, s. 115; 1997, c. 85, s. 255; 1999, c. 83, s. 190; 2000, c. 39, s. 144; 2001, c. 51, s. 106; 2002, c. 9, s. 57; 2002, c. 40, s. 136; 2003, c. 9, s. 199; 2004, c. 21, s. 301; 2005, c. 23, s. 154; 2005, c. 38, s. 241; 2007, c. 12, s. 148; 2010, c. 5, s. 143; 2010, c. 25, s. 126; 2011, c. 1, s. 62; 2012, c. 8, s. 190; 2015, c. 21, s. 414; 2015, c. 24, s. 136; 2015, c. 36, s. 104; 2017, c. 1, s. 274; 2019, c. 14, s. 321.

Corresponding Federal Provision: 125.4(3).

1029.8.35.0.1. (*Repealed*).

History: 1999, c. 83, s. 191; 2000, c. 39, s. 145; 2001, c. 51, s. 107; 2002, c. 9, s. 58; 2012, c. 8, s. 191.

Maximum tax credit for a taxation year ending before 1 January 2009.

1029.8.35.1. The amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable under this Part for a taxation year that ends before 1 January 2009 in respect of a property must not exceed the amount by which \$2,187,500 exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that section in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.2 in respect of the property for a preceding taxation year.

Coproduction.

For the purposes of the first paragraph, where the property is co-produced by the corporation and one or more other qualified corporations, the amount of \$2,187,500 is replaced by the amount obtained by applying to \$2,187,500 the corporation’s share, expressed as a percentage, of the production costs in relation to the production of the property

that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property.

History: 1997, c. 85, s. 256; 1999, c. 83, s. 192; 2001, c. 51, s. 108; 2002, c. 9, s. 59; 2004, c. 21, s. 302; 2005, c. 23, s. 155; 2010, c. 5, s. 144; 2010, c. 25, s. 127.

Tax credit increase amount — qualified labour expenditure.

1029.8.35.1.1. For the purposes of subparagraph a of the first paragraph of section 1029.8.35 in respect of property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 2 December 2014, but before 1 January 2017, the qualified labour expenditure of a corporation for a particular taxation year in respect of the property is deemed to be equal to 102/100 of the qualified labour expenditure otherwise determined.

History: 2015, c. 24, s. 137.

1029.8.35.2. (*Repealed*).

History: 1997, c. 85, s. 256; 1999, c. 83, s. 193; 2001, c. 51, s. 109; 2003, c. 9, s. 200; 2004, c. 21, s. 303; 2005, c. 23, s. 156; 2009, c. 15, s. 234; 2010, c. 5, s. 145; 2010, c. 25, s. 128.

Maximum amount of assistance.

1029.8.35.3. The amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable for a taxation year under this Part in respect of property, must not exceed the amount obtained by multiplying the amount of the qualified labour expenditure for the year in respect of the property by

(a) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017,

i. if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 62%, or

ii. if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 66%;

(a.0.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or

where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015 and before 29 March 2017, if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 52%;

(a.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015 and before 29 March 2017, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 56%; or

(b) in other cases,

i. 48.5625%, if the taxation year ends before 1 January 2009, or

ii. 65%, if the taxation year ends after 31 December 2008.

History: 2001, c. 51, s. 110; 2004, c. 21, s. 304; 2010, c. 5, s. 146; 2010, c. 25, s. 129; 2015, c. 21, s. 415; 2015, c. 24, s. 138; 2015, c. 36, s. 105; 2019, c. 14, s. 322.

Reduction of the production cost, cost or capital cost.

1029.8.36. For the purposes of this Part, the amount that a corporation is deemed, under section 1029.8.35, to have paid to the Minister for a taxation year in respect of a property that is a Québec film production, shall reduce for that year the production cost, cost or capital cost, as the case may be, of the property to it, to the extent that the amount can reasonably be attributable to such production cost, cost or capital cost, as the case may be.

History: 1992, c. 1, s. 177; 1993, c. 19, s. 124; 1995, c. 63, s. 176; 1997, c. 3, s. 71.

DIVISION II.6.0.0.1 CREDIT FOR FILM DUBBING

Definitions:

1029.8.36.0.0.1. In this division,

“eligible dubbing service”;

“eligible dubbing service” in relation to the production of a property that is a qualified production means

(a) where the property is a feature film for theatres, any of the following services:

- i. the performance of actors,
- ii. adaptation, that is, translation of dialogue,

iii. detection, that is, writing of synchronized dialogue, using conventional signs, of all the dialogue and mouth movements of all the characters of the original version,

iv. calligraphy/grid/typing, that is, recopying the adapted text, taking into account the synchronization indications from detection, to be read by the actors during the recording of the dubbed version,

v. stage management, that is, directing the actors during the recording,

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

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

vi. the production of film titles, that is, the photography on neutral backgrounds of opening and closing credits and, as the case may be, of subtitles, to produce the negative of the titles for the dubbed version, to be used for the production of distribution copies, and

vii. optical transfer, that is, recording of the sound on a negative to be matched with the negative of the picture to produce distribution copies for theatres; and

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

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

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

“film dubbing expenditure”;

“film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means, subject to the second paragraph, the aggregate of

(a) the salaries or wages directly attributable to the property that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for the certificate, to the extent that they relate to eligible dubbing services rendered in Québec before the completion date of the dubbed master copy of the property or after that date within a period that is reasonable to the

Minister but that must not extend beyond the date that is 18 months after the end of the corporation's fiscal period that includes the completion date of the dubbed master copy, and that are paid by the corporation to its employees resident in Québec at any time in the calendar year in which they rendered the eligible dubbing services; and

(b) the consideration that is incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the consideration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for the certificate, to the extent that they relate to eligible dubbing services rendered in Québec before the completion date of the dubbed master copy of the property or after that date within a period that is reasonable to the Minister but that must not extend beyond the date that is 18 months after the end of the corporation's fiscal period that includes the completion date of the dubbed master copy, by an individual resident in Québec at any time in the calendar year in which the individual renders the eligible dubbing services or by a corporation or partnership having an establishment in Québec, other than an employee of the corporation, as part of the production of the property and that is paid by the corporation;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a business that consists in the rendering of dubbing services and that is a qualified business, but does not include

(a) (subparagraph repealed);

(b) a corporation that is exempt from tax for the year under Book VIII; or

(c) a corporation that would be exempt from tax for the year under section 985 but for section 192;

(d) (subparagraph repealed);

“qualified film dubbing expenditure”;

“qualified film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means, where the taxation year begins after 27 March 2018, the amount referred to in paragraph a and, in any other case, the lesser of

(a) the amount by which

i. the aggregate of

(1) the film dubbing expenditure of the corporation for the year in respect of the production of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that

is referred to, in relation to the production of the property, in subparagraph ii or in subparagraph d of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the production of the property, the film dubbing expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified film dubbing expenditure of the corporation in respect of the production of the property, for a taxation year preceding the year, exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.1 for a year preceding the year by reason of subparagraph i of subparagraph b of the first paragraph of section 1129.4.0.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a film dubbing expenditure of the corporation for a taxation year preceding the year in respect of the production of the property, to the extent that the amount has not, under subparagraph i of subparagraph d of the second paragraph, reduced the film dubbing expenditure of the corporation for that preceding year, and

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to a film dubbing expenditure of the corporation for a taxation year preceding the year in respect of the production of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, under subparagraph ii of subparagraph d of the second paragraph, reduced the amount of the film dubbing expenditure of the corporation for that preceding year; and

(3) the amount of any government assistance and non-government assistance that a person or partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the production of the property, is attributable to eligible dubbing services rendered by the person or partnership that are referred to in paragraph b of the definition of “film dubbing expenditure”, to the extent that the amount has not, under subparagraph iii of subparagraph d

of the second paragraph, reduced the film dubbing expenditure of the corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 45% of the consideration paid to the qualified corporation in the year or a preceding taxation year for the performance of the dubbing contract in relation to the production of the property, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified film dubbing expenditure of the corporation in respect of the production of the property, for a taxation year preceding the year, exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.1 for a taxation year preceding the year in respect of the production of the property;

“qualified production”;

“qualified production” for a taxation year of a corporation means the dubbed version of a production in respect of which the Société de développement des entreprises culturelles certifies, on the certificate it issues to the corporation in respect of the dubbed version, that the dubbed version qualifies for the purposes of this division;

“salary or wages”.

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

Special rules governing film dubbing expenditure of a corporation.

For the purposes of the definition of “film dubbing expenditure” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *b* of that definition, the portion of the consideration paid by the corporation to a person or partnership with whom or with which the corporation was not dealing at arm’s length at the time the person or partnership undertook to provide eligible dubbing services as part of the production of the property shall not exceed the fair market value of the eligible dubbing services rendered in Québec by the person or partnership as part of the production of the property;

(b) for the purposes of paragraph *b* of that definition, the portion of the consideration paid by the corporation for the provision of a service referred to in subparagraph *vi* of paragraph *a* of the definition of “eligible dubbing service” in the first paragraph is deemed to be equal to 30% of that portion of the consideration, and that portion of the consideration paid by the corporation for the provision of a service referred to in subparagraph *vii* of that paragraph *a* is deemed to be equal to 20% of that portion of the consideration;

(c) for the purposes of paragraph *b* of that definition, the consideration paid by the corporation for the provision of

eligible dubbing services shall not include the portion of that consideration that is the Québec sales tax or the goods and services tax in respect of those services;

(c.1) *(subparagraph repealed);*

(d) the amount of the film dubbing expenditure of a corporation for a taxation year in respect of the production of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds either to the salaries or wages described in paragraph *a* of that definition or to the consideration or the portion of the consideration described in paragraph *b* of that definition, that are included in that film dubbing expenditure of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the consideration or the portion of the consideration described in paragraph *b* of that definition, the amount of any government assistance and non-government assistance that a person or partnership with whom or with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to eligible dubbing services rendered in Québec by that person or partnership referred to in that paragraph; and

(e) where, for a taxation year, a corporation is not a qualified corporation, its film dubbing expenditure for the year in respect of the production of a property is deemed to be nil.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of the production of a property that is a qualified production, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a

taxation year under section 1029.8.36.0.0.2, in respect of the production of the property,

i. because of subparagraph *d* of the second paragraph, a film dubbing expenditure of the corporation in respect of the production of the property, or

ii. because of subparagraph ii of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph, a qualified film dubbing expenditure of the corporation in respect of the production of the property;

(*b*) was not received by the corporation, the other person or the partnership; and

(*c*) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Special rules governing qualified film dubbing expenditure of a corporation.

For the purposes of subparagraph i of paragraph *b* of the definition of “qualified film dubbing expenditure” in the first paragraph, the following rules apply:

(*a*) the consideration paid for the performance of a dubbing contract to the qualified corporation by a taxpayer with whom the corporation was not dealing at arm’s length at the time the contract was entered into shall not exceed the fair market value of the services rendered by the qualified corporation for the performance of the dubbing contract; and

(*b*) the consideration paid for the performance of a dubbing contract to the qualified corporation shall not include the portion of that consideration that is the Québec sales tax or the goods and services tax in respect of that contract.

Qualified film dubbing expenditure.

For the purposes of the definition of “qualified film dubbing expenditure” in the first paragraph, the following rules apply:

(*a*) the definition is to be read as if

i. “20/7” were replaced wherever it appears by “25/7”, in the case of a production referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.0.2,

ii. “20/7” were replaced wherever it appears by “10/3”, in the case of a production referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.2, and

iii. “20/7” were replaced wherever it appears by “100/29.1667”, in the case of a production referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.0.2; and

(*b*) an expenditure that would, but for this subparagraph, be a film dubbing expenditure of a corporation for a particular taxation year in respect of the production of a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.2 for that particular year, in respect of the production of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in that particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the production of the property.

History: 1999, c. 83, s. 194; 2000, c. 5, s. 256; 2001, c. 7, s. 169; 2001, c. 51, s. 228; 2002, c. 9, s. 60; 2003, c. 9, s. 201; 2004, c. 21, s. 305; 2005, c. 1, s. 231; 2006, c. 13, s. 113; 2006, c. 36, s. 127; 2007, c. 12, s. 149; 2009, c. 15, s. 235; 2010, c. 5, s. 147; 2011, c. 1, s. 63; 2013, c. 10, s. 105; 2015, c. 21, s. 416; 2015, c. 36, s. 106; 2019, c. 14, s. 323.

Credit.

1029.8.36.0.0.2. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles specifying that the dubbed version of a production is a qualified production for the purposes of this division and the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, if the application for a certificate has been filed in respect of the production with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to

(*a*) in the case of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 30 March 2010,

i. 35% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production, if the dubbing is completed either before 1 September 2014 or after 26 March 2015, or

ii. 28% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production, if the dubbing is completed after 31 August 2014 and before 27 March 2015;

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

expenditure for the year in respect of the production of that qualified production; and

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

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 1999, c. 83, s. 194; 2003, c. 9, s. 202; 2004, c. 21, s. 306; 2007, c. 12, s. 150; 2010, c. 5, s. 148; 2011, c. 1, s. 64; 2015, c. 21, s. 417; 2015, c. 36, s. 107.

1029.3.36.0.0.3. (Repealed).

History: 1999, c. 83, s. 194; 2004, c. 21, s. 307; 2012, c. 8, s. 192.

DIVISION II.6.0.0.2

FILM PRODUCTION SERVICES CREDIT

Definitions:

1029.3.36.0.0.4. In this division,

“computer-aided special effects and animation expenditure”;

“computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a qualified production or a qualified low-budget production means

(a) where the corporation is not a qualified corporation for the year, an amount equal to zero; and

(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation

for the year that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on as part of the production of the property and that is specified, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the favourable advance ruling given to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion of either the amount described in paragraph *a* of the definition of “labour expenditure” or an amount described in any of subparagraphs i to iv of paragraph *b* of that definition, that is included in that portion of the corporation’s labour expenditure for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular portion that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular portion that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular portion is the portion of an amount described in any of subparagraphs i to iv of paragraph *b* of the definition of “labour expenditure”, the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in that subparagraph and that relate to the particular portion;

“eligible employee”;

“eligible employee” of an individual, a corporation or a partnership means, in respect of a property that is a qualified production or a qualified low-budget production, an employee resident in Québec at any time in the calendar year in which the employee renders, as part of the production of the property, services referred to in paragraph *a* of the definition of “labour expenditure” or in any of subparagraphs i, ii and iv of paragraph *b* of that definition;

“eligible individual”;

“eligible individual” means, in respect of a property that is a qualified production, an individual resident in Québec at any time in the calendar year in which the individual renders, as part of the production of the property, services referred to in

paragraph *a* of the definition of “labour expenditure” or in any of subparagraphs *i*, *ii* and *iv* of paragraph *b* of that definition;

“eligible production costs”;

“eligible production costs” to a corporation for a taxation year, in respect of a property that is a qualified production, means the amount by which the amount determined in the fifth paragraph in respect of the property for the year is exceeded by the aggregate of

(a) the production costs to the corporation for the year in respect of the property;

(b) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph *c* of the third paragraph or in the fifth paragraph in respect of a taxation year for which the corporation is a qualified corporation; and

(c) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the production costs to the corporation or an amount determined under paragraph *b*, exceeds the amount by which the aggregate of all amounts each of which is the eligible production costs to the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and that precedes the year, exceeds 500% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a taxation year preceding the year by reason of subparagraph *i.1* of subparagraph *b* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in the fifth paragraph;

“excluded corporation”;

“excluded corporation” for a taxation year means a corporation that

(a) (*subparagraph repealed*);

(b) is exempt from tax for the year under Book VIII;

(c) is controlled, directly or indirectly in any manner whatever, by one or more corporations exempt from tax under Book VIII at any time in the year and whose mission is cultural;

(d) (*subparagraph repealed*);

(e) is holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission; or

(f) is not, at any time in the year or during the 24 months preceding the year, dealing at arm’s length with another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de

développement des entreprises culturelles for the purposes of this division;

“excluded production”;

“excluded production” means a Québec film production, within the meaning of the first paragraph of section 1029.8.34, in respect of which an amount is deemed to have been paid to the Minister under Division II.6;

“labour cost attributable to computer-aided special effects and animation”;

“labour cost attributable to computer-aided special effects and animation” of a corporation for a taxation year, in respect of a property that is a qualified production, means

(a) where the corporation is not a qualified corporation for the year, an amount equal to zero; and

(b) in any other case, an amount equal to the amount by which the aggregate of all amounts each of which is the portion (in this paragraph referred to as the “particular portion”) of an amount described in any of paragraphs *a* to *c* of the definition of “production costs” that is included in the corporation’s production costs for the year in respect of the property, that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on as part of the production of the property and that is specified, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the favourable advance ruling given to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular portion that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular portion that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular portion relates to the portion of the cost of a contract or to other costs described in paragraph *c* of the definition of “production costs”, the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered in Québec as part of the production of the property by the other person or the partnership under the contract;

“labour expenditure”;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second paragraph, the aggregate of

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling, to the extent that they relate to services rendered in Québec in relation to the stages of production of the property, from the script stage to the post-production stage, or in relation to another stage of production of the property that is carried out after the post-production stage within a period that is reasonable to the Minister but that must not extend beyond the date that is 18 months after the end of the corporation’s fiscal period that includes the taping date of the first trial composite of the property, and that are paid by the corporation to its eligible employees at the time when the corporation first files with the Minister the prescribed form containing the prescribed information provided for in the first paragraph of section 1029.8.36.0.0.5 for that taxation year;

(b) the portion of the remuneration, other than salary or wages, that is incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that was incurred by the corporation in a year preceding the year in which the corporation filed the application for the advance ruling, that is directly attributable to the production of the property and that relates to services rendered in Québec during the year to the corporation, in relation to the stages of production of the property referred to in paragraph *a*, and that is paid by the corporation at the time when the corporation first files with the Minister the prescribed form containing the prescribed information provided for in the first paragraph of section 1029.8.36.0.0.5 for that taxation year,

i. to an eligible individual, to the extent that that portion of the remuneration is reasonably attributable either to services personally rendered in Québec by the eligible individual as part of the production of the property or to the wages of the individual’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,

ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or a corporation that is not dealing at arm’s length with a corporation holding such a licence, to the extent that that portion of the remuneration is

reasonably attributable to the wages of the particular corporation’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,

iii. to a corporation having an establishment in Québec all the issued capital stock of which, except directors’ qualifying shares, belongs to an eligible individual and the activities of which consist principally in the provision of the eligible individual’s services, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec by the eligible individual as part of the production of the property, or

iv. to a partnership carrying on a business in Québec and having an establishment in Québec, to the extent that that portion of the remuneration is reasonably attributable either to services rendered in Québec, as part of the production of the property, by an eligible individual who is a member of the partnership, or to the wages of the partnership’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property; and

(c) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the labour expenditure of the corporation in respect of the property for the particular year because of paragraph *a* or *b* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid to the same person or partnership as it was paid by the particular corporation;

“post-production”;

“post-production” of a property means the stage of production of the property that includes all the activities that follow the shooting of the property, in particular transcoding and duplication of the property, digitization, compression and duplication of DVDs and CD-ROMs, video-on-demand encoding, subtitling of films, captioning for persons with a hearing impairment and video description for persons with a visual impairment;

“production costs”;

“production costs” to a corporation for a taxation year, in respect of a property that is a qualified production, means, subject to the third paragraph, the aggregate of

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling, that are incurred by the corporation in a year preceding that year, to the extent that they relate to services rendered in Québec in relation to the stages of production of the property, from the script stage to the post-production

stage, or in relation to another stage of production of the property that is carried out after the post-production stage within a period that is reasonable to the Minister but that must not extend beyond the date that is 18 months after the end of the corporation's fiscal period that includes the taping date of the first trial composite of the property;

(b) the employer's contributions and other employment-related costs established under an Act of Québec or of Canada that the corporation is required to pay for the year and, if applicable, a year preceding that year, in respect of salaries or wages referred to in paragraph *a*, except the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);

(c) the portion of the cost of a contract and the other costs related to the contract that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling, that are incurred by the corporation in a year preceding that year, that are directly attributable to the production of the property, to the extent that that portion and the other costs relate to services rendered in Québec to the corporation in relation to the stages of production of the property that are referred to in paragraph *a*, except the costs related to the financing of the property;

(d) the cost that is incurred by the corporation in the year in respect of the acquisition, rental or leasing, in Québec, of a particular property that is a corporeal property, including software, and, where the year is the taxation year in which the corporation files an application for an advance ruling, that is incurred by the corporation in that respect in a year preceding that year, that is directly attributable to the production of the property, to the extent that

i. the cost relates to the use of the particular property in Québec in relation to the stages of production of the property that are referred to in paragraph *a*, and

ii. the cost is incurred with

(1) an individual who is resident in Québec at the time the particular property is acquired, rented or leased as part of the production of the property, or

(2) a corporation or partnership that is carrying on a business in Québec and has an establishment in Québec at the time the particular property is acquired, rented or leased as part of the production of the property;

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

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

ii. if either the point of departure or the point of arrival is situated in Québec, the expenses are incurred with a travel agent who is an individual resident in Québec at the time the travel agent services are rendered, or who is a corporation or partnership that carries on a business in Québec and has an establishment in Québec at that time;

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

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

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

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

(e) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the production costs to the corporation in respect of the property for the particular year because of any of paragraphs *a* to *d.3* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid to the same person or partnership as it was paid by the particular corporation;

“qualified computer-aided special effects and animation expenditure”;

“qualified computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a qualified production or a qualified low-budget production means the amount by which

(a) the aggregate of

i. the computer-aided special effects and animation expenditure of the corporation for the year in respect of the property,

ii. any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant

to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in paragraph *b* or in paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in respect of a taxation year for which the corporation is a qualified corporation, and

iii. the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the computer-aided special effects and animation expenditure of the corporation or an amount determined under subparagraph ii, exceeds the amount by which the aggregate of all amounts each of which is the qualified computer-aided special effects and animation expenditure of the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and which precedes the year, exceeds 625% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a year preceding the year by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in paragraph *b*; exceeds

(*b*) the aggregate of

i. the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph i of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year,

ii. the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, pursuant to subparagraph ii of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year, and

iii. the amount of any government assistance and non-government assistance that an eligible individual,

another corporation or a partnership with whom or with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *b* of the definition of “labour expenditure” and that relate to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of that property, to the extent that the amount has not, under subparagraph iii of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year;

“qualified corporation”;

“qualified corporation” for a taxation year in respect of a property that is a qualified production or a qualified low-budget production means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec and the activities of which consist principally in the carrying on in Québec of a film or television production business, or a film or television production services business, that is a qualified business, and in respect of which the Société de développement des entreprises culturelles issues a certificate for the purposes of this definition as part of the favourable advance ruling it gives in respect of the property;

“qualified labour cost attributable to computer-aided special effects and animation”;

“qualified labour cost attributable to computer-aided special effects and animation” of a corporation for a taxation year, in respect of a property that is a qualified production, means the amount by which the amount described in the fourth paragraph in respect of the property for the year is exceeded by the aggregate of

(*a*) the corporation’s labour cost attributable to computer-aided special effects and animation for the year in respect of the property;

(*b*) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in paragraph *b* of the definition of “labour cost attributable to computer-aided special effects and animation” or in the fourth paragraph in respect of a taxation year for which the corporation is a qualified corporation; and

(*c*) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation’s labour cost attributable to computer-aided special effects and animation or an amount determined under paragraph *b*, exceeds the amount by which the aggregate of all amounts each of which

is the corporation's qualified labour cost attributable to computer-aided special effects and animation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and which precedes the year, exceeds 625% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a year preceding the year by reason of subparagraph i.1 of subparagraph *b* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in the fourth paragraph;

“qualified labour expenditure”;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means the amount by which

(a) the aggregate of

i. the labour expenditure of the corporation for the year in respect of the property,

ii. any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in paragraph *b* or in subparagraph *d* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, and

iii. the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph ii, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and which precedes the year, exceeds 100/11, 500% or 400%, as the case may be, of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a taxation year preceding the year by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in paragraph *b*; exceeds

(b) the aggregate of

i. the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, by virtue of subparagraph i of subparagraph *d* of the second paragraph,

reduced the labour expenditure of the corporation for that preceding year,

ii. the amount of any reimbursement of an expenditure made to the corporation by a subsidiary wholly-owned corporation of the corporation where that subsidiary includes, by virtue of paragraph *c* of the definition of “labour expenditure”, that amount in its labour expenditure for a taxation year in respect of a property that is a qualified production,

iii. the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, by virtue of subparagraph ii of paragraph *d* of the second paragraph, reduced the amount of that labour expenditure of the corporation for that preceding year, and

iv. the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *b* of the definition of “labour expenditure”, to the extent that the amount has not, under subparagraph iii of subparagraph *d* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year in respect of the property;

“qualified low-budget production”;

“qualified low-budget production” for a taxation year means a property that is a production, other than a qualified production or an excluded production, in respect of which an application for an approval certificate was filed with the Société de développement des entreprises culturelles before 29 March 2017 and in respect of which the Société de développement des entreprises culturelles certifies, on the approval certificate it issues to a corporation in respect of the production, that the production is recognized as a qualified low-budget production for the purposes of this division;

“qualified production”;

“qualified production” for a taxation year means a property that is a production, other than a qualified low-budget production or an excluded production, in respect of which the Société de développement des entreprises culturelles certifies, on the approval certificate it issues to a corporation

in respect of the production, that the production is recognized as a qualified production for the purposes of this division;

“salary or wages”.

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

Special rules governing labour expenditure of a corporation.

For the purposes of the definition of “labour expenditure” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to a property that is a qualified production are, where an eligible employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the production of the property;

(b) remuneration, including a salary or wages, does not include remuneration determined by reference to profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) *(subparagraph repealed)*;

(d) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds either to the salaries or wages described in paragraph *a* of that definition or to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm’s length

has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in that subparagraph;

(e) the labour expenditure of a corporation for a taxation year in respect of a property shall not include an amount that is not included in the production cost to the corporation of the property or that relates to advertising, marketing, promotion or market research, or an amount related in any way to another property;

(f) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property is deemed nil; and

(g) the labour expenditure of a corporation for a taxation year in respect of a property is deemed to be nil, where the Société de développement des entreprises culturelles specifies in the favourable advance ruling it gives in respect of the property that the main filming or taping in Québec in respect of the property is carried out after 12 June 2009.

Special rules in respect of production costs.

For the purposes of the definition of “production costs” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to a property that is a qualified production are, where an employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages that may reasonably be considered to relate to the production of the property;

(b) an amount may not be included in the production costs to a corporation in respect of a property if the amount is remuneration determined by reference to profits or revenues derived from the operation of the property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) the amount of the production costs to a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of a particular amount that is included in those production costs, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount relates to the portion of the cost of a contract and to other costs described in paragraph *c* of that definition, the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, that is attributable to services rendered in Québec as part of the production of the property by the other person or the partnership under the contract;

(*d*) an amount described in any of paragraphs *a* to *c* of that definition that may reasonably be considered to be attributable to services rendered as part of the production of a property by a person as a producer, author, scriptwriter, director, art director, director of photography, musical director, composer, orchestra conductor, editor, visual effects supervisor, actor in a speaking role or performer, may be included in the production costs to the corporation for a taxation year in respect of the property only if that person is resident in Québec at the time the person renders such services as part of the production of the property;

(*e*) (*subparagraph repealed*);

(*f*) the cost incurred by a corporation in a taxation year in respect of the acquisition of a particular property that is a corporeal property, including software, that is used in Québec by the corporation as part of the production of a property and that is, for the corporation, a depreciable property of a prescribed class is an amount equal to the portion of the depreciation of the particular property for the year, determined in accordance with the generally accepted accounting principles, relating to the use of the particular property by the corporation in that year, as part of the production of the property;

(*g*) the cost incurred by a corporation in a taxation year in respect of the rental or leasing of a particular property that is a corporeal property, including software, as part of the production of a property corresponds to the portion of that cost that may reasonably be attributed to the use in Québec of the particular property by the corporation in that year as part of the production of the property;

(*h*) (*subparagraph repealed*);

(*i*) the production costs to a corporation for a taxation year in respect of a property must not include an amount that is not included in the production cost of the property or that

relates to advertising, marketing, promotion or market research, or an amount related in any way to another property; and

(*j*) where, for a taxation year, a corporation is not a qualified corporation, its production costs for the year in respect of a property are deemed to be nil.

Qualified labour cost attributable to computer-aided special effects and animation.

The amount to which the definition of "qualified labour cost attributable to computer-aided special effects and animation" in the first paragraph refers for the purpose of determining a corporation's qualified labour cost attributable to computer-aided special effects and animation for a taxation year, in respect of a property that is a qualified production, is equal to the aggregate of

(*a*) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to the corporation's labour cost attributable to computer-aided special effects and animation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph *i* of paragraph *b* of the definition of "labour cost attributable to computer-aided special effects and animation" in the first paragraph, reduced the amount of the cost for that preceding year;

(*b*) the amount of any benefit or advantage that a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to the labour cost attributable to computer-aided special effects and animation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, pursuant to subparagraph *ii* of paragraph *b* of the definition of "labour cost attributable to computer-aided special effects and animation" in the first paragraph, reduced the amount of the cost for that preceding year; and

(*c*) the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to services rendered in Québec by the other person or the partnership as part of the production of the property under a contract referred to in paragraph *c* of the definition of "production costs" in the first paragraph and relating to the corporation's labour cost attributable to computer-aided special effects and animation for a taxation year preceding the year in respect of the

property, to the extent that that amount has not, pursuant to subparagraph iii of paragraph *b* of the definition of “labour cost attributable to computer-aided special effects and animation” in the first paragraph, reduced the amount of the cost for that preceding year.

Eligible production costs.

The amount to which the definition of “eligible production costs” in the first paragraph refers for the purpose of determining the amount of those costs to a corporation for a taxation year, in respect of a property that is a qualified production, is equal to the aggregate of

(a) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to production costs to the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph i of paragraph *b* of the definition of “production costs” in the first paragraph, reduced the amount of those costs for that preceding year;

(b) the amount of any benefit or advantage that a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, that is attributable to the corporation’s production costs for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, pursuant to subparagraph ii of paragraph *b* of the definition of “production costs” in the first paragraph, reduced the amount of those costs for that preceding year; and

(c) the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to services rendered in Québec as part of the production of the property by the other person or the partnership under a contract referred to in paragraph *c* of the definition of “production costs” in the first paragraph and relating to the corporation’s production costs for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph iii of paragraph *b* of that definition, reduced the amount of those costs for that preceding year.

Special rules in respect of production costs.

For the purposes of this division, an expenditure that would, but for this paragraph, qualify as a corporation’s “production costs” for a particular taxation year in respect of the production of a property, such expenditure being otherwise

incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.5 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property.

Deemed repayment of assistance.

For the purposes of subparagraph ii of paragraph *a* of the definitions of “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph and for the purposes of paragraph *b* of the definitions of “eligible production costs” and “qualified labour cost attributable to computer-aided special effects and animation” in that paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is a qualified production or a qualified low-budget production, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.5, in respect of the property,

i. because of paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph, a qualified computer-aided special effects and animation expenditure of the corporation,

ii. because of subparagraph *d* of the second paragraph, a labour expenditure of the corporation in respect of the production of the property,

iii. because of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, a qualified labour expenditure of the corporation in respect of the property,

iv. because of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph, a computer-aided special effects and animation expenditure of the corporation,

v. because of paragraph *b* of the definition of “qualified labour cost attributable to computer-aided special effects and animation” in the first paragraph, the corporation’s qualified

labour cost attributable to computer-aided special effects and animation in respect of the property,

vi. because of paragraph *b* of the definition of “labour cost attributable to computer-aided special effects and animation” in the first paragraph, the corporation’s labour cost attributable to computer-aided special effects and animation in respect of the property,

vii. because of paragraph *b* of the definition of “eligible production costs” in the first paragraph, eligible production costs to the corporation in respect of the property, or

viii. because of subparagraph *c* of the third paragraph, production costs to the corporation in respect of the property;

(*b*) was not received by the corporation, the other person or the partnership; and

(*c*) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Corporation whose mission is cultural.

For the purposes of paragraph *c* of the definition of “excluded corporation” in the first paragraph, a corporation whose mission is cultural does not include a corporation whose mandate consists in making investments.

Remuneration based on profits and revenues.

For the purposes of subparagraph *b* of the second and third paragraphs, remuneration based on the profits and revenues derived from the operation of a property that is a qualified production does not include remuneration that

(*a*) is determined in particular on the basis of the area contemplated for the distribution or broadcasting of the property;

(*b*) is incurred totally in connection with the stages of production of the property referred to in paragraph *a* of the definition of “labour expenditure” in the first paragraph; and

(*c*) may not be reimbursed if the property is not operated as first anticipated.

Advantage from proceeds of disposition of property.

For the purposes of subparagraph ii of subparagraph *c* of the third paragraph and the fifth paragraph, the amount of an advantage attributable to production costs includes the portion of the proceeds of disposition for a corporation of a particular property used by it as part of the production of a property that is a qualified production that relates to the portion of the cost of acquisition of the particular property that is already included in the production costs of the property up to the portion of the cost of acquisition of the

particular property that is already included in the production costs of the property.

Special rules.

For the purpose of determining, for a taxation year, the qualified labour cost attributable to computer-aided special effects and animation, the qualified computer-aided special effects and animation expenditure and the eligible production costs of a corporation in respect of a property for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on or before 31 August 2014, the following rules apply:

(*a*) the definitions of “qualified labour cost attributable to computer-aided special effects and animation” and “qualified computer-aided special effects and animation expenditure” in the first paragraph are to be read, in respect of the property, as if “625%” were replaced by “500%”; and

(*b*) the definition of “eligible production costs” in the first paragraph is to be read, in respect of the property, as if “500%” were replaced by “400%”.

History: 1999, c. 83, s. 194; 2000, c. 5, s. 257; 2001, c. 7, s. 145; 2001, c. 51, s. 111; 2002, c. 9, s. 61; 2003, c. 9, s. 203; 2004, c. 21, s. 308; 2005, c. 1, s. 232; 2005, c. 23, s. 157; 2005, c. 38, s. 242; 2006, c. 13, s. 114; 2006, c. 36, s. 128; 2007, c. 12, s. 151; 2009, c. 15, s. 236; 2010, c. 5, s. 149; 2010, c. 25, s. 130; 2011, c. 1, s. 65; 2011, c. 34, s. 74; 2012, c. 8, s. 193; 2013, c. 10, s. 106; 2015, c. 21, s. 418; 2015, c. 36, s. 108; 2019, c. 14, s. 324.

Corresponding Federal Provision: 125.5(1) and (2).

Corporation related to a television broadcaster by reason of a right in relation to shares.

1029.8.36.0.0.4.1. Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission (in this section and section 1029.8.36.0.0.4.2 referred to as the “television broadcaster”) as a consequence of the particular corporation and the television broadcaster being controlled at that time by a specified entity, within the meaning of section 1029.8.36.0.0.4.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation

(*a*) is, at that time, not dealing at arm’s length with the television broadcaster for the purposes of subparagraph ii of paragraph *b* of the definition of “labour expenditure” in the

first paragraph of section 1029.8.36.0.0.4 and subparagraphs i and ii of subparagraph *e* of the third paragraph of that section; or

(*b*) is, at that time, related to the television broadcaster for the purposes of paragraph *f* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.0.4.

Corporation related to a television broadcaster through a third corporation.

Despite Chapter IV of Title II of Book I, if, at any time, a particular corporation would, but for this paragraph, be deemed to be related to a television broadcaster under subsection 2 of section 19 as a consequence of the particular corporation and the television broadcaster being related at that time to the same corporation (in this paragraph referred to as the “third corporation”), no right referred to in paragraph *b* of section 20 that is held by a specified entity in relation to shares of the capital stock of the particular corporation, the television broadcaster and the third corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the television broadcaster for the purposes of the provisions referred to in subparagraph *a* of the first paragraph, or is, at that time, related to the television broadcaster for the purposes of the provision referred to in subparagraph *b* of the first paragraph.

History: 2015, c. 21, s. 419; 2015, c. 36, s. 109.

Control by related group of persons.

1029.8.36.0.0.4.2. Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to a television broadcaster as a consequence of the particular corporation and the television broadcaster being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.36.0.0.4.3, neither the shares of the capital stock of the particular corporation and the television broadcaster owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation

(*a*) is, at that time, not dealing at arm’s length with the television broadcaster for the purposes of subparagraph ii of paragraph *b* of the definition of “labour expenditure” in the first paragraph of section 1029.8.36.0.0.4 and subparagraphs i and ii of subparagraph *e* of the third paragraph of section 1029.8.36.0.0.4; or

(*b*) is, at that time, related to the television broadcaster for the purposes of paragraph *f* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.0.4.

Exception.

However, the first paragraph does not apply if a specified entity is a member at a particular time of a group of persons that controls several corporations, including the particular corporation and the television broadcaster, and if, at that time, the specified entity acts in concert with one or more members of that group to control those corporations.

History: 2015, c. 21, s. 419; 2015, c. 36, s. 110.

Meaning of “specified entity”.

1029.8.36.0.0.4.3. In sections 1029.8.36.0.0.4.1 and 1029.8.36.0.0.4.2, “specified entity” means

- (*a*) the Caisse de dépôt et placement du Québec;
- (*b*) Capital régional et coopératif Desjardins;
- (*c*) the Financière des entreprises culturelles;
- (*d*) Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi;
- (*e*) the Fonds Capital Culture Québec;
- (*f*) the Fonds de solidarité des travailleurs du Québec (F.T.Q.);
- (*g*) the Fonds d’investissement de la culture et des communications;
- (*h*) Investissement Québec;
- (*i*) the Société de développement des entreprises culturelles; or
- (*j*) a corporation all the issued capital stock of which, except directors’ qualifying shares, belongs to one or more entities described in any of paragraphs *a* to *i* or in this paragraph.

History: 2015, c. 21, s. 419.

Credit.

1029.8.36.0.0.5. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing prescribed information, a copy of the valid favourable advance ruling given by the Société de développement des entreprises culturelles in respect of a property that is a qualified production or a qualified low-budget production and a copy of the qualification certificate referred to in paragraph *f* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.0.4, where applicable, is deemed, subject

to the second paragraph, where the application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to

(a) where the property is a qualified production that is not described in subparagraph *a.1*, the aggregate of

i. 20% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, and

ii. 11% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property before 31 December 2004, 20% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property after 30 December 2004 and before 21 December 2007, and 25% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property after 20 December 2007;

(a.1) where the property is a qualified production in respect of which the Société de développement des entreprises culturelles specifies in the favourable advance ruling given in respect of the property that the main filming or taping in Québec in respect of the property is carried out after 12 June 2009,

i. if an application for an approval certificate is filed with the Société de développement des entreprises culturelles in respect of the property on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the aggregate of

(1) 20% of the corporation's qualified labour cost attributable to computer-aided special effects and animation for the year in respect of the property, and

(2) 25% of its eligible production costs for the year in respect of the property, or

ii. in other cases, the aggregate of

(1) 16% of the corporation's qualified labour cost attributable to computer-aided special effects and animation for the year in respect of the property, and

(2) 20% of its eligible production costs for the year in respect of the property; and

(b) where the property is a qualified low-budget production,

i. if an application for an approval certificate is filed with the Société de développement des entreprises culturelles in respect of the property on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, 20% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, or

ii. in other cases, 16% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 1999, c. 83, s. 194; 2000, c. 39, s. 146; 2001, c. 51, s. 112; 2003, c. 9, s. 204; 2004, c. 21, s. 309; 2005, c. 38, s. 243; 2007, c. 12, s. 152; 2009, c. 15, s. 237; 2010, c. 5, s. 150; 2010, c. 25, s. 131; 2015, c. 21, s. 420.

Corresponding Federal Provision: 125.5(3) and (5).

Anti-avoidance rule.

1029.8.36.0.0.5.1 If, at a particular time, a corporation enters into a contract with a person or partnership with whom it is not, at that time, dealing at arm's length, under which the corporation incurs production costs as part of the production of a property that is a qualified production and if, in the opinion of the Minister, one of the purposes of the existence of the contract is to increase the particular amount that the corporation would be deemed to have paid to the Minister, in respect of the property, on account of its tax payable for a taxation year under subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.5 if such a contract had been entered

into with a person or partnership with whom it is dealing at arm's length, the Minister may determine that the particular amount is the amount that the corporation is deemed to have paid to the Minister, in respect of the property, on account of its tax payable for that year under that subparagraph *a.1*.

Contract entered into with a partnership.

For the purposes of the first paragraph, in determining whether a corporation and a partnership are not dealing at arm's length at the particular time, the partnership's fiscal period is deemed to end at the particular time and the partnership is deemed, at the particular time, to be a corporation all the voting shares of which are owned by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for that fiscal period.

History: 2010, c. 25, s. 132; 2017, c. 29, s. 177.

1029.3.36.0.0.6. (*Repealed*).

History: 1999, c. 83, s. 194; 2004, c. 21, s. 310; 2012, c. 8, s. 194.

DIVISION II.6.0.0.3

CREDIT FOR THE PRODUCTION OF SOUND RECORDINGS

Definitions:

1029.3.36.0.0.7. In this division,

“eligible employee”;

“eligible employee” of an individual, a corporation or a partnership means, in respect of a property that is a qualified property, an individual resident in Québec at any time in the calendar year in which the individual carries out eligible production work relating to the property;

“eligible individual”;

“eligible individual” means, in respect of a property that is a qualified property, an individual resident in Québec at any time in the calendar year in which the individual carries out eligible production work relating to the property;

“eligible production work”;

“eligible production work” relating to a property that is a qualified property means

(a) if the property is a qualified sound recording, the work to carry out the stages of production of the property from the initial design to the production of the master and the pressing stage to the extent that the work is attributable to the pressing of the first 20,000 copies of the property, including the design of the cover, mastering and media duplication, but does not include activities relating to promotion, distribution or dissemination;

(b) if the property is a qualified digital audiovisual recording, the work to carry out the stages of production of the property from the initial design to the production of the master and the pressing stage to the extent that the work is attributable to the pressing of the first 20,000 copies of the property, including the authoring stage, that is, the encoding,

assembly and addition of interactivity to the image, sound and other components to be digitized, ambiophonic sound production, design of the cover, mastering and media duplication, but does not include activities relating to promotion, distribution or dissemination; and

(c) if the property is a qualified clip, the work to carry out the stages of production of the video material of the property from the initial design to the production of the master, but does not include activities relating to promotion, distribution or dissemination;

“excluded corporation”;

“excluded corporation” for a taxation year means a corporation that is

(a) at any time in the year or during the 24 months preceding the year, controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec;

(a.1) a corporation that would, at any time in the year or during the 24 months preceding the year, be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;

(b) exempt from tax for the year under Book VIII; or

(c) controlled, directly or indirectly in any manner whatever, by one or more corporations that are exempt from tax under Book VIII at any time in the year and whose mission is cultural;

(d) (*subparagraph repealed*);

“labour expenditure”;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified property means, subject to the second paragraph, the aggregate of

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate and that are paid by the corporation to its eligible employees, to the extent that they relate to services rendered in Québec for eligible production work relating to the property carried out

i. in the case of work carried out in the stage of pressing the property, before the date that is 18 months after the release of the property, and

ii. in the case of work carried out in the stages of production of the property, other than the stage referred to in subparagraph i, before the completion date of the master of the property or after that date, within a period that is

reasonable to the Minister, but that must not extend beyond the date provided for in subparagraph *a* of the third paragraph; and

(*b*) the portion of the remuneration, other than a salary or wages, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, that relates to services rendered in Québec to the corporation for eligible production work relating to the property and referred to in paragraph *a*, and that is paid by the corporation

i. to an eligible individual, to the extent that that portion of the remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual as part of the production of the property, to the wages of the eligible individual's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property, or to services rendered in Québec, as part of the production of the property, by another eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists (chapter S-32.1) and to whom that portion of the remuneration is paid again by the eligible individual,

ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, to the extent that that portion of the remuneration is reasonably attributable either to the wages of the particular corporation's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property or to services rendered in Québec, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the particular corporation,

iii. to a corporation having an establishment in Québec all the issued capital stock of which, except directors' qualifying shares, belongs to an eligible individual and the activities of which consist principally in the provision of the eligible individual's services, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec by the eligible individual as part of the production of the property, or

iv. to a partnership carrying on a business in Québec and having an establishment therein, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec, as part of the production of the

property, by an eligible individual who is a member of the partnership, to the wages of the partnership's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property, or to services rendered in Québec, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the partnership;

“qualified clip”;

“qualified clip” of a corporation for a taxation year means a clip in respect of which the corporation holds for the year a favourable advance ruling given or a certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;

“qualified corporation”;

“qualified corporation” for a taxation year in respect of a property that is a qualified property means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec and carries on therein a sound recording production business that is a qualified business, and that, for the year, is a record company recognized by the Société de développement des entreprises culturelles or a corporation that has entered into an agreement with such a record company with a view to operate the property;

“qualified digital audiovisual recording”;

“qualified digital audiovisual recording” of a corporation for a taxation year means a digital audiovisual recording in respect of which the corporation holds for the year a favourable advance ruling given or a certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;

“qualified labour expenditure”;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified property means the lesser of

(*a*) the amount by which

i. the aggregate of

(1) the labour expenditure of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *c* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the production of the property, in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.10, up to 20/7 of the tax under Part III.1.0.3

that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year preceding the year, exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.3 for a year preceding the year by reason of subparagraph i of subparagraph b of the first paragraph of section 1129.4.0.10, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph c of the second paragraph, reduced the labour expenditure of the corporation for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, under subparagraph ii of subparagraph c of the second paragraph, reduced the amount of that labour expenditure of the corporation for that preceding year, and

(3) the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph b of the definition of "labour expenditure", to the extent that the amount has not, under subparagraph iii of subparagraph c of the second

paragraph, reduced the labour expenditure of the corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 50% of the amount by which the production costs directly attributable to the production of the property that are incurred by the corporation before the end of the year in respect of the property until the completion date of the master of the property or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph a of the third paragraph or, in the case of production costs directly attributable to the stage of pressing the property, until the date that is 18 months after the release of the property, and that are paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the production of the property for a taxation year preceding the year exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.3 for a taxation year preceding the year in respect of the production of the property;

"qualified property";

"qualified property" means a qualified sound recording, a qualified digital audiovisual recording or a qualified clip;

"qualified sound recording";

"qualified sound recording" of a corporation for a taxation year means a property that is a sound recording in respect of which the corporation holds for the year a favourable advance ruling given or a certificate issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division;

"salary or wages".

"salary or wages" means the income computed pursuant to Chapters I and II of Title II of Book III.

Special rules governing labour expenditure of a corporation.

For the purposes of the definition of “labour expenditure” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to the production of a property that is a qualified property are, where an eligible employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the production of the property;

(b) remuneration, including a salary or wages, does not include remuneration by reference to the profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds either to the salaries or wages described in paragraph *a* of that definition or to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in that subparagraph; and

(d) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property is deemed to be nil;

(e) *(subparagraph repealed)*.

Rules applicable.

For the purposes of the definitions of “labour expenditure” and “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the date to which those definitions refer is the date that is 18 months after the end of the corporation’s fiscal period that includes the completion date of the master of the property;

(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a qualified property or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.8 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property; and

(c) no expenditure may be taken into consideration in computing a labour expenditure of a corporation for a taxation year in respect of a property that is a qualified property, or production costs directly attributable to the production of such a property incurred before the end of the year, if the expenditure has been taken into consideration in computing such a labour expenditure or such costs in respect of another property that is a qualified property.

Production costs.

For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the production costs directly attributable to the production of a property that is a qualified property are

i. the portion of the production costs, other than the production fees and administration costs, to the extent that they are included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

ii. the production fees and administration costs;

(b) the production costs directly attributable to the production of a property that is a qualified property include the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the production of the property, which corresponds to the portion of the depreciation of the particular property, for a taxation year, determined in accordance with the generally accepted accounting principles, relating to the use of the particular property by the corporation in the year, as part of the production of the property; and

(c) the amount of a benefit attributable to production costs includes the portion of the proceeds of disposition by a corporation of a particular property used by it as part of the production of a property that is a qualified property that relates to the portion of the cost of acquisition of the particular property that has already been included in the production costs of the property up to the amount of the portion of the acquisition cost of the particular property that has already been so included in the production costs of the property.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is a qualified property, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.8, in respect of the property,

i. because of subparagraph *c* of the second paragraph, a labour expenditure of the corporation in respect of the property,

ii. because of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, a qualified labour expenditure of the corporation in respect of the property, or

iii. (*subparagraph repealed*);

(b) was not received by the corporation, the other person or the partnership; and

(c) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Corporation whose mission is cultural.

For the purposes of paragraph *c* of the definition of “excluded corporation” in the first paragraph, a corporation whose mission is cultural does not include a corporation whose mandate consists in making investments.

Qualified labour expenditure.

Where the definition of “qualified labour expenditure” in the first paragraph applies in respect of a property (other than a property described in subparagraph ii of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8), it is to be read in respect of the property as if “20/7” were replaced wherever it appears by

(a) “100/29.1667”, if the property is a property to which subparagraph i of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8 applies;

(b) “25/7”, if the property is a property to which subparagraph iii of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8 applies; or

(c) “300%”, if the property is a property to which subparagraph *b* of the first paragraph of section 1029.8.36.0.0.8 applies.

History: 2000, c. 39, s. 147; 2001, c. 51, s. 113; 2003, c. 9, s. 205; 2004, c. 21, s. 311; 2005, c. 1, s. 233; 2005, c. 23, s. 158; 2005, c. 38, s. 244; 2006, c. 13, s. 115; 2006, c. 36, s. 129; 2007, c. 12, s. 153; 2009, c. 5, s. 441; 2010, c. 5, s. 151; 2011, c. 1, s. 66; 2013, c. 10, s. 107; 2015, c. 21, s. 421; 2015, c. 36, s. 111; 2017, c. 1, s. 275; 2019, c. 14, s. 325.

Credit.

1029.8.36.0.0.8. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 a copy of the valid favourable advance ruling given or valid certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified property and the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, where the application for an advance ruling has been filed or, in the absence of such an application, where the application for a certificate has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to

(a) if the property is a qualified sound recording,

i. 29.1667% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after

31 August 2003 and before 20 March 2009 or for which, despite the filing of an application for an advance ruling with the Société de développement des entreprises culturelles before 1 September 2003, the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 12 June 2003,

ii. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles

(1) after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, or

(2) after 26 March 2015, and

iii. 28% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, and before 27 March 2015;

(a.1) if the property is a qualified digital audiovisual recording,

i. 29.1667% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 23 March 2006 and before 20 March 2009,

ii. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles

(1) after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, or

(2) after 26 March 2015, and

iii. 28% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified

digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, and before 27 March 2015;

(a.2) if the property is a qualified clip,

i. 29.1667% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 23 March 2006 and before 20 March 2009,

ii. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles

(1) after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, or

(2) after 26 March 2015, and

iii. 28% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, and before 27 March 2015; and

(b) in any other case, 33 ⅓% of its qualified labour expenditure for the year in respect of that property.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Maximum tax credit.

Subject to the sixth paragraph, the amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified property must not exceed the amount by which, where the property is co-produced by the corporation and one or more other qualified corporations, the amount obtained by applying to \$50,000 the corporation's share, expressed as a percentage, of the production costs in relation to the production of the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property or, in any other case, \$50,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.10 in respect of the property for a preceding taxation year.

Maximum amount.

In the case of a property referred to in subparagraph i of subparagraph *a* or *a.1* of the first paragraph, the third paragraph shall be read, in respect of that property, with "\$50,000", wherever it appears, replaced by "\$43,750".

Maximum amount.

In the case of a property referred to in subparagraph i of subparagraph *a.2* of the first paragraph, the third paragraph is to be read as if, in respect of that property, "\$50,000" was replaced wherever it appears by "\$21,875".

Elimination of the maximum tax credit.

The third paragraph does not apply for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under the first paragraph on account of its tax payable for a taxation year in respect of a qualified

property, if the property is referred to in subparagraph ii or iii of any of subparagraphs *a* to *a.2* of the first paragraph.

History: 2000, c. 39, s. 147; 2001, c. 51, s. 114; 2002, c. 9, s. 62; 2003, c. 9, s. 206; 2004, c. 21, s. 312; 2007, c. 12, s. 154; 2010, c. 5, s. 152; 2015, c. 21, s. 422; 2015, c. 36, s. 112.

1029.8.36.0.0.9. (Repealed).

History: 2000, c. 39, s. 147; 2004, c. 21, s. 313; 2007, c. 12, s. 155; 2012, c. 8, s. 195.

DIVISION II.6.0.0.4 CREDIT FOR THE PRODUCTION OF PERFORMANCES

Definitions:

1029.8.36.0.0.10. In this division,

"eligible employee";

"eligible employee" of an individual, a corporation or a partnership means, in respect of a property that is a qualified performance, an individual resident in Québec at any time in the calendar year in which the individual renders services as part of the production of the property;

"eligible individual";

"eligible individual" means, in respect of a property that is a qualified performance, an individual resident in Québec at any time in the calendar year in which the individual renders services as part of the production of the property;

"labour expenditure";

"labour expenditure" of a corporation for a taxation year in respect of a property that is a qualified performance means, subject to the second paragraph, the aggregate of the following amounts, but does not include any amount relating to the broadcasting or promotion of the property:

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they relate to services rendered in relation to the stages of production of the property, from the preproduction stage to the performance before an audience, or in relation to another stage of production of the property carried out after the performance before an audience within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the third paragraph, and that are paid by the corporation to its eligible employees; and

(b) the portion of the remuneration, other than salary or wages, that relates to services rendered to the corporation in relation to the production of the property and that is related

to the stages of production of the property provided for in paragraph *a*, that is incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, and that is paid by the corporation

i. to an eligible individual, to the extent that that portion of the remuneration is reasonably attributable to services personally rendered by the eligible individual as part of the production of the property, to the wages of the eligible individual's eligible employees that relate to services rendered by the eligible employees as part of the production of the property, or to services rendered, as part of the production of the property, by another eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists (chapter S-32.1) and to whom that portion of the remuneration is paid again by the eligible individual,

ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, to the extent that that portion of the remuneration is reasonably attributable either to the wages of the particular corporation's eligible employees that relate to services rendered by the eligible employees as part of the production of the property or to services rendered, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the particular corporation,

iii. to a corporation having an establishment in Québec all the issued capital stock of which, except directors' qualifying shares, belongs to an eligible individual and the activities of which consist principally in the provision of the eligible individual's services, to the extent that that portion of the remuneration is reasonably attributable to services rendered by the eligible individual as part of the production of the property, or

iv. to a partnership carrying on a business in Québec and having an establishment therein, to the extent that that portion of the remuneration is reasonably attributable to services rendered, as part of the production of the property, by an eligible individual who is a member of the partnership, to the wages of the partnership's eligible employees that relate to services rendered by the eligible employees as part of the production of the property, or to services rendered, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of

performing, recording and film artists and to whom that portion of the remuneration is paid again by the partnership;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a performance production business that is a qualified business, but does not include

(a) a corporation that, at any time in the year or during the 24 months preceding the year, is controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec;

(a.1) a corporation that, at any time in the year or during the 24 months preceding the year, would be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;

(b) a corporation that is exempt from tax for the year under Book VIII; or

(c) a corporation that is controlled, directly or indirectly in any manner whatever, by one or more corporations that are exempt from tax under Book VIII at any time in the year and whose mission is cultural;

(d) *(subparagraph repealed)*;

“qualified labour expenditure”;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified performance means the lesser of

(a) the amount by which

i. the aggregate of

(1) the labour expenditure of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *d* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the production of the property, in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.14, up to 20/7 of the tax under Part III.1.0.4 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts

each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year preceding the year, exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.4 for a year preceding the year by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.14, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph *d* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, under subparagraph ii of subparagraph *d* of the second paragraph, reduced the amount of that labour expenditure of the corporation for that preceding year, and

(3) the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *b* of the definition of "labour expenditure", to the extent that the amount has not, under subparagraph iii of subparagraph *d* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 50% of the amount by which the production costs directly attributable to the production of the property that are incurred by the corporation before the end of the year in respect of the property until the performance of the property before an audience or within a period that is reasonable to the Minister

but that must not extend beyond the date provided for in subparagraph *a* of the third paragraph, and that are paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the production of the property for a taxation year preceding the year exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.4 for a taxation year preceding the year in respect of the production of the property;

"qualified performance";

"qualified performance" of a corporation means a property that is a performance in respect of which the corporation holds, for one of the following periods, a favourable advance ruling given or a certificate issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division:

(a) the period covering the stage of pre-production of the property through the end of the first full year after the first performance of the property before an audience;

(b) the period covering the second full year after the first performance of the property before an audience; or

(c) the period covering the third full year after the first performance of the property before an audience;

"salary or wages";

"salary or wages" means the income computed pursuant to Chapters I and II of Title II of Book III.

Special rules governing labour expenditure of a corporation.

For the purposes of the definition of "labour expenditure" in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to the production of a property that is a qualified performance are, where an

eligible employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the production of the property;

(b) remuneration, including a salary or wages, does not include remuneration by reference to the profits or revenues derived from the operation of the property, except such remuneration paid to a performing artist, or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

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

i. 14 March 2008, or

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

(c) the amount referred to in paragraph *a* or *b* of that definition shall be determined by considering, where the salary or wages, or remuneration, as the case may be, relates to the performance of the property before an audience, only the performances that occur in the three years after the first performance of the property before an audience;

(d) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds either to the salaries or wages described in paragraph *a* of that definition or to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or

before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom or with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in that subparagraph; and

(e) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property is deemed to be nil.

Rules applicable.

For the purposes of the definitions of “labour expenditure” and “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the date to which those definitions refer is the date that is 18 months after the end of the corporation’s fiscal period that includes the date on which any of the three periods in respect of which an amount is deemed to have been paid by the corporation under section 1029.8.36.0.0.11 is completed; and

(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a qualified performance or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.11 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property.

Production costs.

For the purposes of subparagraph i of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the production costs directly attributable to the production of a property that is a qualified performance are the following amounts, but do not include however the costs incurred for the broadcasting or promotion of the property:

i. the portion of the production costs, other than the production fees and administration costs, to the extent that they are included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

ii. the production fees and administration costs;

(b) the production costs directly attributable to the production of a property that is a qualified performance include the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the production of the property, which corresponds to the portion of the depreciation of the particular property, for a taxation year, determined in accordance with the generally accepted accounting principles, relating to the use of the particular property by the corporation in the year, as part of the production of the property;

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

(c) the amount of a benefit attributable to production costs includes the portion of the proceeds of disposition by a corporation of a particular property used by it as part of the production of a property that is a qualified performance that relates to the portion of the cost of acquisition of the particular property that has already been included in the production costs of the property up to the amount of the portion of the cost of acquisition of the particular property that has already been so included in the production costs of the property.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is a qualified performance, to be repaid by the corporation, the

other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.11, in respect of the property,

i. because of subparagraph *d* of the second paragraph, a labour expenditure of the corporation in respect of the property,

ii. because of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, a qualified labour expenditure of the corporation in respect of the property, or

iii. (*subparagraph repealed*);

(b) was not received by the corporation, the other person or the partnership; and

(c) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Corporation whose mission is cultural.

For the purposes of paragraph *c* of the definition of “qualified corporation” in the first paragraph, a corporation whose mission is cultural does not include a corporation whose mandate consists in making investments.

Qualified labour expenditure.

Where the amount deemed to have been paid to the Minister by a corporation on account of its tax payable for a taxation year under section 1029.8.36.0.0.11 is determined,

(a) in relation to the portion of a qualified labour expenditure referred to in subparagraph i of subparagraph *a* of the first paragraph of that section, the definition of “qualified labour expenditure” in the first paragraph is to be read as if “20/7” were replaced wherever it appears by “100/29.1667”; and

(b) in relation to the portion of a qualified labour expenditure referred to in subparagraph *b* of the first paragraph of that section, the definition of “qualified labour expenditure” in the first paragraph is to be read as if “20/7” were replaced wherever it appears by “25/7”.

History: 2000, c. 39, s. 147; 2001, c. 51, s. 115; 2002, c. 9, s. 63; 2003, c. 9, s. 208; 2004, c. 21, s. 314; 2005, c. 1, s. 234; 2005, c. 23, s. 159; 2005, c. 38, s. 245; 2006, c. 13, s. 116; 2006, c. 36, s. 130; 2007, c. 12, s. 156; 2010, c. 5, s. 153; 2011, c. 1, s. 67; 2013, c. 10, s. 108; 2015, c. 21, s. 423; 2017, c. 1, s. 276; 2019, c. 14, s. 326.

Credit.

1029.8.36.0.0.II. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing the prescribed information and a copy of the valid favourable advance ruling given or valid certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified performance for any of the periods provided for in the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that is in whole or in part within the year, is deemed, subject to the second paragraph, where an application for an advance ruling has been filed or, in the absence of such an application, where an application for a certificate has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount corresponding to,

(a) where the application for an advance ruling or, in the absence of such an application, the application for a certificate, in respect of the property for the period described in paragraph *a* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10, has been filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, an amount equal to

i. 29.1667% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property and to which subparagraph ii does not apply, or

ii. 35% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property that relates to

(1) a period described in any of paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that begins after 19 March 2009, or

(2) the period described in paragraph *a* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that begins before 20 March 2009, if the first performance before an audience, in relation to that period, occurs after 19 March 2009;

(b) 28% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property that relates to a period described in any of paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that began before 27 March 2015 and that is not described in subparagraph *a*; or

(c) where the application for an advance ruling or, in the absence of such an application, the application for a certificate, in respect of the property for a period described in any of paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that begins after 26 March 2015 is filed with the Société de développement des entreprises culturelles after that date, 35% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property that relates to that period and to which subparagraph ii of subparagraph *a* does not apply.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Maximum tax credit.

The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified performance must not exceed,

(a) if the Société de développement des entreprises culturelles specifies, in the favourable advance ruling given or the certificate issued, as the case may be, to the corporation, that the property is a musical comedy for which any of the periods referred to in the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 has not ended on 20 March 2012, the amount by which \$1,250,000 exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under the first paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of

which is an amount that the corporation is required to pay under section 1129.4.0.14 in respect of the property for a preceding taxation year;

(a.1) where the Société de développement des entreprises culturelles specifies in the favourable advance ruling given or the certificate issued, as the case may be, to the corporation that the property is a comedy show for which the application for an advance ruling or, in the absence of such an application, the application for a certificate for the period described in paragraph *a* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 is filed with the Société de développement des entreprises culturelles after 30 June 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 26 March 2015, after that date, the amount by which \$350,000 exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under the first paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.14 in respect of the property for a preceding taxation year; or

(b) in all other cases, the amount by which \$750,000 exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under the first paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.14 in respect of the property for a preceding taxation year.

Maximum amount – co-production.

If a property is a qualified performance that is co-produced by the corporation and one or more other qualified corporations, the following rules apply:

(a) in the case of a property referred to in subparagraph *a* of the third paragraph, that subparagraph *a* is to be read as if “\$1,250,000” were replaced by the amount obtained by applying to \$1,250,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property;

(a.1) in the case of a property referred to in subparagraph *a.1* of the third paragraph, that subparagraph *a.1* is to be read as if “\$350,000” were replaced by the amount obtained by applying to \$350,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the property that is specified in the favourable advance ruling given or the certificate issued,

as the case may be, by the Société de développement des entreprises culturelles in respect of the property; and

(b) in the case of a property referred to in subparagraph *b* of the third paragraph, that subparagraph *b* is to be read as if “\$750,000” were replaced by the amount obtained by applying to \$750,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property.

Special rule.

For the purposes of subparagraph *c* of the first paragraph, the portion of a labour expenditure of a corporation for a taxation year in respect of a property that relates to a period described in paragraph *a* or *b* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that began before 27 March 2015 is deemed to relate to a subsequent period described in that definition if

(a) it cannot be included in the qualified labour expenditure of the corporation for the year in respect of the property because of the application of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.0.10; and

(b) it is included in the qualified labour expenditure of the corporation for a subsequent taxation year included in the subsequent period.

History: 2000, c. 39, s. 147; 2001, c. 51, s. 116; 2002, c. 9, s. 64; 2003, c. 9, s. 209; 2004, c. 21, s. 315 [amended by 2005, c. 23, s. 283]; 2007, c. 12, s. 157; 2010, c. 5, s. 154; 2013, c. 10, s. 109; 2015, c. 21, s. 424; 2017, c. 1, s. 277.

1029.8.36.0.0.12. (Repealed).

History: 2000, c. 39, s. 147; 2004, c. 21, s. 316; 2012, c. 8, s. 196.

DIVISION II.6.0.0.4.1

CREDIT FOR THE PRODUCTION OF MULTIMEDIA EVENTS OR ENVIRONMENTS PRESENTED OUTSIDE QUÉBEC

Definitions:

1029.8.36.0.0.12.1. In this division,

“*eligible employee*”;

“eligible employee” of an individual, a corporation or a partnership means an individual resident in Québec at any time in the calendar year in which the individual renders services as part of a qualified production, in relation to a function referred to in any of subparagraphs 1 to 9 of the second paragraph of section 9.5 of Schedule H to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);

“eligible individual”;

“eligible individual” means an individual resident in Québec at any time in the calendar year in which the individual renders services as part of a qualified production, in relation to a function referred to in any of subparagraphs 1 to 9 of the second paragraph of section 9.5 of Schedule H to the Act respecting the sectoral parameters of certain fiscal measures;

“excluded corporation”;

“excluded corporation” for a taxation year means a corporation that is

(a) controlled, directly or indirectly in any manner whatever, at any time in the year or during the 24 months preceding the year, by one or more persons not resident in Québec;

(b) a corporation that would, at any time in the year or during the 24 months preceding the year, be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;

(c) exempt from tax for the year under Book VIII; or

(d) controlled, directly or indirectly in any manner whatever, by one or more corporations that are exempt from tax under Book VIII at any time in the year;

“labour expenditure”;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second and third paragraphs, the aggregate of the following amounts, but does not include any amount relating to the promotion of the property:

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a qualification certificate, as the case may be, and that are paid by the corporation to its eligible employees, to the extent that they relate to services rendered in Québec as part of the production of the property until its first presentation outside Québec or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the third paragraph; and

(b) the portion of the remuneration, other than salary or wages, that is incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a qualification

certificate, as the case may be, that relates to services rendered in Québec to the corporation as part of the production of the property, and that is paid by the corporation

i. to an eligible individual, to the extent that that portion of the remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual as part of the production of the property, or to the wages of the eligible individual’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,

ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,

iii. to a corporation having an establishment in Québec all the issued capital stock of which, except directors’ qualifying shares, belongs to an eligible individual and the activities of which consist principally in the provision of the eligible individual’s services, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec by the eligible individual as part of the production of the property, or

iv. to a partnership carrying on a business in Québec and having an establishment in Québec, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec, as part of the production of the property, by an eligible individual who is a member of the partnership, or to the wages of the partnership’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec and carries on a business in Québec that consists in particular in producing a qualified production;

“qualified labour expenditure”;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the third and fifth paragraphs, the lesser of

(a) the amount by which

i. the aggregate of

(1) the labour expenditure of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that

is referred to, in relation to the property, in subparagraph ii or in subparagraph *d* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the production of the property, in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.16.2, up to 20/7 of the tax under Part III.1.0.4.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and which precedes the year, exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.4.1 for a taxation year preceding the year because of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.16.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph *d* of the second paragraph, reduced the amount of the labour expenditure of the corporation for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, under subparagraph ii of subparagraph *d* of the second paragraph, reduced the amount of that labour expenditure of the corporation for that preceding year, and

(3) the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom the

corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *b* of the definition of "labour expenditure", to the extent that the amount has not, under subparagraph iii of subparagraph *d* of the second paragraph, reduced the amount of the labour expenditure of the corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 50% of the amount by which the production costs directly attributable to the production of the property that are incurred by the corporation before the end of the year in respect of the property until the first presentation of the property outside Québec or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the third paragraph, and that are paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the production of the property for a taxation year preceding the year exceeds 20/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.4.1 for a taxation year preceding the year in respect of the production of the property;

"qualified production";

"qualified production" of a corporation means any of the following properties in respect of which the corporation holds a favourable advance ruling given or a qualification certificate issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division:

(a) a multimedia event presented in a place of amusement situated outside Québec; or

(b) a multimedia environment for presentation outside Québec;

“salary or wages”.

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

Special rules governing labour expenditure of a corporation.

For the purposes of the definition of “labour expenditure” in the first paragraph, the following rules apply:

(a) a salary or wages or a remuneration does not include an expenditure incurred by a corporation in respect of the production of a qualified production before 21 March 2012;

(b) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to the production of a property that is a qualified production are, where an eligible employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the production of the property;

(c) remuneration, including a salary or wages, does not include remuneration by reference to the profits or revenues derived from the operation of the property, or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(d) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds either to the salaries or wages described in paragraph *a* of that definition or to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, the amount of any government assistance and non-government assistance that an eligible individual, another corporation or a partnership with whom the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the other corporation or the partnership, as the case may be, that are referred to in that subparagraph; and

(e) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property that is a qualified production is deemed to be nil.

Rules applicable.

For the purposes of the definitions of “labour expenditure” and “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the date to which those definitions refer is the date that is 18 months after the end of the corporation’s fiscal period that includes the date of the first presentation outside Québec of a property that is a qualified production;

(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a qualified production or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.12.2 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property; and

(c) an expenditure may not be taken into consideration in computing a qualified labour expenditure of a corporation for a taxation year in respect of a property that is a qualified production, or production costs directly attributable to the production of such a property incurred before the end of the year if it has been taken into consideration in computing such a labour expenditure or such costs in respect of another property that is a qualified production.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is a qualified production, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.12.2, in respect of the property,

i. because of subparagraph *d* of the second paragraph, a labour expenditure of the corporation in respect of the property, or

ii. because of subparagraph *ii* of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, a qualified labour expenditure of the corporation in respect of the property;

(b) was not received by the corporation, the other person or the partnership; and

(c) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Production costs.

For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) the production costs directly attributable to the production of a property that is described in paragraph *a* of the definition of “qualified production” in the first paragraph are the following amounts, but do not include however the costs incurred for the promotion of the property:

i. the portion of the production costs, other than the production fees and administration costs, to the extent that they are included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

ii. the production fees and administration costs;

(b) the production costs directly attributable to the production of a property that is described in paragraph *a* of the definition of “qualified production” in the first paragraph include the portion of the cost of acquisition of a particular property, owned by a corporation and used by it as part of the production of the property, which corresponds to the portion of the depreciation of the particular property, for a taxation year, determined in accordance with the generally accepted accounting principles, relating to the use of the particular

property by the corporation in the year, as part of the production of the property;

(c) the amount of a benefit attributable to production costs of a property that is described in paragraph *a* of the definition of “qualified production” in the first paragraph includes the portion of the proceeds of disposition for a corporation of a particular property used by it as part of the production of the property that relates to the portion of the cost of acquisition of the particular property that has already been included in the production costs of the property up to the amount of the portion of the cost of acquisition of the particular property that has already been so included in the production costs of the property; and

(d) the production costs directly attributable to the production of a property that is described in paragraph *b* of the definition of “qualified production” in the first paragraph only include an amount equal to 75% of the consideration received by a corporation as part of the performance of the contract for the design and production of the property.

Transitional rule.

Where the definition of “qualified labour expenditure” in the first paragraph applies in respect of a property referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.12.2, it is to be read as if “20/7” were replaced wherever it appears by “25/7”.

History: 2013, c. 10, s. 110; 2015, c. 21, s. 425; 2015, c. 36, s. 113; 2017, c. 1, s. 278; 2019, c. 14, s. 327.

Credit.

1029.8.36.0.0.12.2. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing prescribed information and a copy of the favourable advance ruling given or qualification certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified production, is deemed, subject to the second paragraph, where an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount obtained by multiplying the amount of its qualified labour expenditure for the year in respect of the property by

(a) 28%, where an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate in respect of the property is filed with the Société de développement des entreprises culturelles

i. after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the

property was sufficiently advanced on that date, after 31 August 2014, and

ii. before 27 March 2015; or

(b) 35%, in any other case.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Maximum tax credit.

The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified production for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles before 28 March 2018, must not exceed the amount by which, where the property is co-produced by the corporation and one or more other qualified corporations, the amount obtained by applying to \$350,000 the corporation's share, expressed as a percentage, of the production costs in relation to the production of the property that is specified in the favourable advance ruling given or the qualification certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property or, in any other case, \$350,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.16.2 in respect of the property for a preceding taxation year.

Transitional rule.

In the case of a property referred to in subparagraph *a* of the first paragraph, the third paragraph is to be read as if “\$350,000” were replaced wherever it appears by “\$280,000”.

History: 2013, c. 10, s. 110; 2015, c. 21, s. 426; 2015, c. 36, s. 114; 2019, c. 14, s. 328.

DIVISION II.6.0.0.5 CREDIT FOR BOOK PUBLISHING

Definitions:

1029.3.36.0.0.13. In this division,

“eligible digital version”;

“eligible digital version” of an eligible work or a work that is part of an eligible group of works published by a corporation means a digital version of that work in respect of which the Société de développement des entreprises culturelles specifies in the favourable advance ruling given or the certificate issued to the corporation in respect of the eligible work or eligible group of works, for the purposes of this division, that the digital version is an eligible digital version of the work or of the work that is part of the group of works;

“eligible employee”;

“eligible employee” of an individual, a corporation or a partnership, for a taxation year, means, in respect of a property that is an eligible work or an eligible group of works, an individual resident in Québec at any time in the calendar year in which the individual carries out work relating to the property that is eligible preparation work, eligible printing work, eligible reprinting work or eligible publishing work concerning an eligible digital version;

“eligible group of works”;

“eligible group of works” for a taxation year means property that is a group of works in respect of which the corporation holds, for the year, a favourable advance ruling given or a certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;

“eligible individual”;

“eligible individual”, for a taxation year, means, in respect of a property that is an eligible work or an eligible group of works, an individual resident in Québec at any time in the calendar year in which the individual carries out work relating to the property that is eligible preparation work, eligible printing work, eligible reprinting work or eligible publishing work concerning an eligible digital version;

“eligible preparation work”;

“eligible preparation work” in relation to a property that is an eligible work or an eligible group of works means the work to carry out the various stages related to publishing the property, from the initial stage to the stage preceding the production in print form of the eligible work or works that are part of the eligible group of works, including editing, design, research, art work, mock-up production, layout, typesetting and pre-press work;

“eligible printing work”;

“eligible printing work” in relation to a property that is an eligible work or an eligible group of works means the work to carry out the various stages related to printing the property, which include the first printing of the eligible work or works that are part of the eligible group of works, first assembly and first binding;

“eligible publishing work concerning an eligible digital version”;

“eligible publishing work concerning an eligible digital version” relating to a property that is an eligible work or an eligible group of works means the work performed to carry out the publishing stages of the eligible digital version of the work or of a work that is part of the group of works, including the conversion, production of metadata, indexing, previewing, stocking, destocking, quality control and filing of the work in a digital warehouse;

“eligible reprinting work”;

“eligible reprinting work” in relation to an eligible work or a work that is part of an eligible group of works means the work to carry out the various stages related to reprinting the work;

“eligible work”;

“eligible work” for a taxation year means property that is a work published by a corporation, in respect of which the corporation holds, for the year, a favourable advance ruling or a certificate given or issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division;

“excluded corporation”;

“excluded corporation” for a taxation year means a corporation that is

(a) at any time in the year or in the 24 months preceding the year, controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec;

(a.1) a corporation that would, at any time in the year or during the 24 months preceding the year, be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;

(b) exempt from tax for the year under Book VIII; or

(c) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“labour expenditure attributable to preparation costs and digital version publishing costs”;

“labour expenditure attributable to preparation costs and digital version publishing costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth and fifth paragraphs, the aggregate of

(a) the salaries or wages directly attributable to the preparation of the property or the publishing of an eligible digital version relating to the property that are incurred by the corporation in the year and, if the year is the taxation year

in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they relate to services rendered in Québec for eligible preparation work relating to the property or for eligible publishing work concerning an eligible digital version and relating to the property before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph, and that are paid by the corporation to its eligible employees;

(b) the non-refundable advances directly attributable to the preparation of the property or the publishing of an eligible digital version relating to the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the non-refundable advances that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that are paid by the corporation to a Québec author or a holder of the rights of a Québec author, except such advances paid to a Québec author or a holder of the rights of a Québec author for the acquisition of rights on the existing material;

(c) the portion of the remuneration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate for services rendered in Québec to the corporation for eligible preparation work relating to the property or for eligible publishing work concerning an eligible digital version and relating to the property pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation,

i. to an eligible individual who carries on a business in Québec, has an establishment in Québec and is not dealing at arm’s length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual in connection with the

preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of the eligible digital version of that work, or to the wages of the individual's eligible employees that relate to services rendered in Québec by the individual's eligible employees in connection with the preparation of the work or the publishing of its eligible digital version,

ii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, other than a particular corporation referred to in subparagraph iii, to the extent that that portion of remuneration is reasonably attributable to the wages paid to the particular corporation's eligible employees that relate to services rendered in Québec by the particular corporation's eligible employees in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of its eligible digital version,

iii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, all the issued capital stock of which, other than directors' qualifying shares, belongs to an eligible individual, and whose activities consist principally in providing the eligible individual's services, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec by the eligible individual in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of its eligible digital version, or

iv. to a partnership that carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of the eligible digital version of that work, by an eligible individual who is a member of the partnership, or to the wages paid to the partnership's eligible employees that relate to services rendered in Québec by the partnership's eligible employees in connection with the preparation of the work or with the publishing of its eligible digital version; and

(d) half of the consideration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, half of the portion of the consideration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation, for services rendered in Québec to the

corporation for eligible preparation work or for eligible publishing work concerning an eligible digital version by an eligible individual or by a corporation or partnership having an establishment in Québec, other than an employee of the corporation, with which the corporation is dealing at arm's length at the time the contract is entered into;

“labour expenditure attributable to printing and reprinting costs”;

“labour expenditure attributable to printing and reprinting costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the third and fourth paragraphs, the aggregate of

(a) the salaries or wages directly attributable to the printing of the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they relate to services rendered in Québec for eligible printing work relating to the property before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph, and that are paid by the corporation to its eligible employees;

(a.1) the salaries or wages directly attributable to the reprinting of the eligible work or of a work that is part of the eligible group of works that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they are incurred within the time specified in subparagraph *i* of subparagraph *c* of the fourth paragraph and relate to services rendered in Québec for eligible reprinting work referred to in subparagraph *ii* of that subparagraph *c* in relation to the work, and that are paid by the corporation to its eligible employees;

(b) the portion of the remuneration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the

corporation filed the application for an advance ruling or a certificate for services rendered in Québec to the corporation for eligible printing work or eligible reprinting work relating to the property pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation,

i. to an eligible individual who carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual as part of the printing or reprinting of the eligible work or a work that is part of the eligible group of works, or to the wages of the individual's eligible employees that relate to services rendered in Québec by the individual's eligible employees as part of the printing or reprinting of the work,

ii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, other than a particular corporation referred to in subparagraph iii, to the extent that that portion of remuneration is reasonably attributable to the wages paid to the particular corporation's eligible employees that relate to services rendered in Québec by the particular corporation's eligible employees as part of the printing or reprinting of the eligible work or a work that is part of the eligible group of works,

iii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, all the issued capital stock of which, other than directors' qualifying shares, belongs to an eligible individual, and whose activities consist principally in providing the eligible individual's services, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec by the eligible individual as part of the printing or reprinting of the eligible work or a work that is part of the eligible group of works, or

iv. to a partnership that carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec as part of the printing or reprinting of the eligible work or a work that is part of the eligible group of works, by an eligible individual who is a member of the partnership, or to the wages paid to the partnership's eligible employees that relate to services rendered in Québec by the partnership's eligible employees as part of the printing or reprinting of the work; and

(c) one-third of the consideration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an

application for a certificate in respect of the property with the Société de développement des entreprises culturelles, one-third of the portion of the consideration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation, for services rendered in Québec to the corporation for eligible printing work or eligible reprinting work by an eligible individual or by a corporation or partnership having an establishment in Québec, other than an employee of the corporation, with which the corporation is dealing at arm's length at the time the contract is entered into;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec and carries on a book publishing business, that is a qualified business, and that, for the year, is a publishing house recognized by the Société de développement des entreprises culturelles;

“qualified labour expenditure attributable to preparation costs and digital version publishing costs”;

“qualified labour expenditure attributable to preparation costs and digital version publishing costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth paragraph, the lesser of

(a) the amount by which

i. the aggregate of

(1) the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph c of the fifth paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to in subparagraph i of subparagraph b of the first paragraph of section 1129.4.0.18 in relation to the preparation of the property or to the publishing of a digital version of the property, up to 20/7 of the tax under Part III.1.0.5 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i, in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure attributable to preparation costs and digital version publishing costs of the

corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property for a taxation year preceding the year, exceeds 20/7 of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5 for a year preceding the year, because of subparagraph i of subparagraph b of the first paragraph of section 1129.4.0.18, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, in connection with a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph c of the fifth paragraph, reduced that labour expenditure attributable to preparation costs and digital version publishing costs for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, on or before the corporation's filing-due date for the year, in connection with a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph ii of subparagraph c of the fifth paragraph, reduced that labour expenditure attributable to preparation costs and digital version publishing costs for that preceding year, and

(3) the amount of any government assistance and non-government assistance that an eligible individual, a particular corporation or a partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the particular corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph c of the definition of "labour expenditure attributable to preparation costs and digital version publishing costs", to the extent that the amount has not, under subparagraph iii of subparagraph c of the fifth paragraph, reduced the labour expenditure attributable to preparation costs and digital version publishing costs of the

corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 50% of the amount by which the aggregate of the preparation costs directly attributable to the preparation of the property and the digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property that the corporation incurred before the end of the year in respect of the property to the extent that they relate to services rendered before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph a of the fourth paragraph, and that are paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, on or before the corporation's filing-due date for the year, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the preparation of the property or the publishing of a digital version of the property for a taxation year preceding the year exceeds 20/7 of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5, in respect of the preparation of the property or the publishing of a digital version of the property, for a taxation year preceding the year;

"qualified labour expenditure attributable to printing and reprinting costs";

"qualified labour expenditure attributable to printing and reprinting costs" of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth paragraph, the lesser of

(a) the amount by which

i. the aggregate of

(1) the labour expenditure attributable to the printing and reprinting costs of the corporation for the year in respect of the property,

(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *c* of the third paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18 in relation to the printing and reprinting of the property, up to 100/27 of the tax under Part III.1.0.5 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i, in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure attributable to the printing and reprinting costs of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to the printing and reprinting costs of the corporation in respect of the property for a taxation year preceding the year, exceeds 100/27 of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5 for a year preceding the year, by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18, in relation to assistance referred to in subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, in relation to a labour expenditure attributable to the printing and reprinting costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph *c* of the third paragraph, reduced that labour expenditure attributable to printing and reprinting costs for that preceding year,

(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, on or before the corporation's filing-due date for the year, in

connection with a labour expenditure attributable to the printing and reprinting costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph ii of subparagraph *c* of the third paragraph, reduced that labour expenditure attributable to printing and reprinting costs for that preceding year, and

(3) the amount of any government assistance and non-government assistance that an eligible individual, a particular corporation or a partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the particular corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *b* of the definition of "labour expenditure attributable to printing and reprinting costs", to the extent that the amount has not, under subparagraph iii of subparagraph *c* of the third paragraph, reduced the labour expenditure attributable to printing and reprinting costs of the corporation for that preceding year in respect of the property; and

(b) the amount by which

i. 33 1/3% of the amount by which the aggregate of the printing costs directly attributable to the printing of the property that the corporation incurred before the end of the year in respect of the property to the extent that they relate to services rendered before the date on which the first printing of the eligible work or of the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph and the reprinting costs directly attributable to the reprinting of the eligible work or of a work that is part of the eligible group of works that the corporation incurred before the end of the year and within the time specified in subparagraph i of subparagraph *c* of the fourth paragraph to the extent that they relate to eligible reprinting work referred to in subparagraph ii of that subparagraph *c* in relation to the work, and that are paid by the corporation, exceeds the aggregate of

(1) the amount of any government assistance and non-government assistance attributable to those costs that the corporation or a person or partnership with whom or with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that the corporation, person or partnership, as the case may be, has not repaid at that time pursuant to a legal obligation, and

(2) the amount of any benefit or advantage attributable to those costs that a person or partnership has obtained, is

entitled to obtain or may reasonably expect to obtain, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, on or before the corporation's filing-due date for the year, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to the printing and reprinting costs of the corporation in respect of the printing and reprinting of the property for a taxation year preceding the year exceeds 100/27 of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5, in respect of the printing and reprinting of the property, for a taxation year preceding the year;

“Québec author”;

“Québec author” means an individual who is an author or an individual who is the editor of an eligible work or a work that is part of an eligible group of works written by a team of contributors, and who was resident in Québec at the end of the calendar year preceding the calendar year in which the publishing work began, or was resident in Québec for at least five consecutive years prior to the beginning of the publishing work;

“salary or wages”.

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

Initial stage of publishing.

For the purposes of this section, the initial stage of publishing, in relation to an eligible work or an eligible group of works, means the date specified for that purpose in the favourable advance ruling given or the certificate issued by the Société de développement des entreprises culturelles, in relation to that work or group of works, for the purposes of this division.

Special rules in respect of labour expenditure attributable to printing and reprinting costs.

For the purposes of the definition of “labour expenditure attributable to printing and reprinting costs” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of the definition, the salaries or wages directly attributable to the printing of a property that is an eligible work or an eligible group of works are, where an employee directly undertakes, supervises or supports the printing of the property, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the printing of the property;

(a.1) for the purposes of paragraph *a.1* of the definition, the salaries or wages directly attributable to the reprinting of an eligible work or of a work that is part of an eligible group of works are, where an employee directly undertakes,

supervises or supports the reprinting of the work, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the reprinting of the work;

(b) remuneration, including a salary or wages, does not include remuneration determined by reference to the profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) the amount of the labour expenditure attributable to printing and reprinting costs of a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* or *a.1* of that definition, to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition or to the consideration or the portion of the consideration described in paragraph *c* of that definition, that are included in that labour expenditure attributable to printing and reprinting costs of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition, the amount of any government assistance and non-government assistance that an eligible individual, a particular corporation or a partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the particular corporation or the partnership, as the case may be, that are referred to in that subparagraph;

(d) (*subparagraph repealed*);

(e) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure attributable to printing

and reprinting costs for the year in respect of a property is deemed to be null.

Rules applicable.

For the purposes of the definitions of “labour expenditure attributable to preparation costs and digital version publishing costs”, “labour expenditure attributable to printing and reprinting costs”, “qualified labour expenditure attributable to preparation costs and digital version publishing costs” and “qualified labour expenditure attributable to printing and reprinting costs” in the first paragraph, the following rules apply:

(a) the date to which those definitions refer is the date that is 18 months after the end of the corporation’s fiscal period that includes the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed;

(b) an expenditure that would, but for this subparagraph, be a labour expenditure attributable to printing and reprinting costs of a corporation for a particular taxation year in respect of a property that is an eligible work or an eligible group of works or a labour expenditure attributable to preparation costs and digital version publishing costs for the particular year in respect of the property or would constitute printing and reprinting costs directly attributable to the printing and reprinting of the property, preparation costs directly attributable to the preparation of the property or digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.14 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property; and

(c) no expenditure that relates to eligible reprinting work in relation to an eligible work or a work that is part of an eligible group of works may be taken into consideration in computing a labour expenditure attributable to printing and reprinting costs for a taxation year in respect of the eligible work or the eligible group of works, or printing and reprinting costs directly attributable to the printing and reprinting of the eligible work or the eligible group of works incurred before the end of the year, unless

i. the expenditure is incurred, in respect of the eligible work or of the work that is part of the eligible group of works, on or before the day that is 36 months after the day on which the first printing of the work is completed, and

ii. the Société de développement des entreprises culturelles notifies the Minister that the eligible reprinting work relating to the work began after 22 June 2009.

Special rules governing labour expenditure attributable to preparation costs and digital version publishing costs of a corporation.

For the purposes of the definition of “labour expenditure attributable to preparation costs and digital version publishing costs” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of the definition, the salaries or wages directly attributable to the preparation of a property that is an eligible work or an eligible group of works or to the publishing of an eligible digital version relating to the property are, where an employee undertakes, supervises or directly supports the preparation of the property or the publishing of the eligible digital version, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the preparation of the property or to the publishing of the eligible digital version relating to the property;

(b) remuneration, including a salary or wages, does not include remuneration determined by reference to the profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) the amount of the labour expenditure attributable to preparation costs and digital version publishing costs of a corporation for a taxation year in respect of a property is to be reduced, if applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* of that definition, to the advances described in paragraph *b* of that definition, to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *c* of that definition or to the consideration or the portion of the consideration described in paragraph *d* of that definition, that are included in that labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for the year, and the aggregate of

i. the amount of any government assistance and non-government assistance attributable to the particular amount that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year,

ii. the amount of any benefit or advantage attributable to the particular amount that a person or partnership has obtained,

is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, and

iii. if the particular amount corresponds to the portion of the remuneration described in any of subparagraphs i to iv of paragraph *c* of that definition, the amount of any government assistance and non-government assistance that an eligible individual, a particular corporation or a partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, that is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the particular corporation or the partnership, as the case may be, that are referred to in that subparagraph;

(d) *(subparagraph repealed)*;

(e) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of a property is deemed to be null.

Printing and reprinting costs.

For the purposes of this division, the printing and reprinting costs directly attributable to the printing and reprinting of a property that is an eligible work or an eligible group of works incurred by a corporation before the end of a taxation year are

(a) the printing costs, other than publishing fees and administration costs, incurred by the corporation for the first printing of the eligible work or of works that are part of the eligible group of works, the first assembly and the first binding;

(a.1) the reprinting costs, other than publishing fees and administration costs, incurred by the corporation as part of the reprinting of the eligible work or of a work that is part of the eligible group of works; and

(b) the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the printing or reprinting of the property, that is the portion of the depreciation of that particular property, for the year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the printing or reprinting of the property.

Preparation costs.

For the purposes of this division, the preparation costs directly attributable to the preparation of a property that is an

eligible work or an eligible group of works incurred by a corporation before the end of a taxation year are

(a) the preparation costs, other than publishing fees and administration costs, including non-refundable advances paid to the author or authors, editing, design, research, art work, mock-up production, layout, typesetting and pre-press costs;

(b) the publishing fees and administration costs pertaining to the property; and

(c) the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the preparation of the property, that is the portion of the depreciation of that particular property, for the year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the preparation of the property.

Digital version publishing costs.

For the purposes of this division, the digital version publishing costs directly attributable to the publishing of an eligible digital version relating to a property that is an eligible work or an eligible group of works incurred by a corporation before the end of a taxation year are

(a) the digital version publishing costs, other than publishing fees and administration costs, incurred by the corporation to carry out the publishing stages of the eligible digital version of the work or of a work that is part of the group of works, including the conversion, production of metadata, indexing, previewing, stocking, destocking, quality control and filing of the work in a digital warehouse; and

(b) the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the publishing of the eligible digital version of the eligible work or of a work that is part of the eligible group of works, that is the portion of the depreciation of that particular property, for the year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the publishing of the eligible digital version of the work.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is an eligible work or an eligible group of works, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.14, in respect of the property,

i. because of subparagraph *c* of the third paragraph, a labour expenditure attributable to the printing and reprinting costs of the corporation in respect of the property, or

ii. because of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure attributable to printing and reprinting costs” in the first paragraph, a qualified labour expenditure attributable to the printing and reprinting costs of the corporation in respect of the property;

iii. (*subparagraph repealed*);

(b) was not received by the corporation, the other person or the partnership; and

(c) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Deemed repayment of assistance.

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs and digital version publishing costs” in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is an eligible work or an eligible group of works, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, for the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.14, in respect of the property,

i. because of subparagraph *c* of the fifth paragraph, a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property, or

ii. because of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs and digital version publishing costs” in the first paragraph, a qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property;

iii. (*subparagraph repealed*);

(b) was not received by the corporation, the other person or the partnership; and

(c) ceased in the taxation year to be an amount that the corporation, the other person or the partnership may reasonably expect to receive.

Transitional rules.

Where the definitions of “qualified labour expenditure attributable to preparation costs and digital version publishing costs” and “qualified labour expenditure attributable to printing and reprinting costs” in the first paragraph apply in respect of a property (other than a property described in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.14), they are to be read, in respect of the property, as if “100/27” and “20/7” were replaced wherever they appear by

(a) “100/26.25” and “20/7”, respectively, if the property is referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.14;

(b) “100/21.6” and “25/7”, respectively, if the property is referred to in subparagraph *a.2* of the first paragraph of section 1029.8.36.0.0.14; and

(c) “10/3” and “5/2”, respectively, if the property is referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.0.14.

History: 2001, c. 51, s. 117; 2002, c. 9, s. 65; 2003, c. 9, s. 210; 2004, c. 21, s. 317; 2005, c. 23, s. 160; 2005, c. 38, s. 246; 2006, c. 13, s. 117; 2006, c. 36, s. 131; 2007, c. 12, s. 158; 2010, c. 5, s. 155; 2010, c. 25, s. 133; 2011, c. 1, s. 68; 2011, c. 34, s. 75; 2013, c. 10, s. 111; 2015, c. 21, s. 427; 2015, c. 36, s. 115; 2019, c. 14, s. 329.

Credit.

1029.8.36.0.0.14. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing prescribed information and a copy of the favourable advance ruling given or certificate issued by the Société de développement des entreprises culturelles, in respect of a property that is an eligible work or an eligible group of works, is deemed, subject to the second paragraph, if the application for an advance ruling has been filed or, in the absence of such an application, an application for a certificate has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to

(a) in the case of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 31 August 2003 and before 20 March 2009 or for which, despite the filing of an application for an advance ruling with the Société de développement des entreprises culturelles

before 1 September 2003, the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 12 June 2003, the aggregate of

i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and

ii. an amount equal to 26.25% of its qualified labour expenditure attributable to printing and reprinting costs for the year in respect of that property;

(a.1) in the case of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, 31 August 2014, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, the aggregate of

i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and

ii. an amount equal to 27% of its qualified labour expenditure attributable to printing and reprinting costs for the year in respect of that property; and

(a.2) in the case of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, the aggregate of

i. an amount equal to 28% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of the property, and

ii. an amount equal to 21.6% of its qualified labour expenditure attributable to printing and reprinting costs for the year in respect of the property; and

(b) in any other case, the aggregate of

i. an amount equal to 40% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and

ii. an amount equal to 30% of its qualified labour expenditure attributable to printing and reprinting costs for the year in respect of that property.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Maximum tax amount.

The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is an eligible work or an eligible group of works must not exceed the amount by which, if the property is coedited by the corporation and one or more other eligible corporations, the amount obtained by applying to the amount determined under the fourth paragraph the corporation's share, expressed as a percentage, of the publishing costs in relation to the preparation and printing of the property that is specified in the favourable advance ruling given or certificate issued by the Société de développement des entreprises culturelles in respect of the property or, in any other case, the amount determined under the fourth paragraph, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.18 in respect of the property for a preceding taxation year.

Amount.

The amount to which the third paragraph refers is equal to,

(a) in the case of an eligible work, \$437,500; and

(b) in the case of an eligible group of works, the amount obtained by multiplying \$437,500 by the number of works that form that group.

Transitional rules.

However, where the fourth paragraph applies in respect of a property (other than a property described in subparagraph *a* or *a.1* of the first paragraph), it is to be read, in respect of the property, as if “\$437,500” were replaced wherever it appears by

(a) “\$350,000”, if the property is referred to in subparagraph *a.2* of the first paragraph; and

(b) “\$500,000”, if the property is referred to in subparagraph *b* of the first paragraph.

History: 2001, c. 51, s. 117; 2002, c. 9, s. 66; 2003, c. 9, s. 211; 2004, c. 21, s. 318; 2005, c. 23, s. 161; 2007, c. 12, s. 159; 2010, c. 5, s. 156; 2010, c. 25, s. 134; 2011, c. 34, s. 76; 2012, c. 8, s. 197; 2015, c. 21, s. 428; 2015, c. 36, s. 116.

1029.8.36.0.0.15. *(Repealed).*

History: 2001, c. 51, s. 117; 2004, c. 21, s. 319; 2005, c. 23, s. 162; 2012, c. 8, s. 198.

DIVISION II.6.0.0.6

(Repealed).

§1. — *(Repealed).*

1029.8.36.0.0.16. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.17. *(Repealed).*

History: 2002, c. 40, s. 137; 2005, c. 23, s. 163; 2010, c. 25, s. 135.

1029.8.36.0.0.18. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

§2. — *(Repealed).*

1029.8.36.0.0.19. *(Repealed).*

History: 2002, c. 40, s. 137; 2003, c. 9, s. 212; 2010, c. 25, s. 135.

1029.8.36.0.0.20. *(Repealed).*

History: 2002, c. 40, s. 137; 2003, c. 9, s. 213; 2010, c. 25, s. 135.

1029.8.36.0.0.21. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.22. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.23. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

§3. — *(Repealed).*

1029.8.36.0.0.24. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.25. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.26. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.27. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.28. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.29. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.30. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.31. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

1029.8.36.0.0.32. *(Repealed).*

History: 2002, c. 40, s. 137; 2010, c. 25, s. 135.

DIVISION II.6.0.1

(Repealed).

1029.8.36.0.1. *(Repealed).*

History: 1997, c. 14, s. 221; 1997, c. 31, s. 143; 1999, c. 83, s. 196; 2000, c. 39, s. 148; 2001, c. 7, s. 169; 2001, c. 51, s. 228; 2007, c. 12, s. 160.

1029.8.36.0.2. *(Repealed).*

History: 1997, c. 14, s. 221; 1997, c. 31, s. 143; 1999, c. 83, s. 197; 2000, c. 39, s. 149; 2007, c. 12, s. 160.

1029.8.36.0.3. *(Repealed).*

History: 1997, c. 14, s. 221; 2007, c. 12, s. 160.

1029.8.36.0.3.1. *(Repealed).*

History: 1999, c. 83, s. 198; 2001, c. 51, s. 118; 2007, c. 12, s. 160.

1029.8.36.0.3.2. *(Repealed).*

History: 1999, c. 83, s. 198; 2007, c. 12, s. 160.

DIVISION II.6.0.1.1
(Repealed).

1029.8.36.0.3.3. (Repealed).

History: 1999, c. 83, s. 198; 2000, c. 5, s. 258; 2000, c. 39, s. 150; 2001, c. 7, s. 146; 2001, c. 51, s. 119; 2001, c. 69, s. 12; 2005, c. 1, s. 235; 2007, c. 12, s. 160.

1029.8.36.0.3.4. (Repealed).

History: 1999, c. 83, s. 198; 2001, c. 51, s. 120; 2001, c. 69, s. 12; 2007, c. 12, s. 160.

1029.8.36.0.3.5. (Repealed).

History: 1999, c. 83, s. 198; 2001, c. 51, s. 121; 2001, c. 69, s. 12; 2007, c. 12, s. 160.

1029.8.36.0.3.6. (Repealed).

History: 1999, c. 83, s. 198; 2001, c. 51, s. 122; 2007, c. 12, s. 160.

1029.8.36.0.3.7. (Repealed).

History: 1999, c. 83, s. 198; 2007, c. 12, s. 160.

DIVISION II.6.0.1.2

CREDIT FOR MULTIMEDIA TITLES (GENERAL)

Definitions:

1029.8.36.0.3.8. In this division,

“eligible employee”;

“eligible employee” for a taxation year means an employee in respect of whom a qualification certificate is issued for the year by Investissement Québec, certifying that the employee is an eligible employee for the purposes of this division;

“eligible production work”;

“eligible production work”, for a taxation year, relating to a property that is a multimedia title means the work specified in the qualification certificate issued for the year to a corporation in respect of an eligible employee or of a person or partnership that has carried out all or part of that work as part of a contract;

“multimedia title”;

“multimedia title” of a corporation, for a taxation year, means a title in respect of which a qualification certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec, carries on therein a qualified business and holds a qualification certificate issued for the year by Investissement Québec in respect of property that is a multimedia title for the purposes of this division, but does not include

(a) a corporation that holds, for the year, a qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.19;

(b) a corporation that is exempt from tax for the year under Book VIII; or

(c) a corporation that would be exempt from tax for the year under section 985 but for section 192;

(d) (subparagraph repealed);

“qualified labour expenditure”;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means, subject to the second paragraph, the aggregate of

(a) the salaries or wages attributable to the property that are incurred and paid by the corporation, in respect of its eligible employees of an establishment situated in Québec, for eligible production work relating to the property carried out in the year;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property that was carried out on its behalf in the year to a person or partnership who or which carried out all or a part of the eligible production work and with whom or with which the corporation is not dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the salaries or wages attributable to the property that the person or partnership incurred and paid in respect of the person’s or partnership’s eligible employees of an establishment situated in Québec, or that could be so attributed if that person or partnership had such employees; and

(c) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property, to a person or partnership with whom or with which the corporation is dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out on the person’s or partnership’s behalf in the year by the employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees;

“salary or wages”.

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

Rules governing the qualified labour expenditure of a corporation.

For the purposes of the definition of “qualified labour expenditure” in the first paragraph, the following rules apply:

(a) (subparagraph repealed);

(b) the consideration referred to in paragraph b or c of that definition does not include an amount paid by a corporation to another corporation under the terms of a contract entered into before 21 March 2012, to the extent that the amount may reasonably be attributed to eligible production work in

respect of a property that was carried out in a taxation year of that other corporation for which that other corporation holds a valid qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.19 issued to it for that year; and

(c) (*subparagraph repealed*);

(d) a salary, wages or a consideration does not include remuneration based on the profits or revenues derived from the operation of a property that is a multimedia title.

Remuneration based on profits or revenues.

For the purposes of subparagraph *d* of the second paragraph, the following is not considered remuneration based on the profits or revenues derived from the operation of a property that is a multimedia title:

(a) remuneration that

i. is determined in particular by reference to the type of use projected for the property, and

ii. may not be reimbursed if the property is not used as first anticipated; and

(b) remuneration that is not computed by reference to an amount of profit or revenue derived from the operation of the property.

History: 1999, c. 83, s. 198; 2000, c. 5, s. 259; 2000, c. 39, s. 151; 2001, c. 7, s. 147; 2001, c. 51, s. 123; 2001, c. 69, s. 12; 2004, c. 21, s. 320; 2005, c. 1, s. 236; 2005, c. 38, s. 247; 2006, c. 13, s. 118; 2007, c. 12, s. 161; 2011, c. 1, s. 69; 2013, c. 10, s. 112; 2015, c. 21, s. 429; 2019, c. 14, s. 330.

Credit.

1029.8.36.0.3.9. A corporation that, for a taxation year, is a qualified corporation and encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the fourth paragraph, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount obtained by applying the appropriate percentage, determined in the third paragraph in relation to a property that is a multimedia title for the year, to the corporation's qualified labour expenditure for the year in respect of the property.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under

this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Appropriate percentage.

The percentage to which the first paragraph refers in relation to a property that is a multimedia title for a taxation year is, as the case may be,

(a) if an application for a qualification certificate in respect of the property is filed before 21 March 2012, or after 20 March 2012 but in respect of a taxation year that ended before 21 March 2012, the percentage that corresponds to

i. 37.5%, where it is certified that the property is produced without having been ordered, is to be commercialized and is available in a French version,

ii. 30%, where it is certified that the property is produced without having been ordered, is to be commercialized and is not available in a French version, and

iii. 26.25%, in any other case; or

(b) if an application for a qualification certificate in respect of the property is filed after 20 March 2012 in respect of a taxation year that ends after that date, the percentage that corresponds, subject to the fifth paragraph, to

i. 37.5%, where it is certified that the property is to be commercialized and is available in a French version, and is not a vocational training title,

ii. 30%, where it is certified that the property is to be commercialized and is not available in a French version, and is not a vocational training title, and

iii. 26.25%, in any other case.

Documents to be filed.

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

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

(b) a copy of the valid qualification certificate issued to the corporation for the year by Investissement Québec, for the purposes of this division, in respect of a property that is a multimedia title and in respect of an eligible employee or of a person or partnership that, as part of a contract, carried out all or part of the production work in respect of the property.

Transitional rule.

Where this section applies in respect of all or part of a qualified labour expenditure that consists of salaries or wages incurred after 4 June 2014 and before 27 March 2015 or of amounts each of which is a portion of the consideration or one-half of a portion of the consideration that is paid under a contract entered into after 3 June 2014 and before 27 March 2015, the percentages of 37.5%, 30% and 26.25% in subparagraph *b* of the third paragraph are to be replaced by the percentages of 30%, 24% and 21%, respectively, in respect of all or part of the qualified labour expenditure.

Qualified labour expenditure limit.

For the purposes of the first paragraph, the amount, determined after the application of sections 1029.8.36.0.3.10.1 and 1029.8.36.0.3.13, of a salary or wages referred to in paragraph *a* or *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.8, incurred and paid in respect of an eligible employee, may not exceed the amount obtained by multiplying \$100,000 by the proportion that the number of days in the corporation’s taxation year during which the employee is an eligible employee is of 365.

Where limit not applicable.

The sixth paragraph does not apply in respect of a salary or wages paid in consideration of services rendered by an eligible employee as part of the production of a property if

(a) the corporation makes an election in the prescribed form containing prescribed information in respect of a group of employees to which the employee belongs and the number of employees concerned by the election does not exceed 20% of the total number of eligible employees whose salaries or wages are taken into consideration in computing the corporation’s qualified labour expenditure for the year in respect of the property; or

(b) where subparagraph *a* does not apply, the employee belongs to the group consisting of 20% of the total number of eligible employees whose salaries or wages taken into consideration in computing the corporation’s qualified labour expenditure for the year in respect of the property are the highest.

Rounding.

For the purposes of the seventh paragraph, if the result obtained after having applied the percentage of 20% to the total number of eligible employees is not a whole number, it must be rounded to the nearest whole number and, if it is equidistant from two consecutive whole numbers, it must be rounded to the higher of those two numbers.

History: 1999, c. 83, s. 198; 2001, c. 51, s. 124; 2001, c. 69, s. 12; 2003, c. 9, s. 214; 2004, c. 21, s. 321; 2005, c. 38, s. 248; 2007, c. 12, s. 162; 2011, c. 34, s. 77; 2013, c. 10, s. 113; 2015, c. 21, s. 430; 2017, c. 1, s. 279; 2017, c. 29, s. 178.

1029.8.36.0.3.10. (Repealed).

History: 1999, c. 83, s. 198; 2001, c. 51, s. 125; 2001, c. 69, s. 12; 2004, c. 21, s. 322; 2005, c. 38, s. 249; 2007, c. 12, s. 163; 2012, c. 8, s. 199.

Government assistance and non-government assistance.

1029.8.36.0.3.10.1. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.9, the following rules apply:

(a) the amount of the salaries or wages incurred or of a portion of the consideration paid, included in the qualified labour expenditure of the corporation for the year, in respect of a property that is a multimedia title, is to be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the salaries or wages or to the portion of the consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year; and

(b) the amount of a portion of the consideration paid that is referred to in paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.8 and included in the qualified labour expenditure referred to in paragraph *a*, is to be reduced, where applicable, by the amount of any government assistance or non-government assistance that is attributable to the salaries or wages incurred and paid in respect of the eligible employees of an establishment of a person or partnership situated in Québec that are referred to in that paragraph *b*, or that would be so attributable if the person or partnership had such employees, and that the person or partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

History: 2006, c. 13, s. 119; 2007, c. 12, s. 164.

Repayment of assistance.

1029.8.36.0.3.11. If, in a taxation year, in this section referred to as the “repayment year”, a person or partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government

assistance or non-government assistance that the person or partnership received and that reduced, in accordance with section 1029.8.36.0.3.10.1, the qualified labour expenditure of a corporation, for a particular taxation year, in respect of a property that is a multimedia title for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.3.9, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular year under section 1029.8.36.0.3.9, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.3.10.1, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.9 for that particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 1999, c. 83, s. 198; 2001, c. 7, s. 169; 2002, c. 40, s. 138; 2006, c. 13, s. 120; 2007, c. 12, s. 165.

Deemed repayment of assistance.

1029.8.36.0.3.12. For the purposes of section 1029.8.36.0.3.11, an amount of assistance received by a person or partnership is deemed, in respect of a property that is a multimedia title, to be repaid by the person or partnership in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.3.10.1, a qualified labour expenditure of a qualified corporation for the purpose of computing the amount it is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.9;

(b) was not received by the person or partnership; and

(c) ceased in the taxation year to be an amount that the person or partnership may reasonably expect to receive.

History: 1999, c. 83, s. 198; 2001, c. 7, s. 169; 2006, c. 13, s. 121; 2007, c. 12, s. 166.

Benefit or advantage.

1029.8.36.0.3.13. If, in respect of eligible production work in relation to a property that is a multimedia title, a person or partnership has obtained, is entitled to obtain or

may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the carrying out of the eligible production work, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, or a person or partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage on a determination of the Minister to that effect, the amount of the salaries or wages incurred or of a portion of a consideration paid, included in the qualified labour expenditure of a qualified corporation, for a taxation year, in respect of the property, is, for the purpose of computing the amount that is deemed to have been paid to the Minister for the year by the corporation under section 1029.8.36.0.3.9, to be reduced, where applicable, by the amount of the benefit or advantage attributable to the salaries or wages or to the portion of a consideration, as the case may be, that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, or is deemed to have obtained or to be entitled to obtain, on or before the corporation's filing-due date for that year.

History: 1999, c. 83, s. 198; 2006, c. 13, s. 122; 2006, c. 36, s. 132; 2007, c. 12, s. 167.

Reduction where consideration is not paid in currency.

1029.8.36.0.3.14. Notwithstanding section 1029.8.36.0.3.9, where a corporation, under the terms of a contract, causes eligible production work to be carried out on its behalf in relation to a property that is a multimedia title, and the consideration payable or paid by the corporation for such work does not consist in whole of currency, the corporation shall not be deemed to have paid to the Minister an amount under that section in respect of all or any part of the consideration that may reasonably be considered to be payable or paid in currency.

History: 1999, c. 83, s. 198.

Rules applicable.

1029.8.36.0.3.15. For the purposes of this division, the qualified labour expenditure of a qualified corporation in respect of a property that is a multimedia title shall be reduced by the amount of the consideration payable or paid, under the terms of a contract entered into for the carrying out of eligible production work, in relation to the disposition of property or the providing of a service to the corporation or to a person with whom the corporation is not dealing at arm's length, except to the extent that the consideration may reasonably be considered to relate to property resulting from the eligible production work or to services relating to the property, or to property or part of a property consumed in connection with the work or the services.

History: 1999, c. 83, s. 198; 2006, c. 13, s. 123.

1029.8.36.0.3.16. *(Repealed).*

History: 1999, c. 83, s. 198; 2001, c. 51, s. 126; 2002, c. 9, s. 67.

Application.

1029.8.36.0.3.17. This division applies in respect of a property that is a multimedia title of a qualified corporation the main production work of which began after 31 March 1998, or in respect of a property that is a multimedia title of a qualified corporation, the main production work of which began after 9 May 1996 and before 1 April 1998 where, in the latter case, the corporation makes the election in prescribed form containing the prescribed information and sends it to the Minister on or before the corporation's filing-due date for its taxation year that includes 20 December 1999.

History: 1999, c. 83, s. 198.

DIVISION II.6.0.1.3
CREDIT FOR CORPORATIONS SPECIALIZED IN
THE PRODUCTION OF MULTIMEDIA TITLES

Definitions:

1029.8.36.0.3.18. In this division,

“eligible employee”;

“eligible employee” for a taxation year means an employee in respect of whom a qualification certificate is issued for the year by Investissement Québec, certifying that the employee is an eligible employee for the purposes of this division;

“eligible multimedia title”;

“eligible multimedia title” of a corporation means a title that is not identified as being an excluded title on the qualification certificate issued to the corporation, for the year, by Investissement Québec for the purposes of this division;

“eligible production work”;

“eligible production work”, for a taxation year, relating to an eligible multimedia title, means the work specified in the qualification certificate issued for the year to a corporation in respect of an eligible employee or a person or partnership that has carried out all or part of that work as part of a contract;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec, carries on therein a qualified business and holds a qualification certificate issued, for the year, by Investissement Québec for the purposes of this division, but does not include

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985 but for section 192;

(c) *(subparagraph repealed)*;

“qualified labour expenditure”;

“qualified labour expenditure” of a qualified corporation for a taxation year means, subject to the second paragraph, the aggregate of

(a) the salaries or wages attributable to eligible multimedia titles that were incurred by the corporation in the year and paid, in respect of its eligible employees of an establishment situated in Québec, for eligible production work relating to such titles;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work that was carried out on its behalf in the year in relation to eligible multimedia titles, to a person or partnership who or which carried out all or a part of the eligible production work and with whom or with which the corporation is not dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the salaries or wages attributable to the titles that the person or partnership incurred or paid in respect of its eligible employees of an establishment situated in Québec, or that could be so attributed if that person or partnership had such employees; and

(c) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to eligible multimedia titles, to a person or partnership with whom or with which the corporation is dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out on its behalf in the year by the employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees;

“salary or wages”.

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

Rules governing qualified labour expenditure of a corporation.

For the purposes of the definition of “qualified labour expenditure” in the first paragraph,

(a) *(subparagraph repealed)*;

(b) the consideration referred to in paragraph *b* or *c* of that definition does not include an amount paid by a corporation to another corporation under the terms of a contract entered into before 21 March 2012 where the amount may reasonably be attributed to eligible production work relating to eligible multimedia titles that was carried out in a taxation year of that other corporation for which that other corporation holds a valid qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.19 issued to it for that year;

(c) an amount incurred in a taxation year that relates to work to be carried out in a subsequent taxation year is deemed not

to have been incurred in that year, but to have been incurred in the subsequent year during which the work to which the amount refers is carried out; and

(d) *(subparagraph repealed)*;

(e) a salary, wages or a consideration does not include remuneration based on the profits or revenues derived from the operation of an eligible multimedia title.

Remuneration based on profits or revenues.

For the purposes of subparagraph *e* of the second paragraph, the following is not considered remuneration based on the profits or revenues derived from the operation of an eligible multimedia title:

(a) remuneration that

i. is determined in particular by reference to the type of use projected for the title, and

ii. may not be reimbursed if the title is not used as first anticipated; and

(b) remuneration that is not computed by reference to an amount of profit or revenue derived from the operation of the title.

History: 1999, c. 83, s. 198; 2000, c. 5, s. 260; 2000, c. 39, s. 152; 2001, c. 51, s. 127; 2001, c. 69, s. 12; 2002, c. 9, s. 68; 2004, c. 21, s. 323; 2005, c. 1, s. 237; 2005, c. 38, s. 250; 2007, c. 12, s. 168; 2011, c. 1, s. 70; 2013, c. 10, s. 114; 2015, c. 21, s. 431; 2019, c. 14, s. 331.

Credit.

1029.8.36.0.3.19. A corporation that, for a taxation year, is a qualified corporation and encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the fourth paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount obtained by applying the appropriate percentage determined in the third paragraph in its respect for the year to its qualified labour expenditure for the year.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each

payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Appropriate percentage.

The percentage to which the first paragraph refers for a taxation year is, as the case may be,

(a) if an application for a qualification certificate is filed for the year before 21 March 2012, or after 20 March 2012 but in respect of a taxation year that ended before 21 March 2012, the percentage that corresponds to

i. 37.5%, where the valid qualification certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are produced without having been ordered, are to be commercialized and are available in a French version, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles,

ii. 30%, where subparagraph *i* does not apply and the valid qualification certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are produced without having been ordered and are to be commercialized, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles, and

iii. 26.25%, in any other case; or

(b) if an application for a qualification certificate is filed after 20 March 2012 in respect of a taxation year that ends after that date, the percentage that corresponds, subject to the fifth paragraph, to

i. 37.5%, where the valid qualification certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized, are available in a French version and are not vocational training titles, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles,

ii. 30%, where subparagraph *i* does not apply and the valid qualification certificate issued to the corporation for the year

certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized and are not vocational training titles, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles, and

iii. 26.25%, in any other case.

Documents to be filed.

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

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

(b) a copy of the valid qualification certificate issued to the corporation for the year by Investissement Québec, for the purposes of this division, in respect of its activities and in respect of an eligible employee or of a person or partnership that, as part of a contract, carried out all or part of the production work.

Transitional rule.

Where this section applies in respect of all or part of a qualified labour expenditure that consists of salaries or wages incurred after 4 June 2014 and before 27 March 2015 or of amounts each of which is a portion of the consideration or one-half of a portion of the consideration that is paid under a contract entered into after 3 June 2014 and before 27 March 2015, the percentages of 37.5%, 30% and 26.25% in subparagraph *b* of the third paragraph are to be replaced by the percentages of 30%, 24% and 21%, respectively, in respect of all or part of the qualified labour expenditure.

Qualified labour expenditure limit.

For the purposes of the first paragraph, the amount, determined after the application of sections 1029.8.36.0.3.21 and 1029.8.36.0.3.24, of a salary or wages referred to in paragraph *a* or *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.18, incurred and paid in respect of an eligible employee, may not exceed the amount obtained by multiplying \$100,000 by the proportion that the number of days in the corporation’s taxation year during which the employee is an eligible employee is of 365.

Where limit not applicable.

The sixth paragraph does not apply in respect of a salary or wages paid in consideration of services rendered by an eligible employee if

(a) the corporation makes an election in the prescribed form containing prescribed information in respect of a group of employees to which the employee belongs and the number of employees concerned by the election does not exceed 20% of the total number of eligible employees whose salaries or

wages are taken into consideration in computing the corporation’s qualified labour expenditure for the year; or

(b) where subparagraph *a* does not apply, the employee belongs to the group consisting of 20% of the total number of eligible employees whose salaries or wages taken into consideration in computing the corporation’s qualified labour expenditure for the year are the highest.

Rounding.

For the purposes of the seventh paragraph, if the result obtained after having applied the percentage of 20% to the total number of eligible employees is not a whole number, it must be rounded to the nearest whole number and, if it is equidistant from two consecutive whole numbers, it must be rounded to the higher of those two numbers.

History: 1999, c. 83, s. 198; 2001, c. 51, s. 128; 2001, c. 69, s. 12; 2003, c. 9, s. 215; 2004, c. 21, s. 324; 2005, c. 38, s. 251; 2007, c. 12, s. 169; 2011, c. 34, s. 78; 2013, c. 10, s. 115; 2015, c. 21, s. 432; 2017, c. 1, s. 280; 2017, c. 29, s. 179.

1029.8.36.0.3.20. (Repealed).

History: 1999, c. 83, s. 198; 2001, c. 51, s. 129; 2001, c. 69, s. 12; 2005, c. 38, s. 252; 2007, c. 12, s. 170; 2012, c. 8, s. 200.

Government assistance and non-government assistance.

1029.8.36.0.3.21. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.19, the following rules apply:

(a) the amount of the salaries or wages incurred or of a portion of the consideration paid, included in the qualified labour expenditure of the corporation for the year, is to be reduced, where applicable, by the amount of any government assistance or non-government assistance that is attributable to the salaries or wages or to the portion of the consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year; and

(b) the amount of a portion of the consideration paid that is referred to in paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.18 and included in the qualified labour expenditure referred to in paragraph *a*, is to be reduced, where applicable, by the amount of any government assistance or non-government assistance that is attributable to the salaries or wages incurred and paid in respect of the eligible employees of an establishment of a person or partnership situated in Québec that are referred to in that paragraph *b*, or that would be so attributable if the person or partnership had such employees, and that the person or partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

History: 1999, c. 83, s. 198; 2007, c. 12, s. 171.

Repayment of assistance.

1029.8.36.0.3.22. If, in a taxation year, in this section referred to as the “repayment year”, a person or partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that the person or partnership received and that reduced, in accordance with section 1029.8.36.0.3.21, the qualified labour expenditure of a corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.3.19, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular year under section 1029.8.36.0.3.19, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.3.21, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.19 for that particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 1999, c. 83, s. 198; 2001, c. 7, s. 169; 2002, c. 40, s. 139; 2007, c. 12, s. 172.

Deemed repayment of assistance.

1029.8.36.0.3.23. For the purposes of section 1029.8.36.0.3.22, an amount of assistance received by a person or partnership is deemed to be repaid by the person or partnership in a particular taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.3.21, the qualified labour expenditure of a corporation for a taxation year for the purpose of computing the amount it is deemed to have paid to the Minister under section 1029.8.36.0.3.19;

(b) was not received by the person or partnership; and

(c) ceased in the particular taxation year to be an amount that the person or partnership may reasonably expect to receive.

History: 1999, c. 83, s. 198; 2001, c. 7, s. 169; 2007, c. 12, s. 173.

Benefit or advantage.

1029.8.36.0.3.24. If, in respect of eligible production work relating to eligible multimedia titles, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the carrying out of the eligible production work, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, or a person or partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage on a determination by the Minister to that effect, the amount of the salaries or wages incurred or of a portion of a consideration paid, included in the qualified labour expenditure of a qualified corporation for a taxation year, is, for the purpose of computing the amount that is deemed to have been paid to the Minister for the year by the corporation under section 1029.8.36.0.3.19, to be reduced, where applicable, by the amount of the benefit or advantage attributable to the salaries or wages or to the portion of a consideration, as the case may be, that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, or is deemed to have obtained or to be entitled to obtain, on or before the corporation’s filing-due date for that year.

History: 1999, c. 83, s. 198; 2006, c. 13, s. 124; 2006, c. 36, s. 133; 2007, c. 12, s. 174.

Reduction where consideration is not paid in currency.

1029.8.36.0.3.25. Notwithstanding section 1029.8.36.0.3.19, where a qualified corporation, under the terms of a contract, causes eligible production work to be carried out on its behalf in relation to eligible multimedia titles, and the consideration payable or paid by the corporation for such work does not consist in whole of currency, the corporation shall not be deemed to have paid to the Minister an amount under that section in respect of all or any part of the consideration that cannot reasonably be considered to be payable or paid in currency.

History: 1999, c. 83, s. 198.

Rules applicable.

1029.8.36.0.3.26. For the purposes of this division, a qualified labour expenditure of a qualified corporation shall be reduced by the amount of the consideration payable or paid, under the terms of a contract entered into for the carrying out of eligible production work, in relation to the disposition of property or the providing of a service to the corporation or to a person with whom the corporation is not dealing at arm’s length, except to the extent that the consideration may reasonably be considered to relate to property resulting from the eligible production work or to services relating to the property, or to property or part of a

property consumed in connection with the work or the services.

History: 1999, c. 83, s. 198.

1029.8.36.0.3.27. *(Repealed).*

History: 1999, c. 83, s. 198; 2001, c. 51, s. 130; 2002, c. 9, s. 69.

DIVISION II.6.0.1.4

(Repealed).

§1. — *(Repealed).*

1029.8.36.0.3.28. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 5, s. 261; 2000, c. 39, s. 153; 2001, c. 51, s. 131; 2001, c. 69, s. 12; 2002, c. 9, s. 70; 2003, c. 9, s. 216.

1029.8.36.0.3.29. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 154; 2003, c. 9, s. 216.

§2. — *(Repealed).*

1029.8.36.0.3.30. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 155; 2001, c. 51, s. 132; 2001, c. 69, s. 12; 2003, c. 9, s. 216.

1029.8.36.0.3.31. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 156.

1029.8.36.0.3.32. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 157; 2001, c. 51, s. 133; 2003, c. 9, s. 216.

1029.8.36.0.3.33. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 158; 2001, c. 51, s. 134; 2003, c. 9, s. 216.

1029.8.36.0.3.34. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 159; 2001, c. 51, s. 135; 2001, c. 69, s. 12; 2003, c. 9, s. 216.

1029.8.36.0.3.35. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 160; 2002, c. 40, s. 140; 2003, c. 9, s. 216.

1029.8.36.0.3.36. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 161; 2001, c. 7, s. 169; 2003, c. 9, s. 216.

1029.8.36.0.3.37. *(Repealed).*

History: 1999, c. 83, s. 198; 2000, c. 39, s. 162; 2002, c. 9, s. 71.

DIVISION II.6.0.1.5

(Repealed).

§1. — *(Repealed).*

1029.8.36.0.3.38. *(Repealed).*

History: 2000, c. 39, s. 163; 2001, c. 7, s. 169; 2001, c. 51, s. 136; 2001, c. 69, s. 12; 2002, c. 9, s. 72; 2003, c. 9, s. 216.

1029.8.36.0.3.39. *(Repealed).*

History: 2000, c. 39, s. 163; 2003, c. 9, s. 216.

§2. — *(Repealed).*

1029.8.36.0.3.40. *(Repealed).*

History: 2000, c. 39, s. 163; 2001, c. 51, s. 137; 2001, c. 69, s. 12; 2003, c. 9, s. 216.

1029.8.36.0.3.41. *(Repealed).*

History: 2000, c. 39, s. 163; 2001, c. 7, s. 169; 2001, c. 51, s. 138; 2003, c. 9, s. 216.

1029.8.36.0.3.42. *(Repealed).*

History: 2000, c. 39, s. 163; 2001, c. 51, s. 139; 2001, c. 69, s. 12; 2003, c. 9, s. 216.

1029.8.36.0.3.43. *(Repealed).*

History: 2000, c. 39, s. 163; 2002, c. 40, s. 141; 2003, c. 9, s. 216.

1029.8.36.0.3.44. *(Repealed).*

History: 2000, c. 39, s. 163; 2003, c. 9, s. 216.

1029.8.36.0.3.45. *(Repealed).*

History: 2000, c. 39, s. 163; 2002, c. 9, s. 73.

DIVISION II.6.0.1.6

CREDIT FOR CORPORATIONS ESTABLISHED IN E-COMMERCE PLACE

§1. — *Interpretation and general*

Definitions:

1029.8.36.0.3.46. In this division,

“*associated employer*”;

“*associated employer*” of a particular corporation at the end of a calendar year means an employer who has an establishment in Québec and at that time is a corporation with which the particular corporation is associated;

“*base calendar year*”;

“*base calendar year*” of a corporation means the calendar year preceding the calendar year that includes the date of the beginning of the operations of the corporation;

“date of the beginning of the operations”;

“date of the beginning of the operations” of a corporation means the effective date specified in the first valid qualification certificate, referred to in the first paragraph of section 1029.8.36.0.3.48, that was issued to the corporation for a taxation year;

“eligibility period”;

“eligibility period” of a corporation for a taxation year means the portion of the year included in the period that begins on 12 May 2000 and ends,

(a) where the qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.48 that was issued to the corporation for the year is not revoked

i. on 31 December 2010, if the effective date specified in the first valid qualification certificate, referred to in the first paragraph of section 1029.8.36.0.3.48, that was issued to the corporation for a taxation year precedes 1 January 2001, or on the last day of the 10-year period that begins on that effective date, if that effective date is before 1 January 2004 but after 31 December 2000, and

ii. on 31 December 2013, in any other case; or

(b) where the qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.48 that was issued to the corporation for the year is revoked, on the earlier of the day that precedes the day on which the revocation of that certificate is effective and the date that would be determined in accordance with paragraph *a* if it applied to the corporation for that year;

“eligible activity”;

“eligible activity” of a corporation for a taxation year means an activity that the corporation carries on in the year and that is covered by the qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.48 that Investissement Québec issues to the corporation for the year;

“eligible employee”;

“eligible employee” of a corporation for all or part of a taxation year means an individual in respect of whom a qualification certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the individual is an eligible employee for all or that part of the year;

“modified rate”;

“modified rate” for a particular year of operation of a corporation means the rate determined under section 1029.8.36.0.3.50 for the particular year of operation of the corporation that is subsequent to its fifth year of operation;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec and that is not

(a) a tax-exempt corporation for the year under Book VIII;

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

(c) a corporation control of which is acquired at the beginning of the year or of a preceding taxation year, but after 11 June 2003, by a person or group of persons, unless acquiring control of the corporation

i. occurs before 1 July 2004 and Investissement Québec certifies that the acquisition of control results from a transaction that was sufficiently advanced on 11 June 2003 and was binding on the parties on that date,

ii. is by a qualified corporation, by a person or group of persons that controls a qualified corporation, or by a group of persons each member of which is a qualified corporation or a person who, alone or together with other members of the group, controls such a corporation,

iii. derives from the exercise after 11 June 2003 of one or more rights described in paragraph *b* of section 20 that were acquired before 12 June 2003, or

iv. derives from the performance after 11 June 2003 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 12 June 2003; or

(d) a corporation that has made an election under the fourth or fifth paragraph of section 1029.8.36.0.3.80 for the year or a preceding taxation year;

“qualified wages”;

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

(a) the amount determined for the year pursuant to section 1029.8.36.0.3.47 in relation to the eligible employee; and

(b) the amount by which the amount of the wages incurred by the qualified corporation in respect of the employee, in the corporation’s eligibility period for the year, while the employee qualified as an eligible employee of the qualified corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on of an eligible activity by the eligible employee in the year, exceeds the aggregate of

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

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to work carried out by the eligible employee in connection with the carrying on of the eligible activity of the qualified

corporation for the taxation year that a person or partnership has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation's filing-due date for that taxation year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner;

“wages”;

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

“year of operation”.

“year of operation” that is a particular year of operation of a corporation means the period that begins on the date of the beginning of the operations of the corporation and that ends on the day that is one year after the day immediately preceding that date, or the period that begins on a particular day that occurs at each successive one-year interval after the date of the beginning of the operations of the corporation and that ends on the day that is one year after the day immediately preceding that particular day.

Date of the beginning of the operations.

For the purposes of the definition of “date of the beginning of the operations” in the first paragraph, where two or more qualified corporations are associated with each other at the end of a calendar year, the date of the beginning of the operations of each of those qualified corporations is deemed to be the date that is the earliest of their respective dates of the beginning of the operations.

Associated employer.

For the purposes of the definition of “associated employer” in the first paragraph, the following rules apply:

(a) where an employer is an individual, other than a trust, the individual is deemed to be a corporation, all of the voting shares in the capital stock of which are owned at the end of a calendar year by the individual;

(b) where an employer is a partnership, the partnership is deemed to be a corporation whose taxation year corresponds to the partnership's fiscal period and all the voting shares in the capital stock of which are owned at the end of a calendar year by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership's last fiscal period that ends at or before that time; and

(c) where an employer is a trust, the trust is deemed to be a corporation all of the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries, in this paragraph referred to as the “distribution date”, and under which no other person

can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) where any such beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and where that time occurs before the distribution date, are owned at that time by the beneficiary, and

(2) where subparagraph 1 does not apply and where that time occurs before the distribution date, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. where a beneficiary's share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at that time by the beneficiary, except where subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, except where subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at that time by the person referred to therein from whom property of the trust or property for which it was substituted was directly or indirectly received.

Eligibility period of an associated corporation.

For the application of the definition of “eligibility period” in the first paragraph to a corporation that, in its taxation year for which its first valid qualification certificate, referred to in the first paragraph of section 1029.8.36.0.3.48, is issued to it, is associated with one or more other qualified corporations, the effective date specified in that first qualification certificate and to which subparagraph i of paragraph a of that definition refers is deemed to be the earlier of the effective date and all of the dates each of which is the effective date specified in the first qualification certificate that was issued to any of the other qualified corporations.

History: 2002, c. 9, s. 74; 2004, c. 21, s. 325; 2005, c. 1, s. 238; 2006, c. 13, s. 125; 2009, c. 15, s. 238.

Determination of the qualified wages limit.

1029.8.36.0.3.47. The amount to which paragraph a of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46 refers, for a taxation year of a

qualified corporation, in relation to an eligible employee means an amount equal,

(a) where the taxation year of the qualified corporation ends before 1 January 2001, to the amount obtained by multiplying \$40,000 by the proportion that the number of days in the corporation's eligibility period for the year during which the employee qualifies as an eligible employee is of 365;

(b) where the taxation year of the qualified corporation includes 1 January 2001, to the aggregate of

i. the amount obtained by multiplying \$40,000 by the proportion that the number of days in the corporation's eligibility period for the year that precede 1 January 2001 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$35,714.29 by the proportion that the number of days in the corporation's eligibility period for the year that follow 31 December 2000 during which the employee qualifies as an eligible employee is of 365; and

(c) in any other case, to the amount obtained by multiplying \$35,714.29 by the proportion that the number of days in the corporation's eligibility period for the taxation year during which the employee qualifies as an eligible employee is of 365;

(d) *(paragraph repealed)*;

(e) *(paragraph repealed)*;

(f) *(paragraph repealed)*.

History: 2002, c. 9, s. 74; 2004, c. 21, s. 326.

§2. — *Credit*

Credit.

1029.8.36.0.3.48. A corporation that holds, for a taxation year, a valid qualification certificate issued by Investissement Québec for the purposes of this division and that encloses with its fiscal return it is required to file for the year under section 1000 a copy of the qualification certificate as well as the documents referred to in the third paragraph is deemed, subject to the second paragraph and to section 1029.8.36.0.3.49, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to 35% of the qualified wages incurred by the corporation in the year in respect of one of its eligible employees for all or part of that year.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

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

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

(b) a copy of the valid qualification certificate issued to the corporation for the year by Investissement Québec in respect of the eligible employee for the purposes of this division.

Exception where a corporation so elects.

Notwithstanding the first paragraph, no corporation may be deemed to have paid the amount determined under that paragraph to the Minister, on account of its tax payable for a taxation year under this Part, where it elects irrevocably, in the manner and within the time specified in the fifth paragraph, to avail itself for the year of the provisions of section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) in respect of the aggregate of all amounts each of which is an amount that the corporation would, but for this paragraph and the second paragraph of section 1029.8.36.0.3.57, be deemed to have paid to the Minister for the year under this division.

Modalities of application of the election.

A corporation makes the election to which the fourth paragraph refers for a taxation year by filing with the Minister, for the first time and on or before the day that is 12 months after the corporation's filing-due date for the year,

the prescribed form containing the prescribed information referred to in subparagraph *a* of the third paragraph.

Wages incurred before 1 January 2001.

Where a taxation year of a corporation is, in whole or in part, within a particular period that is between 11 May 2000 and 1 January 2001, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under the first paragraph, in relation to qualified wages incurred in that taxation year in respect of an eligible employee, the following rules apply:

(a) where the amount determined under paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46 is the qualified wages for that taxation year, the rate of 35% referred to in the first paragraph shall be replaced by a rate of 25% applicable in respect of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the corporation in respect of the eligible employee, while the employee qualified as an eligible employee for the portion of the year within the particular period;

(b) where the amount determined under paragraph *a* of section 1029.8.36.0.3.47 is, by virtue of paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46, the qualified wages for that taxation year, the rate of 35% referred to in the first paragraph shall be replaced by a rate of 25% applicable in respect of the qualified wages; and

(c) where the amount determined under paragraph *b* of section 1029.8.36.0.3.47 is, by virtue of paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46, the qualified wages for that taxation year, the first paragraph shall be read with “35% of the qualified wages incurred by the corporation in the year in respect of one of its eligible employees” replaced by “the aggregate of 25% of the amount determined under subparagraph *i* of paragraph *b* of section 1029.8.36.0.3.47 and 35% of the amount determined under subparagraph *ii* of paragraph *b* of that section, in respect of the qualified wages incurred by the corporation in the year in respect of one of its eligible employees”.

History: 2002, c. 9, s. 74; 2003, c. 9, s. 217; 2004, c. 21, s. 327.

§3. — *Modified rate*

Modified rate of credit.

1029.8.36.0.3.49. For the purpose of determining the amount that a corporation is deemed to have paid to the Minister pursuant to section 1029.8.36.0.3.48, or would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, in relation to qualified wages incurred by the corporation, in respect of one

of its eligible employees, in a taxation year included in whole or in part in a particular year of operation of the corporation that is subsequent to its fifth year of operation, the following rules apply:

(a) the rate of 35% mentioned in the first paragraph of section 1029.8.36.0.3.48 shall be replaced by the modified rate for the particular year of operation of the corporation that is subsequent to its fifth year of operation and that begins in the taxation year or in the preceding taxation year; and

(b) the modified rate for the particular year of operation of the corporation that is subsequent to its fifth year of operation and that begins in the taxation year or the preceding taxation year shall be applied in respect of the portion of the qualified wages that may reasonably be considered as attributable to the qualified wages incurred by the corporation in respect of the eligible employee in the part of the taxation year that is included in the particular year of operation of the corporation.

History: 2002, c. 9, s. 74.

Determination of the modified rate.

1029.8.36.0.3.50. The rate to which the definition of “modified rate” in the first paragraph of section 1029.8.36.0.3.46 refers for a particular year of operation of a corporation that is subsequent to its fifth year of operation is equal to the rate, not exceeding 35%, determined by the formula

$$[2 \times (A - B) / C] \times 35\%.$$

Interpretation.

In the formula provided for in the first paragraph,

(a) A is the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation have paid in that calendar year to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec;

(b) B is the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation have paid in the base calendar year of the corporation to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec; and

(c) C is the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended

immediately before the date of the beginning of the particular year of operation of the corporation have paid in respect of an eligible employee of the corporation, while the employee qualified as an eligible employee, in that calendar year, without exceeding \$35,714.29.

Rules relating to wages.

For the purposes of subparagraphs *a* and *b* of the second paragraph, the following rules apply:

(*a*) where, during a period within a calendar year, an employee reports for work at an establishment of the employer situated in Québec and at an establishment of the employer situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, and

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the employer situated outside Québec; and

(*b*) where, during a period within a calendar year, an employee is not required to report for work at an establishment of the employer and the employee's wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

Beginning of the operations in the calendar year 2000.

For the purposes of subparagraph *b* of the second paragraph, where the date of the beginning of the operations of a corporation is in the calendar year 2000, the amount determined under that subparagraph is deemed to be equal to the amount obtained by multiplying by 400% the amount equal to the amount by which the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation paid in the first three months of the calendar year 2000 to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec, exceeds the amount equal to the amount obtained by multiplying by 75% the aggregate of all amounts each of which is an amount paid by the corporation and the associated employer of the corporation in the first three months of the calendar year 2000 as a bonus and that is included in the wages.

History: 2002, c. 9, s. 74.

Base calendar year of less than 365 days.

1029.8.36.0.3.51. For the purposes of this division, subject to the fourth paragraph of section 1029.8.36.0.3.50, where the number of days in the base calendar year of a corporation in which the corporation and an associated employer of the corporation at the end of a calendar year that ended immediately before the date of the beginning of a particular year of operation of the corporation have carried on a business in Québec, in this section referred to as the “number of qualifying days” of the corporation or the associated employer, is less than 365, the aggregate of all amounts each of which is the wages paid by the corporation or the associated employer in that base calendar year to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec in the course of the business carried on by the corporation or the associated employer, is deemed to be equal to the proportion of that aggregate that 365 is of the number of qualifying days of the corporation or the associated employer, in relation to the business.

History: 2002, c. 9, s. 74.

Association in the first four years of operation.

1029.8.36.0.3.52. Where a person or a partnership becomes an associated employer of a corporation at any time in a calendar year that ends in one of the first four years of operation of the corporation, the aggregate of all amounts referred to in subparagraph *b* of the second paragraph of section 1029.8.36.0.3.50, each of which is the wages paid in the base calendar year of the corporation by the associated employer of the corporation to an employee who reports for work at an establishment of the associated employer situated in Québec is, notwithstanding the third paragraph of section 1029.8.36.0.3.50 and section 1029.8.36.0.3.51, deemed to be zero.

Reference to a calendar year.

For the purposes of the first paragraph, a reference to a calendar year ending in a particular year of operation includes a reference to a calendar year ending coincidentally with that of the particular year of operation.

History: 2002, c. 9, s. 74.

Amalgamation.

1029.8.36.0.3.53. For the purposes of section 1029.8.36.0.3.50, where a corporation, in this section referred to as the “new corporation”, is the result of the amalgamation, within the meaning of section 544, of several corporations, in this section each referred to as a “predecessor corporation”, the new corporation is deemed, subject to the second paragraph, to have paid in the base calendar year of the corporation and the part of the calendar year preceding the amalgamation, the aggregate of all amounts each of which is the wages paid by a predecessor corporation in the base calendar year and the part of the

calendar year preceding the amalgamation to an employee who reports for work at an establishment of the predecessor corporation situated in Québec.

Amalgamation in a calendar year that ends in one of the first four years of operation.

For the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the modified rate for a particular year of operation of a new corporation that is subsequent to its fifth year of operation, where an amalgamation, within the meaning of section 544, occurs at any time in a calendar year that ends in one of the first four years of operation of a predecessor corporation, where the new corporation is the result of the amalgamation of the predecessor corporation and another corporation, other than a corporation that is an associated employer of the predecessor corporation at the end of the base calendar year of the predecessor corporation that, at any time in the 12-month period preceding the amalgamation or, where the other corporation began to exist at any time in the 12-month period preceding the amalgamation, at any time in the period that begins at the time when that other corporation begins to exist and that ends at the time of the amalgamation, did not hold a valid qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.48, the new corporation is deemed to have paid in its base calendar year, the aggregate of all amounts each of which is the wages paid by the predecessor corporation in the base calendar year to an employee who reports for work at the establishment of the predecessor corporation situated in Québec.

Predecessor corporation.

For the purposes of this section, a predecessor corporation includes a corporation in respect of which the predecessor corporation was a new corporation.

Reference to a calendar year.

For the purposes of the second paragraph, a reference to a calendar year that ends in a year of operation includes the reference to a calendar year ending coincidentally with that of the year of operation.

History: 2002, c. 9, s. 74; 2002, c. 40, s. 142; 2004, c. 21, s. 328.

Winding-up.

1029.8.36.0.3.54. For the purposes of section 1029.8.36.0.3.50, where the rules set out in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary within the meaning of section 556, the parent corporation is deemed to have paid, in its base calendar year and the part of the calendar year preceding its winding-up, the aggregate of all amounts each of which is the wages paid by the subsidiary, in the base calendar year and the part of the calendar year preceding the winding-up, to an employee who reports for work at an establishment of the subsidiary situated in Québec.

History: 2002, c. 9, s. 74; 2002, c. 40, s. 143.

Decrease in or cessation of activities.

1029.8.36.0.3.55. Subject to sections 1029.8.36.0.3.53 and 1029.8.36.0.3.54, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the "vendor", diminish or cease in relation to a particular business carried on by the vendor in Québec, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the "purchaser", begins, after the particular time, to carry on similar activities in the course of carrying on such a business in Québec or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, for the purposes of section 1029.8.36.0.3.50, the following rules apply, subject to the third, fourth and fifth paragraphs:

(a) the aggregate of all amounts each of which is the wages paid by the vendor in the vendor's base calendar year to an employee who reports for work at an establishment of the employer situated in Québec in relation to the particular business is deemed to be equal, at any time after the particular time, to the amount by which that aggregate otherwise determined exceeds the amount determined by the formula

$$A \times B \times C;$$

(b) the purchaser is deemed

i. to have paid to an employee who reports for work at an establishment of the employer situated in Québec, in a period within the particular calendar year, an amount equal to the proportion of the aggregate of all amounts each of which is the wages paid by the vendor to such an employee, to the extent that the employee may reasonably be considered to have been assigned to the carrying on of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year which precede the particular time is of the number of days in the particular calendar year which precede the particular time and during which the vendor carried on those activities, and

ii. to have paid in respect of the aggregate of all amounts each of which is the wages paid in the purchaser's base calendar year to an employee who reported for work at an establishment of the employer situated in Québec in relation to the particular business, an amount equal to the aggregate of

(1) the aggregate of all amounts each of which is the wages paid by the purchaser in the purchaser's base calendar year, otherwise determined, to an employee who reported for work at an establishment of the employer situated in Québec in relation to the particular business,

(2) an amount equal to the proportion of the aggregate of all amounts each of which is the wages paid by the vendor to an employee in the part of the particular calendar year preceding

the particular time, to the extent that the wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year which precede the particular time is of the number of days in the particular calendar year which precede the particular time and during which the vendor carried on those activities, and

(3) the aggregate of all amounts each of which is the wages paid by the purchaser to an employee, in the part of the calendar year following the particular time, to the extent that the wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time.

Interpretation.

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

(a) A is the aggregate of all amounts each of which is the wages paid by the vendor in the vendor's base calendar year to an employee who reports for work at an establishment of the employer situated in Québec in relation to the particular business;

(b) B is the proportion that the number of the vendor's employees referred to in subparagraph *a* who are assigned to the part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees referred to in subparagraph *a* immediately before the particular time; and

(c) C is the proportion that the number of days in the particular calendar year following the particular time is of 365.

Exception.

Where a person or a partnership is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that person or partnership is a vendor in relation to all of those activities, this section does not apply to the person or partnership either as vendor or as purchaser in respect of the activities and, for the purposes of section 1029.8.36.0.3.50, the person or partnership is deemed to have paid, from that time to the subsequent time, no portion of the wages that may reasonably be considered to relate to the employees of the person or partnership assigned to the carrying on of the activities that ceased after the subsequent time.

Rules applicable.

Where a person or partnership is, at a particular time in a calendar year, a purchaser in relation to activities carried on by another person or partnership and, at a subsequent time in the same calendar year, the person or partnership is a vendor

in relation to part of those activities, for the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the amount that the person or partnership is deemed to have paid under subparagraphs i and ii of subparagraph *b* of the first paragraph, the following rules apply:

(a) the person's or partnership's employees are deemed to have been paid by the person or partnership only the portion of the wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the person or partnership continues to carry on after that subsequent time; and

(b) the other person's or partnership's employees are deemed to have been paid by the other person or partnership only the portion of the wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the other person or partnership continues to carry on after that subsequent time.

Purchase of a business in the first four years of operation.

Where, at a particular time in a particular calendar year that ends in one of the first four years of operation of a corporation, the corporation or, as the case may be, an associated employer of the corporation at the end of a calendar year is a purchaser in relation to activities carried on by a person or partnership, this section does not apply to the corporation or the associated employer of the corporation, as purchaser, or to the person or partnership, as vendor, in respect of the activities and, for the purposes of section 1029.8.36.0.3.50, the corporation or, as the case may be, the associated employer of the corporation at the end of the calendar year is deemed to have paid, in the base calendar year, no portion of the wages that may reasonably be considered to relate to the employees of the person or partnership assigned to the carrying on of the activities.

Reference to a calendar year.

For the purposes of the fifth paragraph, a reference to a calendar year ending in a year of operation includes a reference to a calendar year ending coincidentally with that of the year of operation.

History: 2002, c. 9, s. 74; 2002, c. 40, s. 144.

1029.8.36.0.3.56. *(Repealed).*

History: 2002, c. 9, s. 74; 2004, c. 21, s. 329; 2012, c. 8, s. 201.

§4. — *Government assistance, non-government assistance and other particulars*

Repayment of assistance.

1029.8.36.0.3.57. Where, before 1 January 2015, a corporation pays in a taxation year, in this section referred to as the "repayment year", pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that

was taken into account for the purpose of computing qualified wages incurred in a particular taxation year by the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 for the particular taxation year, or would be deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 for that particular year if that section were read without reference to the fourth and fifth paragraphs thereof, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance due-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year in respect of the qualified wages under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof and if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.48 for the particular year in respect of the qualified wages, or would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 for the particular year in respect of the qualified wages, if that section were read without reference to the fourth and fifth paragraphs thereof; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this paragraph in respect of an amount of repayment of that assistance.

Election relating to the tax credit.

Notwithstanding the first paragraph, no corporation may be deemed to have paid the amount determined under that paragraph to the Minister, on account of its tax payable for the repayment year under this Part, where it elects irrevocably, in the manner and within the time specified in the third paragraph, to avail itself for the year of the provisions of section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) in respect of the aggregate of all amounts each of which is an amount that the corporation would, but for this paragraph and the fourth paragraph of section 1029.8.36.0.3.48, be deemed to have paid to the Minister for the year under this division.

Modalities of application of the election.

A corporation makes the election to which the second paragraph refers for the repayment year by filing with the Minister, for the first time and on or before the day that is 12 months after the corporation's filing-due date for the year, the

prescribed form containing the prescribed information referred to in the first paragraph.

History: 2002, c. 9, s. 74; 2003, c. 9, s. 218; 2015, c. 24, s. 139.

Deemed repayment of assistance.

1029.8.36.0.3.58. For the purposes of the first paragraph of section 1029.8.36.0.3.57, an amount of assistance is deemed to be repaid by a corporation in a taxation year pursuant to a legal obligation where that amount

(a) reduced, because of subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46, the amount of the wages referred to in that paragraph b, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48, or would be deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof;

(b) was not received by the corporation; and

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

History: 2002, c. 9, s. 74.

Corporations deemed to be associated.

1029.8.36.0.3.59. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause the rate mentioned in the first paragraph of section 1029.8.36.0.3.48 that is applicable to the first five years of operation of a corporation not to be, for the sixth year of operation of the corporation, replaced by a lower rate, pursuant to sections 1029.8.36.0.3.49 and 1029.8.36.0.3.50, or to cause the modified rate for a particular year of operation of the corporation that is subsequent to its sixth year of operation to be maintained or increased in relation to the rate applicable to the preceding year of operation, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

History: 2002, c. 9, s. 74.

DIVISION II.6.0.1.7 CREDIT FOR E-BUSINESS ACTIVITIES

§1. — Definitions and general

Definitions:

1029.8.36.0.3.60. In this division,

“*base amount*”;

“*base amount*” of a corporation, in relation to a particular recognized business, means

(a) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the particular recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business”; and

(b) in any other case, the aggregate of all amounts each of which is

i. the salary or wages paid by the corporation to an employee in the course of carrying on the particular recognized business, in respect of a pay period, within its base period, in relation to the particular recognized business, for which the employee is an eligible employee, or

ii. the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec but outside an eligible site, other than an excluded employee of the corporation, that were paid by the corporation, in the course of carrying on any given business in respect of a pay period, within its base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business”, except if an amount is included, in respect of the employee, in relation to the given business, in computing the base amount of the corporation in relation to another recognized business;

“base period”;

“base period” of a corporation, in relation to a recognized business, means the calendar year preceding the calendar year in which the eligibility period of a corporation in relation to the recognized business begins;

“designated site”;

“designated site” means premises designated by Investissement Québec for the purposes of this division;

“eligibility period”;

“eligibility period” of a corporation, in relation to a recognized business, means, subject to the second paragraph, the five-year period that begins on 1 January of the first calendar year, preceding the calendar year 2004, in respect of which the corporation obtains its qualification certificate, in relation to the recognized business;

“eligible amount”;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is

(a) the salary or wages paid by the corporation to an employee in respect of a pay period, within the year, for which the employee is an eligible employee, in relation to a recognized business of the corporation; or

(b) the salary or wages of an employee who reports for work at an establishment of the corporation situated in Québec, other than an employee referred to in paragraph *a* or an excluded employee of the corporation, that were paid by the corporation in respect of a pay period, within the year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business”;

“eligible employee”;

“eligible employee” of a corporation for a pay period of a calendar year, in relation to a recognized business, means an employee, other than an excluded employee at any time in that period, in respect of whom a qualification certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the employee is an eligible employee of the corporation for the pay period, in relation to the recognized business;

“eligible repayment of assistance”;

“eligible repayment of assistance” for a taxation year of a qualified corporation means the aggregate of

(a) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.65 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance;

(b) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.65 that reduced

the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance; and

(*c*) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.0.3.65 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.0.3.63 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.0.3.63, as the case may be, in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.0.3.63 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance;

“excluded employee”;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is

(*a*) a foreign specialist, within the meaning of section 737.22.0.1, where the corporation is an eligible employer referred to in paragraph *c* of the definition of foreign specialist in that section or in paragraph *d* of that definition if the corporation carries on a business in the Centre national des nouvelles technologies de Québec, within the meaning of the first paragraph of section 1029.8.36.0.17;

(*b*) an eligible employee of the corporation, within the meaning of the first paragraph of section 1029.8.36.0.3.38, as it read before being repealed, or a specified employee of the corporation, within the meaning of the first paragraph of section 1029.8.36.0.17, if the corporation carries on a business in the Centre national des nouvelles technologies de Québec; or

(*c*) a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation;

“qualified corporation”;

“qualified corporation”, for a calendar year, means a corporation that, in the year, carries on a qualified business in Québec and has an establishment in Québec, but does not include

(*a*) a corporation that is exempt from tax under Book VIII for the taxation year in which the calendar year ends;

(*b*) a corporation that would be exempt from tax for the taxation year in which the calendar year ends under section 985 but for section 192; or

(*c*) a corporation control of which is acquired at any time in the calendar year or a preceding calendar year, but after 11 June 2003, by a person or group of persons, unless the acquisition of control

i. occurs before 1 July 2004 and Investissement Québec certifies that it results from a transaction that was sufficiently advanced on 11 June 2003 and was binding on the parties on that date,

ii. is by a corporation carrying on at that time a recognized business, by a person or group of persons that controls such a corporation, or by a group of persons each member of which is such a corporation or a person who, alone or together with other members of the group, controls such a corporation,

iii. derives from the exercise after 11 June 2003 of one or more rights described in paragraph *b* of section 20 that were acquired before 12 June 2003, or

iv. derives from the performance after 11 June 2003 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 12 June 2003;

“recognized business”;

“recognized business” of a corporation for a taxation year means a business carried on by the corporation in the year in respect of which a qualification certificate is issued by Investissement Québec for the purposes of this division, certifying that its activities are

(a) activities of developing and supplying products and services relating to e-business;

(b) activities relating to the operation of e-business solutions; or

(c) activities of a client contact centre;

“salary or wages”;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include directors’ fees, premiums, incentive bonuses, compensation for hours worked in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member”.

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

Continuation of a business.

Except where section 1029.8.36.0.3.67 or 1029.8.36.0.3.68 applies, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec and, in the opinion of Investissement Québec, the business is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the eligibility period of the corporation, in relation to the recognized business, is deemed, for the purposes of the definition of “eligibility period” in the first paragraph, to have begun on the date on which the eligibility period of the other corporation began, in relation to the recognized business.

Employee’s work reporting location.

For the purposes of this division,

(a) where, during a pay period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in a designated site and at an establishment of the qualified corporation situated outside the designated site, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the designated site, or

ii. to report for work only at the establishment situated outside the designated site if, during that period, the

employee reports for work mainly at an establishment of the qualified corporation situated outside the designated site;

(b) where, during a pay period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec; and

(c) where, during a pay period within a calendar year, an employee is not required to report for work at an establishment of a qualified corporation and the employee’s salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

Reference to a calendar year.

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 330; 2005, c. 23, s. 164; 2006, c. 13, s. 126.

§2. — *Credits*

Credit.

1029.8.36.0.3.61. A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 35% of the aggregate of

(a) the lesser of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, within the calendar year, for which the employee is an eligible employee, in relation to a recognized business, exceeds the aggregate of all

amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the corporation to an employee in respect of a pay period, within its base period, in relation to the recognized business, for which the employee is an eligible employee, and

ii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year; and

(b) the eligible repayment of assistance of the qualified corporation for the taxation year.

Computation of payments.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

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

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

(b) a copy of the unrevoked certificate and qualification certificates issued to the qualified corporation in respect of a recognized business and its eligible employees.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 331; 2005, c. 38, s. 253.

Credit in the case of associated corporations.

1029.8.36.0.3.62. A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period, in relation to a recognized business, and that encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 35% of the aggregate of

(a) subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, within the calendar year, for which the employee is an eligible employee, in relation to a recognized business, exceeds the aggregate of all amounts each of which is, in relation to a recognized business,

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in its base period in relation to the recognized business, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages paid by the corporation to an employee in respect of a pay period, within its base period, in relation to the recognized business, for which the employee is an eligible employee,

ii. the amount by which the aggregate of all amounts each of which is the qualified corporation’s eligible amount for the calendar year or the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee who reports for work at an establishment of the other corporation situated in Québec,

where the salary or wages are paid in respect of a pay period, within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, exceeds the total of

(1) the aggregate of all amounts each of which is the qualified corporation’s base amount, in relation to a recognized business it carries on in the calendar year, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a pay period, within the qualified corporation’s base period, in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, except if an amount is included, in respect of the employee, in relation to the other corporation, in computing an amount determined for the calendar year under this subparagraph 2 in relation to another recognized business, and

iii. the amount by which the qualified corporation’s eligible amount for the calendar year exceeds the aggregate of all amounts each of which is the qualified corporation’s base amount in relation to a recognized business it carries on in the calendar year; and

(b) the eligible repayment of assistance of the qualified corporation for the taxation year.

Maximum amount.

Where the qualified corporation referred to in the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the taxation year in which the calendar year ends, the amount determined under subparagraph *a* of that first paragraph, in respect of the calendar year, shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.0.3.63.

Computation of payments.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends in relation to a recognized business, and of its tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the particular amount that is the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year exceeds the aggregate of all amounts each of which is the portion of the particular amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the particular taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

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

(a) the prescribed form containing the prescribed information;

(b) a copy of the unrevoked certificate and qualification certificates issued to the qualified corporation in respect of a recognized business and its eligible employees; and

(c) where the second paragraph applies, the agreement referred to in section 1029.8.36.0.3.63 filed in prescribed form.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 332; 2005, c. 38, s. 254.

Agreement on attribution.

1029.8.36.0.3.63. The agreement to which the second paragraph of section 1029.8.36.0.3.62 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business and that are associated with each other at the end of that calendar year, hereinafter called the “group of associated corporations”, attribute to one or more of their number, for the purposes of this division, one or more

amounts; the aggregate of the amounts so attributed, for the calendar year, shall not be greater than the least of

(a) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a pay period, within the calendar year, for which the employee is an eligible employee of the corporation, in relation to a recognized business, exceeds the aggregate of all amounts each of which is

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, where, at no time in the base period of a qualified corporation that is a member of the group of associated corporations in relation to a recognized business it carries on in the calendar year, the corporation carried on a business in Québec in the sectors of activity described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, within its base period, in relation to a recognized business, for which the employee is an eligible employee of the qualified corporation;

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to a recognized business it carries on in the calendar year; and

(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a pay period, within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, exceeds the total of

i. the aggregate of all amounts each of which is the base amount of a qualified corporation that is a member of the

group of associated corporations at the end of the calendar year, in relation to a recognized business it carries on in the calendar year, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid by the other corporation in respect of a pay period, within the base period of a qualified corporation that is a member of the group at the end of the calendar year, in relation to a recognized business it carries on in the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to the activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, except if an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a period within a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group of associated corporations.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 333; 2009, c. 5, s. 442.

Deemed attribution.

1029.8.36.0.3.64. Where the aggregate of the amounts attributed, in respect of a calendar year, in an agreement entered into with the qualified corporations carrying on, in that calendar year, a recognized business and that are associated with each other at the end of that calendar year exceeds the particular amount that is the lesser of the amounts determined for that calendar year in respect of those corporations under any of paragraphs *a* to *c* of section 1029.8.36.0.3.63, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.0.3.62, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation in the agreement is of the aggregate of all amounts attributed for the calendar year in the agreement.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 334.

§3. — *Government assistance, non-government assistance, contract payments and other particulars*

Reduction of expenditure.

1029.8.36.0.3.65. For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a particular taxation year, under

section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, the following rules apply, subject to the second paragraph:

(a) the amount of the salaries or wages referred to in the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.0.3.60, in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 or in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 and paid by the qualified corporation, and the amount of the salaries or wages referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 and paid by a corporation associated with the qualified corporation shall be reduced, where applicable,

i. by the amount of any contract payment, government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that is an amount that the qualified corporation or the corporation associated with it, as the case may be, is deemed to have paid to the Minister under this chapter for any taxation year,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation’s filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages, other than those referred to in subparagraph ii, paid by the qualified corporation or the corporation associated with it, as the case may be;

(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.0.3.63 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any contract payment, government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that is an amount that the particular qualified corporation is deemed to have paid to the Minister under this chapter for any taxation year,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation’s filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages, other than those referred to in subparagraph ii, paid by the particular qualified corporation; and

(c) where the amount of the salary or wages of an employee referred to in paragraph *b* of the definition of “eligible amount” in the first paragraph of section 1029.8.36.0.3.60, that is paid by the corporation or a corporation associated with it in respect of the calendar year ending in the particular taxation year, in relation to a recognized business, is reduced, as a consequence of the application of subparagraph *a*, by the amount, in this subparagraph referred to as the “reduction amount of the salaries or wages”, that is the portion of such a salary or wages that may reasonably be considered to be included in computing an expenditure in respect of which the corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under another division of this chapter for the particular taxation year, the aggregate of all amounts each of which is the amount, determined after the application of subparagraph *a*, of the salaries or wages referred to in paragraph *b* of the definition of “base amount” in the first paragraph of section 1029.8.36.0.3.60 paid by the corporation or the corporation associated with it, as the case may be, in relation to the recognized business, shall be reduced by the lesser of

i. the amount by which the part of the amount of the salary or wages of the employee referred to in paragraph *b* of the definition of “eligible amount” in the first paragraph of section 1029.8.36.0.3.60, determined before the application of this section, paid to the employee by the corporation or the

corporation associated with it, as the case may be, in the corporation's base period, in relation to the recognized business, that may reasonably be considered to be included in computing an expenditure in respect of which the corporation or the corporation associated with it would have been deemed to have paid an amount to the Minister under that other division of this chapter for the particular taxation year if the salary or wages had been paid in the particular taxation year, exceeds the portion of such a salary or wages that may reasonably be considered to be included in computing an expenditure in respect of which the corporation or the corporation associated with it is deemed to have paid an amount to the Minister under that other division of this chapter for the taxation year in which its base period ends, in relation to the recognized business, and

ii. the reduction amount of the salaries or wages in relation to the recognized business.

Restriction.

The aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages that the qualified corporation or a corporation associated with it paid in respect of a pay period within the qualified corporation's base period, in relation to a recognized business, shall not exceed, for each of those corporations, the aggregate of the amounts referred to in the first paragraph that reduced the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, in relation to the recognized business, in respect of a pay period within the calendar year ending in its particular taxation year.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 335; 2006, c. 13, s. 128.

Deemed repayment of assistance.

1029.8.36.0.3.66. For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation, pursuant to a legal obligation, where that amount

(a) reduced the amount of salaries or wages for the purpose of computing,

i. in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.65, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61 or 1029.8.36.0.3.62, or

ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.3.65, the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.0.3.63 determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;

(b) was not received by the qualified corporation; and

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

History: 2003, c. 9, s. 219; 2004, c. 21, s. 336.

Rules applicable in cases of amalgamation.

1029.8.36.0.3.67. Where a corporation, in this section referred to as the "new corporation", resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which referred to in this section as a "predecessor corporation", carries on after the amalgamation a business carried on before the amalgamation by a predecessor corporation, the new corporation and the predecessor corporation are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year in which the amalgamation occurred ends and for a subsequent taxation year, to be the same corporation throughout the period during which the predecessor corporation carried on, or is deemed to have carried on under this division, the business.

Consolidation of recognized businesses.

In addition, for the purposes of this division, where the new corporation carries on after the amalgamation a recognized business resulting from the consolidation of recognized businesses carried on by predecessor corporations, immediately before the amalgamation, each recognized business so carried on before the amalgamation is deemed to be a separate recognized business carried on by the new corporation after the amalgamation.

History: 2003, c. 9, s. 219.

Rules applicable if a subsidiary is wound-up.

1029.8.36.0.3.68. If, after the beginning of the winding-up of a subsidiary, within the meaning of section 556, to which the rules in sections 556 to 564.1 and 565 apply, the parent corporation, within the meaning of section 556, begins to carry on a recognized business the subsidiary was carrying on before the beginning of its winding-up, the parent corporation and the subsidiary are deemed, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which ends the calendar year in which the winding-up began and for a subsequent taxation year, to be the same corporation throughout the period during which the subsidiary carried on, or is deemed to have carried on under this division, the business.

Consolidation of a recognized business.

In addition, for the purposes of this division, if the parent corporation carried on after the beginning of the winding-up a recognized business resulting from the consolidation of a recognized business carried on by the parent corporation immediately before the beginning of the winding-up and a recognized business carried on by the subsidiary immediately

before the beginning of the winding-up, each recognized business so carried on before the beginning of the winding-up is deemed to be a separate recognized business carried on by the parent corporation after the beginning of the winding-up.

History: 2003, c. 9, s. 219; 2005, c. 23, s. 165.

Decrease in or cessation of activities.

1029.8.36.0.3.69. Subject to sections 1029.8.36.0.3.67 and 1029.8.36.0.3.68, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership (in this section referred to as the “vendor”) in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, diminish or cease and it may reasonably be considered that, as a result, another person or partnership (in this section referred to as the “purchaser”) that is not associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the particular taxation year, in relation to a particular recognized business:

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor’s base period, in relation to the particular recognized business, for which the employee is an eligible employee, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$A \times D \times E$, and

ii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which that amount otherwise determined, without reference to subparagraph i, exceeds the amount determined by the formula

$B \times D \times E$;

(b) if the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year, the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *c* of section 1029.8.36.0.3.63, determined in respect of the

vendor, is deemed to be equal to the amount by which that amount, determined without reference to this subparagraph, exceeds the amount determined by the formula

$C \times D \times E$;

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid in respect of the purchaser’s base period, in relation to the particular recognized business, to employees referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *a* of section 1029.8.36.0.3.63, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the “particular aggregate”, of all amounts each of which is the salary or wages paid by the purchaser to an employee in respect of a pay period within the particular calendar year for which the employee is an eligible employee, in relation to the particular recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,

ii. to have paid to employees in respect of a pay period within the particular calendar year for which the employees are eligible employees, in relation to the particular recognized business, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate determined in relation to the particular recognized business,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser’s base amount, otherwise determined without reference to subparagraph i, in relation to the particular recognized business, and

(2) the amount that is the proportion of the aggregate, in subparagraph 2 of subparagraph iv referred to as the “particular aggregate”, of all amounts each of which is the salary or wages paid by the purchaser to an employee, after the particular time, in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, or the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec but outside a designated site, other than an excluded employee of the purchaser, that the purchaser paid, after the particular time, in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the

business in an establishment of the purchaser situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the purchaser that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business, and

iv. to have an eligible amount for the particular calendar year, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser’s eligible amount for the particular calendar year otherwise determined without reference to subparagraph ii, in relation to the particular recognized business, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business; and

(d) if the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year, the purchaser is deemed to have paid

i. in respect of the base period, in relation to the particular recognized business, the amount that is the proportion of the aggregate, in subparagraph ii referred to as the “particular aggregate”, of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, other than an excluded employee of the purchaser, that the purchaser paid, after the particular time, in respect of a pay period of the particular calendar year during which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in the course of the business in an establishment of the purchaser situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the purchaser that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, except if an amount is included, in respect of the

employee, in relation to the purchaser, in computing an amount determined under this subparagraph, in relation to another recognized business, and

ii. in respect of the particular calendar year, the amount by which the amount determined pursuant to subparagraph i, in relation to the particular recognized business, exceeds the amount of the particular aggregate, in relation to the particular recognized business.

Interpretation.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(a) A is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor’s base period, in relation to the particular recognized business, for which the employee is an eligible employee;

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

i. the salary or wages paid by the vendor to an employee in the course of carrying on the particular recognized business, in respect of a pay period, within the vendor’s base period, in relation to the particular recognized business, for which the employee is an eligible employee, or

ii. the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec but outside a designated site, other than an excluded employee of the vendor, that the vendor paid in the course of carrying on any business in respect of a pay period, within the vendor’s base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60;

(c) C is the aggregate of all amounts each of which is the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, that the vendor paid in respect of a pay period, within the vendor’s base period, in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, except if an amount is included, in respect of the employee, in relation to the vendor, in

computing an amount determined under this subparagraph, in relation to another recognized business;

(d) D is the proportion that the number of the vendor's employees referred to in any of subparagraphs *a* to *c*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees assigned to those activities immediately before the particular time; and

(e) E is, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, the proportion that the number of days in the particular calendar year following the particular time is of 365, and, in any other case, 1.

Exception.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying on of the activities that ceased after the subsequent time.

Exception.

Where a particular corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to part of those activities, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed not to have paid to its employees the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the particular corporation ceases to carry on after the subsequent time.

History: 2003, c. 9, s. 219; 2004, c. 21, s. 337; 2005, c. 23, s. 166; 2009, c. 5, s. 443.

Decrease in or cessation of activities.

1029.8.36.0.3.69.1. Subject to sections 1029.8.36.0.3.67 and 1029.8.36.0.3.68, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership (in this

section referred to as the "vendor") in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, diminish or cease and it may reasonably be considered that, as a result, another person or partnership (in this section referred to as the "purchaser") that is associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the particular taxation year, in relation to a particular recognized business:

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the particular recognized business, for which the employee is an eligible employee, is deemed, for the purposes of subparagraph 2 of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 and subparagraph *ii* of paragraph *a* of section 1029.8.36.0.3.63, to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$$A \times G,$$

ii. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the particular recognized business, is deemed, for the purposes of subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 and paragraph *a* of section 1029.8.36.0.3.63, to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$$B \times G,$$

iii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$$C \times G, \text{ and}$$

iv. the eligible amount of the vendor for the particular calendar year is deemed to be equal to the amount by which

that amount otherwise determined exceeds the amount determined by the formula

$D \times G$;

(b) if the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *c* of section 1029.8.36.0.3.63, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph i exceeds the amount determined by the formula

$E \times G$, and

ii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.0.3.63 before subparagraph i, determined in respect of the vendor for the particular calendar year, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph ii exceeds the amount determined by the formula

$F \times G$;

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid, for the purposes of subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or subparagraph ii of paragraph *a* of section 1029.8.36.0.3.63, as the case may be, to employees, in respect of a pay period, within the purchaser's base period in relation to the particular recognized business, for which the employees are eligible employees, the amount determined by the formula

$A \times G$,

ii. to have paid, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or paragraph *a* of section 1029.8.36.0.3.63, as the case may be, to employees, in respect of a pay period, within the particular calendar year, for which the employees are eligible employees, in relation to the particular recognized business, the amount determined by the formula

$B \times G$,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount otherwise determined, in relation to the particular recognized business, and

(2) the amount determined by the formula

$C \times G$, and

iv. to have an eligible amount for the particular calendar year equal to the aggregate of

(1) the purchaser's eligible amount otherwise determined for the particular calendar year, and

(2) the amount determined by the formula

$D \times G$; and

(d) if the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *c* of section 1029.8.36.0.3.63, determined in respect of the purchaser, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph i, and

(2) the amount determined by the formula

$E \times G$, and

ii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.0.3.63 before subparagraph i, determined in respect of the purchaser for the particular calendar year, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph ii for the particular calendar year, and

(2) the amount determined by the formula

$F \times G$.

Interpretation.

In the formulas in subparagraphs *a* to *d* of the first paragraph,

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

i. for the purposes of subparagraph i of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the particular recognized business, for which the employee is an eligible employee, and

ii. for the purposes of subparagraph i of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the recognized business, for which the employee is an eligible employee, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee who reports for work at an establishment of the vendor situated in a designated site, other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the purchaser's base period in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in a designated site or elsewhere, but in connection with the mandates attributable to that establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in computing an amount determined under this subparagraph ii in relation to another recognized business;

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

i. for the purposes of subparagraph ii of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee in relation to the particular recognized business, and

ii. for the purposes of subparagraph ii of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee in relation to the recognized business, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages paid by the vendor to an employee who reports for work at

an establishment of the vendor situated in a designated site, other than an excluded employee of the vendor, in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in a designated site or elsewhere, but in connection with the mandates attributable to that establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60;

(c) C is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph iii of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in the course of carrying on the particular recognized business, in respect of a pay period, within the vendor's base period in relation to the particular recognized business, for which the employee is an eligible employee, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec but outside a designated site, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the vendor's base period in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph i in relation to another recognized business, and

ii. for the purposes of subparagraph 2 of subparagraph iii of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in the course of carrying on the recognized business, in respect of a pay period, within the vendor's base period in relation to the recognized business, for which the employee is an eligible employee, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec but outside a designated site, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the vendor's base period in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the

vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph ii in relation to another recognized business, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the purchaser’s base period in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph ii in relation to another recognized business;

(d) D is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph iv of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the particular recognized business, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an eligible employee of the vendor, in relation to the particular recognized business, or other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

ii. for the purposes of subparagraph 2 of subparagraph iv of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the recognized business, or the salary or wages of an employee who reports for work

at an establishment of the vendor situated in Québec, other than an eligible employee of the vendor, in relation to the recognized business, or other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60;

(e) E is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee who reports for work at an establishment of the vendor situated in Québec in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined for the particular calendar year under this subparagraph, in relation to another recognized business;

(f) F is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee who reports for work at an establishment of the vendor situated in Québec in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of

paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60; and

(g) *G* is the proportion that the number of the vendor’s employees referred to in any of subparagraphs *a* to *f*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor’s employees assigned to those activities immediately before the particular time.

History: 2009, c. 5, s. 444.

Associated persons.

1029.8.36.0.3.69.2. For the purposes of sections 1029.8.36.0.3.69 and 1029.8.36.0.3.69.1, to determine whether a vendor and a purchaser are associated with each other at a particular time, the following rules apply:

(a) if the vendor or purchaser is an individual (other than a trust), the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which are owned at the particular time by the individual;

(b) if the vendor or purchaser is a partnership, the vendor or purchaser is deemed to be a corporation whose taxation year corresponds to its fiscal period and all the voting shares in the capital stock of which are owned at the particular time by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership’s fiscal period that includes the particular time; and

(c) if the vendor or purchaser is a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this paragraph referred to as the “distribution date”), and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) if such a beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if the particular time occurs before the distribution date, are owned at that time by the beneficiary, or

(2) if subparagraph 1 does not apply and the particular time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the particular time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the particular time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the particular time by the person referred to in that section from whom property of the trust or property for which it was substituted was directly or indirectly received.

History: 2009, c. 5, s. 444; 2009, c. 15, s. 239.

Assistance, benefit or advantage deemed nil.

1029.8.36.0.3.70. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of a particular corporation ends, in relation to a recognized business it carries on, and it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.3.65, as the case may be, the amount of the salaries or wages paid by the particular corporation or a corporation that is associated with the particular corporation, in respect of the base period, in relation to the recognized business, so as to cause the particular corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the particular corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be equal to zero.

History: 2003, c. 9, s. 219.

Corporations deemed to be associated.

1029.8.36.0.3.71. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is

deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

History: 2003, c. 9, s. 219.

DIVISION II.6.0.1.8
CREDIT FOR MAJOR
EMPLOYMENT-GENERATING PROJECTS

§1. — *Interpretation and general*

Definitions:

1029.8.36.0.3.72. In this division,

“eligible contract”;

“eligible contract” of a corporation means a contract in respect of which a qualification certificate is issued to the corporation by Investissement Québec, for the purposes of this division;

“eligible employee”;

“eligible employee” of a corporation for all or part of a taxation year, in relation to an eligible contract, means an employee of the corporation, other than an excluded employee at any time in that year, who, in that year or part of the year, reports at an establishment of the corporation situated in Québec and in respect of whom a qualification certificate is issued to the corporation by Investissement Québec for the purposes of this division, in respect of all or part of the year, in relation to the eligible contract;

“excluded corporation”;

“excluded corporation” for a taxation year means a corporation that

(a) is exempt from tax under Book VIII for the year;

(b) would be exempt from tax under section 985 for the year, but for section 192; or

(c) has made an election under the fourth or fifth paragraph of section 1029.8.36.0.3.80 for the year or a preceding taxation year;

“excluded employee”;

“excluded employee” of a corporation at a particular time means an employee who, at that time, is a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of that corporation;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation in respect of which a qualification certificate valid for the year is issued by Investissement Québec for the purposes of this division;

“qualified wages”;

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

(a) the amount obtained by multiplying \$60,000 by the proportion that the number of days in the corporation’s taxation year during which the employee qualifies as an eligible employee of the corporation is of 365; and

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

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

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

“specified member”;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative;

“wages”.

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

Interpretation.

For the purposes of the definition of “eligible employee” in the first paragraph,

(a) if, during all or part of a taxation year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec; and

(b) if, during all or part of a taxation year, an employee is not required to report for work at an establishment of a qualified corporation and the employee's salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

History: 2006, c. 13, s. 129; 2006, c. 36, s. 134; 2009, c. 15, s. 240.

§2. — *Credit*

Credit.

1029.8.36.0.3.73. A qualified corporation for a taxation year that, in the year, has an establishment in Québec and carries on an eligible business in Québec, other than an excluded corporation for the year, and that encloses the documents referred to in the fifth paragraph with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 20% of the aggregate of all amounts each of which is the qualified wages incurred by the qualified corporation after 31 December 2004 and in the year, but before 1 January 2017, in respect of an eligible employee, in relation to an eligible contract, for all or part of that year.

Restriction.

Despite the first paragraph and subject to the third paragraph, no corporation may be deemed to have paid an amount to the Minister for a taxation year, for the purposes of this division, in respect of more than 2,000 eligible employees.

Associated corporations.

If the corporation referred to in the first paragraph is associated in a taxation year with at least one other qualified corporation for the year, the reference to "2,000" in the second paragraph is to be replaced by the number of employees attributed to the corporation, in respect of the taxation year, in accordance with the agreement described in section 1029.8.36.0.3.74.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each

payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under this division, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

The documents to which the first paragraph refers are

(a) the prescribed form containing the prescribed information;

(b) a copy of the following documents:

i. the valid qualification certificate issued in respect of the corporation by Investissement Québec for the purposes of this division,

ii. any valid qualification certificate issued to the corporation, for the purposes of this division, in respect of an eligible contract, and

iii. any valid qualification certificate issued to the corporation for the year in relation to an eligible employee in respect of whom the corporation is deemed to have paid an amount for the year to the Minister under the first paragraph; and

(c) if the third paragraph applies, the agreement described in section 1029.8.36.0.3.74 filed in prescribed form.

History: 2006, c. 13, s. 129; 2006, c. 36, s. 135; 2015, c. 21, s. 433.

Agreement on attribution.

1029.8.36.0.3.74. The agreement to which the third paragraph of section 1029.8.36.0.3.73 refers in respect of a taxation year means an agreement under which all of the qualified corporations for the year that are associated with each other in the year, hereinafter called the "group of associated corporations", attribute to each corporation, for the purposes of that third paragraph, a maximum number of eligible employees in respect of whom a qualified corporation is deemed to have paid an amount to the Minister for the purposes of this division; the total of the numbers so attributed to corporations that are members of the group of associated corporations for the taxation year is not to exceed 2,000.

Total exceeding 2,000.

If the total of the numbers attributed in the agreement described in the first paragraph, in respect of a taxation year, exceeds 2,000, the maximum number of eligible employees attributed to each corporation that is a member of the group of associated corporations for the year is deemed, for the purposes of the first paragraph, to be equal to the proportion of 2,000 that the number attributed for the year in the agreement to that corporation is of the total of the numbers attributed for the year in the agreement.

History: 2006, c. 13, s. 129; 2006, c. 36, s. 136.

1029.8.36.0.3.75. *(Repealed).*

History: 2006, c. 13, s. 129; 2012, c. 8, s. 202.

§3. — *Government assistance, non-government assistance and other particulars*

Repayment of an amount.

1029.8.36.0.3.76. If, before 1 January 2018, a corporation pays in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that has been taken into account for the purpose of computing qualified wages incurred in a particular taxation year by the corporation in respect of an eligible employee in respect of whom the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.73 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.3.73 in respect of the qualified wages, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.72, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.3.73 in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 2006, c. 13, s. 129; 2006, c. 36, s. 137.

Deemed repayment of an amount.

1029.8.36.0.3.77. For the purposes of section 1029.8.36.0.3.76, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.72, the amount of the wages referred to in that paragraph b, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.73;

(b) was not received by the corporation; and

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

History: 2006, c. 13, s. 129; 2006, c. 36, s. 138.

Corporations deemed to be associated.

1029.8.36.0.3.78. If it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a taxation year is to cause the maximum number of eligible employees set out in the second paragraph of section 1029.8.36.0.3.73, in respect of whom a corporation is deemed to have paid an amount to the Minister for a taxation year, not to be replaced by a smaller number in accordance with the third paragraph of section 1029.8.36.0.3.73 and section 1029.8.36.0.3.74, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

History: 2006, c. 13, s. 129.

DIVISION II.6.0.1.9**CREDIT FOR THE DEVELOPMENT OF E-BUSINESS**§1. — *Interpretation and general***Definitions:**

1029.8.36.0.3.79. In this division,

“*biotechnology development centre*”;

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

“*eligible activity*”;

“eligible activity” of a corporation for a taxation year means an activity that the corporation carries on in the year and that is covered by the qualification certificate referred to in the first paragraph of section 1029.8.36.0.3.80 that Investissement Québec issues to the corporation for the year;

“*eligible employee*”;

“eligible employee” of a corporation for all or part of a taxation year means an employee of the corporation, other

than an excluded employee at any time in the year, who, in the year or part of the year, reports for work at an establishment of the corporation situated in Québec and in respect of whom a qualification certificate to the effect that the employee is an eligible employee for all or part of the year is issued to the corporation for the year by Investissement Québec for the purposes of this division;

“excluded corporation”;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“excluded employee”;

“excluded employee” of a corporation at a particular time means an employee who, at that time, is a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of that corporation;

“government entity”;

“government entity” means a government department or an entity referred to in section 2 of the Financial Administration Act (chapter A-6.001);

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, carries on a business in Québec and has an establishment in Québec;

“qualified wages”;

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

(a) the amount obtained by multiplying \$83,333 by the proportion that the number of days in the year during which the employee qualifies as an eligible employee of the qualified corporation is of 365; and

(b) the amount by which the amount of the wages incurred in the year by the qualified corporation in respect of the employee while the employee qualifies as an eligible employee of the qualified corporation, to the extent that that amount is paid and is in respect of duties the employee performs for the employer in carrying out work other than work in respect of which the ultimate beneficiary is a government entity, exceeds the aggregate of

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

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to

work carried out by the eligible employee in connection with an eligible activity of the qualified corporation for the taxation year that a person or partnership has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation’s filing-due date for that taxation year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner;

“specified member”;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative;

“wages”.

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

Employee’s work reporting location.

For the purposes of the definition of “eligible employee” in the first paragraph,

(a) if, during all or part of a taxation year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec; and

(b) if, during all or part of a taxation year, an employee is not required to report for work at an establishment of a qualified corporation and the employee’s wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

History: 2009, c. 15, s. 241; 2015, c. 21, s. 434; 2015, c. 36, s. 117.

§2. — *Credit*

Credit.

1029.3.36.0.3.80. A qualified corporation that holds, for a taxation year, a valid qualification certificate issued by Investissement Québec for the purposes of this division and that encloses with the fiscal return it is required to file for the year under section 1000 a copy of the certificate as well as the documents described in the third paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on

account of its tax payable for that year under this Part, an amount equal to 24% of the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

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

(a) the prescribed form containing prescribed information; and

(b) a copy of the valid qualification certificate issued to the corporation for the year by Investissement Québec in respect of an eligible employee for the purposes of this division.

Election.

Despite the first paragraph, a corporation that is described in the sixth paragraph in relation to a taxation year, that made no election under this paragraph or under the fifth paragraph for a preceding taxation year and that is not required to make the election described in the fifth paragraph for the year, may be deemed to have paid to the Minister an amount determined under this section for the year only if the corporation so elects irrevocably for the year in the manner and within the time specified in the seventh paragraph.

Group of associated corporations.

Despite the first paragraph, if corporations are associated with each other in a taxation year, all those corporations

together being referred to in this section as the “group of associated corporations” for the year, if a particular corporation that is a member of the group of associated corporations for the year holds a valid qualification certificate issued for the year by Investissement Québec for the purposes of this division, if at least one other corporation that is a member of the group for the year did not make the election under the fourth paragraph or under this paragraph for a preceding taxation year and if at least one corporation that is a member of the group of associated corporations for the year, other than the particular corporation, is a corporation described in the sixth paragraph in relation to that year, the particular corporation may be deemed to have paid to the Minister an amount determined under this section for the year only if all the corporations that are members of the group for the year jointly and irrevocably elect, in the manner and within the time specified in the eighth paragraph, that this section apply to the particular corporation for the year.

Corporation referred to.

A corporation to which the fourth and fifth paragraphs refer, in relation to a particular taxation year, is

(a) a corporation that is deemed to have paid an amount to the Minister on account of its tax payable for a taxation year preceding the particular year under any of Divisions II.6.0.1.6, II.6.0.1.8 and II.6.0.3 or that is deemed, under section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), to have made an overpayment to the Minister for that preceding year for the purposes of Division I of Chapter IV of that Act; or

(b) a corporation that carries on an eligible business in a biotechnology development centre in the particular year or that entered into a contract that qualifies as an eligible contract of the corporation for the year for the purposes of Division II.6.0.1.8.

Form and filing of election.

A corporation makes the election referred to in the fourth paragraph, in respect of a particular taxation year, by filing with the Minister the prescribed form containing prescribed information within the time limit provided for in the first paragraph of section 1029.6.0.1.2 that applies to the corporation for the particular year.

Form and filing of joint election.

The corporations that are members of a group of associated corporations for a particular taxation year make the election referred to in the fifth paragraph for the particular year by filing with the Minister the prescribed form containing prescribed information on or before the day that is 12 months after the earliest of the group's members' filing-due dates for the particular year or, if it is later, the day described in subparagraph *b* of the first paragraph of section 1029.6.0.1.2.

Manner of filing.

A corporation is deemed to have filed with the Minister the prescribed form containing prescribed information, referred to in the seventh or eighth paragraph, as the case may be, within the time limit provided for in that paragraph, in respect of a taxation year where, in accordance with the second paragraph of section 1029.6.0.1.2, it is deemed to have filed with the Minister a copy of the qualification certificate referred to in the first paragraph and the documents referred to in the third paragraph within the time limit provided for in the first paragraph of section 1029.6.0.1.2 that applies to the corporation for the taxation year so as to be deemed to have paid an amount to the Minister for the year under this section.

History: 2009, c. 15, s. 241; 2012, c. 8, s. 203; 2015, c. 21, s. 435; 2015, c. 36, s. 118.

1029.8.36.0.3.81. *(Repealed).*

History: 2009, c. 15, s. 241; 2012, c. 8, s. 204.

§3. — *Government assistance and non-government assistance***Repayment of assistance.**

1029.8.36.0.3.82. If a corporation pays in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing qualified wages incurred in a particular taxation year by the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.80 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance due-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year in respect of the qualified wages under section 1029.8.36.0.3.80 if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.80 for the particular year in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment

year under this section in respect of an amount of repayment of that assistance.

History: 2009, c. 15, s. 241; 2015, c. 21, s. 436; 2015, c. 36, s. 119.

Deemed repayment of assistance.

1029.8.36.0.3.83. For the purposes of section 1029.8.36.0.3.82, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79, the amount of the wages referred to in that paragraph b, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.80;

(b) was not received by the corporation; and

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

History: 2009, c. 15, s. 241.

DIVISION II.6.0.1.10**CREDIT FOR MAJOR DIGITAL TRANSFORMATION PROJECTS**§1. — *Interpretation and general rules***Definitions:**

1029.8.36.0.3.84. In this division,

“**eligibility period**”;

“eligibility period” of a corporation in relation to an eligible digitization contract means, subject to the third paragraph, the 24-month period that begins on the day the eligible digitization activities provided for in the eligible digitization contract began to be carried out;

“**eligible digitization activity**”;

“eligible digitization activity” of a corporation means an activity covered by the certificate referred to in subparagraph b of the third paragraph of section 1029.8.36.0.3.85 that is issued to the corporation for the purposes of this division;

“**eligible digitization contract**”;

“eligible digitization contract” of a corporation means a contract entered into by the corporation in respect of which a certificate has been issued for the purposes of this division;

“**eligible employee**”;

“eligible employee” of a corporation for all or part of a taxation year means an employee of the corporation, other than an excluded employee at any time in the year, who, in the year or part of the year, reports for work at an establishment of the corporation situated in Québec and in respect of whom a certificate to the effect that the employee

is an eligible employee for all or part of the year is issued to the corporation for the year for the purposes of this division;

“excluded employee”;

“excluded employee” of a corporation at a particular time means an employee who, at that time, is a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of that corporation;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, carries on a business in Québec and has an establishment in Québec, and that is not

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“qualified wages”;

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

(a) the amount obtained by multiplying \$83,333 by the proportion that the number of days in the year during which the employee qualifies as an eligible employee of the qualified corporation is of 365; and

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

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

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

“specified member”;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative;

“wages”.

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

Employee’s work reporting location.

For the purposes of the definition of “eligible employee” in the first paragraph,

(a) if, during all or part of a taxation year, an employee reports for work at an establishment of a corporation situated in Québec and at an establishment of the corporation situated outside Québec, the employee is, for that period, deemed

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside Québec; and

(b) if, during all or part of a taxation year, an employee is not required to report for work at an establishment of a corporation and the employee’s wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

Eligibility period.

A corporation does not have an eligibility period in relation to an eligible digitization contract if the eligible digitization activities provided for in the contract did not begin within a reasonable time after the contract was entered into.

History: 2017, c. 29, s. 180.

§2. — *Credit*

Credit.

1029.8.36.0.3.85. A qualified corporation for a taxation year that encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the third paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 24% of the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year in connection with an eligible digitization contract.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if

they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

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

- (a) the prescribed form containing prescribed information;
- (b) a copy of the valid certificate issued to the corporation in respect of the eligible digitization contract for the purposes of this division; and
- (c) a copy of any valid certificate issued to the corporation for the year in respect of an eligible employee for the purposes of this division.

History: 2017, c. 29, s. 180.

§3. — *Government assistance and non-government assistance*

Repayment of assistance.

1029.8.36.0.3.86. If a corporation pays in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing qualified wages incurred in a particular taxation year by the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.85 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance due-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year in respect of

the qualified wages under section 1029.8.36.0.3.85 if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph *i* of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.84, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.85 for the particular year in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 2017, c. 29, s. 180.

Deemed repayment of assistance.

1029.8.36.0.3.87. For the purposes of section 1029.8.36.0.3.86, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of subparagraph *i* of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.84, the amount of the wages referred to in that paragraph *b*, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.85;

(b) was not received by the corporation; and

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

History: 2017, c. 29, s. 180.

DIVISION II.6.0.1.11

CREDIT FOR THE DIGITAL TRANSFORMATION OF PRINT MEDIA

§1. — *Interpretation and general rules*

Definitions :

1029.8.36.0.3.88. In this division,

“*eligibility period*”;

“*eligibility period*” means the period that begins on 28 March 2018 and ends on 31 December 2022;

“*eligible digital conversion activity*”;

“*eligible digital conversion activity*” that relates to an eligible media means an activity (other than an excluded activity) that

(a) is an information system development activity, a technological infrastructure integration activity, or an activity relating to the maintenance or upgrade of such a system or

infrastructure that is incidental to such a development or integration activity, as the case may be, including an interactive decision aid development activity or a tool providing an image of the current state of the eligible media publishing business for data analysis purposes, but excluding any activity using such an aid or tool on a day-to-day basis; and

(b) is directly related to the start or continuation of the digital conversion of the eligible media;

“eligible digital conversion contract”;

“eligible digital conversion contract” to which a corporation or a partnership is a party means a contract in respect of which a certificate has been issued to the corporation or partnership for the purposes of this division;

“eligible digital conversion costs”;

“eligible digital conversion costs” of a corporation or a partnership for a taxation year or a fiscal period, as the case may be, means the total of

(a) the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year, or by the partnership in the fiscal period, in respect of an eligible employee of the corporation or partnership for all or part of the year or fiscal period, to the extent that such wages are paid; and

(b) the aggregate of all amounts each of which is a qualified expenditure of the corporation for the year, or of the partnership for the fiscal period, in respect of an eligible digital conversion contract to which it is a party, to the extent that the amount of the costs composing such an expenditure are paid;

“eligible employee”;

“eligible employee” of a corporation or a partnership for all or part of a taxation year or fiscal period, as the case may be, means an individual in respect of whom the following conditions are met:

(a) in all or part of the year or fiscal period, the individual is an employee of the corporation or partnership (other than an excluded employee) who reports for work at an establishment of the corporation or partnership situated in Québec; and

(b) a certificate has been issued, for the purposes of this division, to the corporation or partnership, for the year or fiscal period, according to which the individual is recognized as an eligible employee for all or part of the year or fiscal period;

“eligible media”;

“eligible media” of a corporation or a partnership, for a taxation year or a fiscal period, as the case may be, means a media whose name is specified in a certificate that has been issued, for the purposes of this division, to the corporation or partnership for the year or fiscal period;

“eligible right of use”;

“eligible right of use” attributed to a corporation or a partnership, in relation to a property of another person or

partnership, means a right of use or licence that is granted to the corporation or partnership in relation to the property, under an eligible digital conversion contract, and that is attributable, in whole or in part, to the carrying out of eligible digital conversion activities relating to an eligible media of the corporation or partnership and relates to an establishment of the corporation or partnership situated in Québec in which the eligible media is produced or from which it is disseminated;

“eligible services”;

“eligible services” supplied to a corporation or a partnership means the services that another person or partnership renders to the corporation or partnership, under an eligible digital conversion contract, and in respect of which the following conditions are met:

(a) the services consist in eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation or partnership and to an establishment of the corporation or partnership situated in Québec in which the eligible media is produced or from which it is disseminated; and

(b) the services may reasonably be attributed to the wages that the other person or partnership has incurred and paid in respect of its employees of an establishment situated in Québec or could be so attributed if the other person or partnership had such employees;

“excluded activity”;

“excluded activity” means

(a) the management or operation of a computer system, an application or a technological infrastructure;

(b) the operation of a customer relations management service;

(c) the management or operation of a marketing information system designed to raise the visibility of the eligible media and promote it to an existing or potential clientele; and

(d) any other management or operation activity carried on to produce or disseminate the eligible media;

“excluded corporation”;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“excluded employee”;

“excluded employee” in all or part of a taxation year of a corporation, or of a fiscal period of a partnership, means

(a) where the employer is a corporation, an employee who is a specified shareholder of the corporation in the year; or

(b) where the employer is a partnership, an employee who is a specified shareholder of a member of the partnership in the member’s taxation year in which the fiscal period ends, or an

employee who does not deal at arm's length with a member of the partnership or with such a specified shareholder at any time in the fiscal period;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation (other than an excluded corporation) that, in the year

(a) carries on a business in Québec and has an establishment in Québec; and

(b) produces and disseminates one or more eligible media;

“qualified expenditure”;

“qualified expenditure” of a corporation or a partnership, for a taxation year or a fiscal period, in respect of an eligible digital conversion contract to which it is a party, means 80% of the aggregate of all amounts each of which is the costs provided for in the contract and incurred by the corporation or partnership, in all or part of the year or fiscal period, as the case may be, that is included in the eligibility period for the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, to the extent that those costs are reasonably attributable to eligible digital conversion activities that relate to an eligible media of the corporation or partnership for the year or fiscal period;

“qualified partnership”;

“qualified partnership” for a fiscal period means a partnership that, in the fiscal period

(a) carries on a business in Québec and has an establishment in Québec; and

(b) produces and disseminates one or more eligible media;

“qualified property”;

“qualified property” acquired or leased by a corporation or a partnership means a property in respect of which the following conditions are met:

(a) the property is acquired or leased by the corporation or partnership under an eligible digital conversion contract;

(b) before being acquired or leased by the corporation or partnership, the property has not been used for any purpose whatsoever nor acquired for use or lease for a purpose other than its lease to the corporation or partnership;

(c) the corporation or partnership begins to use the property within a reasonable time after its acquisition or the beginning of its lease; and

(d) the property is used exclusively or almost exclusively by the corporation or partnership, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation or partnership and, on the other hand, in an establishment of the corporation or partnership situated in Québec in which the eligible media is produced or from which it is disseminated;

“qualified wages”;

“qualified wages” incurred by a corporation in a taxation year, or by a partnership in a fiscal period, in respect of an eligible employee, means the wages incurred by the corporation or partnership, in all or part of the year or fiscal period, as the case may be, that is included in the eligibility period, in respect of the individual where the individual is recognized as an eligible employee of the corporation or partnership, to the extent that the wages may reasonably be attributed to eligible digital conversion activities relating to an eligible media of the corporation or partnership for the year or fiscal period;

“wages”.

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

Restriction.

For the purposes of the definition of “qualified expenditure” in the first paragraph, the following rules are taken into account:

(a) costs provided for in an eligible digital conversion contract that are incurred for the acquisition of a qualified property may be included in the aggregate of the amounts described in that definition only if the property is acquired before 1 January 2022 and if they are costs included in computing the capital cost of the property, otherwise than under section 180 or 182; and

(b) costs provided for in an eligible digital conversion contract that are incurred for the lease of a qualified property may be included in the aggregate of the amounts described in that definition only to the extent that they are deductible in computing the income of the corporation or partnership under this Part.

Employee's work reporting location.

For the purposes of the definition of “eligible employee” in the first paragraph, the following rules are taken into account:

(a) where, during all or part of a taxation year or fiscal period, an employee reports for work at an establishment of a corporation or partnership situated in Québec and at an establishment of the corporation or partnership situated outside Québec, the employee is deemed, for that period,

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation or partnership situated outside Québec; and

(b) where, during all or part of a taxation year or fiscal period, an employee is not required to report for work at an

establishment of a corporation or partnership and the employee's wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

History: 2019, c. 14, s. 332.

Digital conversion costs limit.

1029.8.36.0.3.89. For the purposes of this division, the digital conversion costs limit of a qualified corporation or of a qualified partnership for a taxation year or a fiscal period, as the case may be, is equal to

(a) where the qualified corporation or qualified partnership is not a member of an associated group in the year or fiscal period, \$20,000,000; or

(b) in any other case,

i. the amount attributed for the year to the qualified corporation, or for the fiscal period to the qualified partnership, pursuant to the agreement described in section 1029.8.36.0.3.90 that is enclosed with the fiscal return that is required to be filed under section 1000 by the qualified corporation for the year or by a corporation that is a member of the qualified partnership for the corporation's taxation year in which the fiscal period ends, or

ii. if no amount is attributed under the agreement to which subparagraph i refers or in the absence of such an agreement, zero.

History: 2019, c. 14, s. 332.

Agreement.

1029.8.36.0.3.90. The agreement to which subparagraph i of paragraph b of section 1029.8.36.0.3.89 refers is the agreement under which all the qualified corporations and qualified partnerships that are members of the associated group in the year or fiscal period attribute for the year or fiscal period, in the prescribed form, to one or more of their number, for the purposes of this division, one or more amounts the total of which does not exceed \$20,000,000.

Deemed attribution.

Where the aggregate of the amounts attributed, in respect of a taxation year or fiscal period, pursuant to an agreement described in the first paragraph and entered into by the qualified corporations and qualified partnerships that are members of an associated group in the year or fiscal period exceeds \$20,000,000, the amount determined under subparagraph i of paragraph b of section 1029.8.36.0.3.89 in respect of each of those corporations or partnerships for the taxation year or fiscal period, as the case may be, is deemed, for the purposes of this division, to be equal to the amount

obtained by multiplying \$20,000,000 by the proportion that the amount that was attributed to the corporation or partnership in the agreement, in respect of the year or fiscal period, is of the aggregate of the amounts that were so attributed.

History: 2019, c. 14, s. 332.

Attribution of the cost limit.

1029.8.36.0.3.91. Where qualified corporations or qualified partnerships are part, in a taxation year or fiscal period, of an associated group and where a corporation (other than an excluded corporation) that is a member of that group or of any of those qualified partnerships fails to file with the Minister the agreement to which subparagraph i of paragraph b of section 1029.8.36.0.3.89 refers within 30 days after notice in writing by the Minister has been sent to such a corporation that such an agreement is required for the purposes of any assessment of tax under this Part or for the determination of another amount, the Minister shall, for the purposes of this division, attribute an amount to one or more of those qualified corporations or qualified partnerships for the taxation year or fiscal period, which amount or the aggregate of which amounts, as the case may be, must be equal to \$20,000,000, and in such a case, despite subparagraph ii of that paragraph b, the digital conversion costs limit of each of those qualified corporations or qualified partnerships that are members of that group, for the year or fiscal period, is equal to the amount so attributed to it.

History: 2019, c. 14, s. 332.

Détermination of the cost limit.

1029.8.36.0.3.92. Despite sections 1029.8.36.0.3.89 to 1029.8.36.0.3.91, the following rules apply:

(a) where a corporation or partnership that is a member of an associated group (in this paragraph referred to as the "first entity") has more than one taxation year or fiscal period, as the case may be, ending in the same calendar year and is associated in at least two of those taxation years or fiscal periods with another corporation or partnership that is a member of the group and that has a taxation year or fiscal period, as the case may be, ending in that calendar year, the digital conversion costs limit of the first entity for each particular taxation year or particular fiscal period that ends in the calendar year in which it is associated with the other corporation or partnership and after the first taxation year or fiscal period ending in that calendar year and after 27 March 2018 is, subject to paragraph b, an amount equal to the lesser of

i. its digital conversion costs limit for that first taxation year or fiscal period, determined without reference to this section, and

ii. its digital conversion costs limit for the particular taxation year or particular fiscal period, determined without reference to this section;

(b) where the taxation year of a corporation or the fiscal period of a partnership has fewer than 51 weeks and paragraph *c* does not apply, the digital conversion costs limit of the corporation or partnership for the year or fiscal period, as the case may be, is equal to the amount obtained by multiplying its digital conversion costs limit for the year or fiscal period, determined without reference to this paragraph, by the proportion that the number of days in the year or fiscal period is of 365; and

(c) where only a part of the taxation year of a corporation or of the fiscal period of a partnership is included in the eligibility period, the digital conversion costs limit of the corporation for the year, or of the partnership for the fiscal period, is equal to the amount obtained by multiplying its digital conversion costs limit for the year or fiscal period, determined without reference to this paragraph, by the proportion that the number of days in the part of the year or fiscal period is of the number of days in the year or fiscal period.

History: 2019, c. 14, s. 332.

Corporations or partnerships deemed associated.

1029.8.36.0.3.93. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations or partnerships in a taxation year or fiscal period, as the case may be, is to cause a qualified corporation or a corporation that is a member of a qualified partnership to be deemed to have paid an amount to the Minister under this division for that year or for the taxation year in which the fiscal period ends or to increase an amount that such a corporation is deemed to have paid to the Minister under this division for such a year, those corporations or partnerships are deemed, for the purposes of this division, to be associated with each other in the year or fiscal period, as the case may be.

History: 2019, c. 14, s. 332.

Associated group.

1029.8.36.0.3.94. For the purposes of sections 1029.8.36.0.3.89 to 1029.8.36.0.3.92, “associated group” in a taxation year or a fiscal period means all the qualified corporations and qualified partnerships that are associated with each other in the year or fiscal period, as the case may be.

History: 2019, c. 14, s. 332.

Share of a corporation member of a partnership.

1029.8.36.0.3.95. For the purposes of this division, a corporation’s share of an amount, in relation to a partnership of which the corporation is a member at the end of a fiscal period, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2019, c. 14, s. 332.

§2. — *Crédits*

Credit.

1029.8.36.0.3.96. A qualified corporation for a taxation year that encloses the documents described in the third paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to 35% of the lesser of

- (a) its eligible digital conversion costs for the year; and
- (b) its digital conversion costs limit for the year.

Computation of payments.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and
- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date for the purpose of computing that payment.

Documents.

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

- (a) the prescribed form containing prescribed information; and
- (b) a copy of
 - i. any certificate issued to the corporation for the year in respect of a media business for the purposes of this division,
 - ii. any certificate issued to the corporation, for the purposes of this division, in respect of a contract,

- iii. any contract referred to in subparagraph ii,
- iv. any certificate issued to the corporation for the year in respect of an individual for the purposes of this division, and
- v. the agreement referred to in section 1029.8.36.0.3.90, if applicable.

History: 2019, c. 14, s. 332.

Credit.

1029.8.36.0.3.97. A corporation (other than an excluded corporation) that is a member of a qualified partnership at the end of a fiscal period of the qualified partnership that ends in a taxation year and that encloses the documents described in the third paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to 35% of the lesser of

- (a) its share of the partnership's eligible digital conversion costs for the fiscal period; and
- (b) its share of the partnership's digital conversion costs limit for the fiscal period.

Computation of payments.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and
- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date for the purpose of computing that payment.

Documents.

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

- (a) the prescribed form containing prescribed information; and
- (b) a copy of

- i. any certificate issued to the partnership for the fiscal period in respect of a media business for the purposes of this division,
- ii. any certificate issued to the partnership, for the purposes of this division, in respect of a contract,
- iii. any contract referred to in subparagraph ii,
- iv. any certificate issued to the partnership for the fiscal period in respect of an individual for the purposes of this division, and
- v. the agreement referred to in section 1029.8.36.0.3.90, if applicable.

History: 2019, c. 14, s. 332.

Restriction.

1029.8.36.0.3.98. Despite section 1029.8.36.0.3.96, no amount may be deemed to have been paid to the Minister by a qualified corporation for a taxation year in respect of the portion of its eligible digital conversion costs for the year that corresponds to the portion of a qualified expenditure of the corporation that relates to the acquisition costs of a qualified property that the corporation incurred, where, at any time on or before the date described in the second paragraph, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used exclusively or almost exclusively by the corporation, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation and, on the other hand, in an establishment of the corporation situated in Québec in which the eligible media is produced or from which it is disseminated.

Date referred to.

The date to which the first paragraph refers is the earlier of

- (a) the 730th day of the period that begins on the date of the acquisition of the property by the corporation; and
- (b) the corporation's filing-due date for the year.

Presumption.

For the purposes of the first paragraph, where, at any time, a corporation disposes of a qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the corporation is deemed not to have ceased to use, at that time, the property by reason of its obsolescence.

Deemed eligible media.

In this section, a print media is deemed to be an eligible media for a particular period that follows the last day of the eligibility period, if the conditions of section 18.4 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) are met in its respect for that period.

History: 2019, c. 14, s. 332.

Restriction.

1029.8.36.0.3.99. Despite section 1029.8.36.0.3.97, no amount may be deemed to have been paid to the Minister by a corporation for the taxation year in which a fiscal period of a partnership of which the corporation is a member ends, in respect of the portion of the partnership's eligible digital conversion costs for the fiscal period that corresponds to the portion of a qualified expenditure of the partnership that relates to the acquisition costs of a qualified property that the partnership incurred, where, at any time on or before the date described in the second paragraph, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used exclusively or almost exclusively by the partnership, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the partnership and, on the other hand, in an establishment of the partnership situated in Québec in which the eligible media is produced or from which it is disseminated.

Date referred to.

The date to which the first paragraph refers is the earlier of

(a) the 730th day of the period that begins on the date of the acquisition of the property by the partnership; and

(b) the corporation's filing-due date for the year.

Presumption.

For the purposes of the first paragraph, where, at any time, a partnership disposes of a qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the partnership is deemed not to have ceased to use, at that time, the property by reason of its obsolescence.

Deemed eligible media.

In this section, a print media is deemed to be an eligible media for a particular period that follows the last day of the eligibility period, if the conditions of section 18.4 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) are met in its respect for that period.

History: 2019, c. 14, s. 332.

§3. — Government assistance, non-government assistance and other particulars**Assistance received by a qualified corporation.**

1029.8.36.0.3.100. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.96, in respect of its eligible digital conversion costs for the year, the following rules apply:

(a) the amount of the qualified wages incurred by the corporation in the year in respect of an eligible employee, included in those eligible digital conversion costs, is to be reduced, where applicable, by the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year; and

(b) the amount of the corporation's qualified expenditure for the year, in respect of an eligible digital conversion contract, included in those eligible digital conversion costs, is to be determined by reducing, where applicable, the costs that were taken into consideration in computing the qualified expenditure and that were incurred by the corporation for the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, as the case may be, by the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those costs, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year.

History: 2019, c. 14, s. 332.

Assistance received by a qualified partnership.

1029.8.36.0.3.101. For the purpose of computing the amount that a corporation that is a member of a qualified partnership is deemed to have paid to the Minister under section 1029.8.36.0.3.97 for the taxation year in which a fiscal period of the partnership ends, in respect of the partnership's eligible digital conversion costs for that fiscal period, the following rules apply:

(a) the amount of the qualified wages incurred by the partnership in the fiscal period in respect of an eligible employee, included in those eligible digital conversion costs, is to be reduced, where applicable, by the total of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those wages, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that fiscal period, and

ii. the aggregate of all amounts each of which is the product obtained by multiplying an amount of government assistance or non-government assistance, attributable to those wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the partnership's fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period; and

(b) the amount of the partnership's qualified expenditure for the fiscal period, in respect of an eligible digital conversion contract, included in those eligible digital conversion costs, is to be determined by reducing, where applicable, the costs that were taken into consideration in computing the qualified expenditure and that were incurred by the partnership for the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, as the case may be, by the total of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those costs, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that fiscal period, and

ii. the aggregate of all amounts each of which is the product obtained by multiplying an amount of government assistance or non-government assistance, attributable to those costs, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the partnership's fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period.

History: 2019, c. 14, s. 332.

Repayment of assistance by a corporation.

1029.8.36.0.3.102. Where, before 1 January 2025, a corporation pays in a taxation year (in this section referred to as the "repayment year"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of section 1029.8.36.0.3.100, the corporation's eligible digital conversion costs for a particular taxation year, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.96 for the particular year, the corporation is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister under section 1029.8.36.0.3.96 for the particular year if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate of the amounts of assistance described in

paragraph *a* or *b* of section 1029.8.36.0.3.100 to which it relates, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.96 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount of repayment of such assistance.

History: 2019, c. 14, s. 332.

Repayment of assistance by a partnership.

1029.8.36.0.3.103. Where, before 1 January 2025, a partnership pays in a fiscal period (in this section referred to as the "fiscal period of repayment"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph i of paragraph *a* or *b* of section 1029.8.36.0.3.101, the partnership's eligible digital conversion costs for a particular fiscal period, for the purpose of computing the amount that a corporation that is a member of the partnership is deemed to have paid to the Minister under section 1029.8.36.0.3.97, in respect of its share of those costs, for its taxation year in which the particular fiscal period ended (in this section referred to as the "particular year"), the corporation is deemed to have paid to the Minister on the corporation's balance-day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of those costs, exceeds the total of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of the partnership's eligible digital conversion costs for the particular fiscal period, if the agreed proportion in respect of the corporation for that fiscal period were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of such assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of such assistance repaid by the partnership at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate of the amounts of assistance described in subparagraph i of paragraph *a* or *b* of section 1029.8.36.0.3.101 to which it relates; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2019, c. 14, s. 332.

Repayment of assistance by a member of a partnership.

1029.8.36.0.3.104. Where, before 1 January 2025, a corporation that is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) pays, in that fiscal period, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, in the manner described in subparagraph ii of paragraph *a* or *b* of section 1029.8.36.0.3.101, the partnership’s eligible digital conversion costs for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.97, in respect of its share of those costs, for its taxation year in which the particular fiscal period ended (in this section referred to as the “particular year”), the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of those costs, exceeds the total of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of the partnership’s eligible digital conversion costs for the particular fiscal period, if the agreed proportion in respect of the corporation for that fiscal period were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in

respect of an amount of such assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount obtained by multiplying the reciprocal of the agreed proportion, in respect of the corporation for the fiscal period of repayment, by an amount of such assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate described in subparagraph ii of paragraph *a* or *b* of section 1029.8.36.0.3.101 to which it relates; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2019, c. 14, s. 332.

Deemed repayment of assistance.

1029.8.36.0.3.105. For the purposes of sections 1029.8.36.0.3.102 to 1029.8.36.0.3.104, an amount of assistance is deemed to be repaid at a particular time by a corporation or a partnership, as the case may be, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.3.100 or 1029.8.36.0.3.101, the amount of qualified wages included in the eligible digital conversion costs in respect of which the corporation or a corporation that is a member of the partnership is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.96 or 1029.8.36.0.3.97, as the case may be, or costs that are used to determine the amount of a qualified expenditure included in those eligible digital conversion costs;

(b) was not received by the corporation or the partnership; and

(c) ceased at the particular time to be an amount that the corporation or the partnership may reasonably expect to receive.

History: 2019, c. 14, s. 332.

Reduction of a qualified expenditure.

1029.8.36.0.3.106. In determining, for the purposes of sections 1029.8.36.0.3.96 and 1029.8.36.0.3.97, the amount of a qualified expenditure of a corporation or a partnership for a taxation year or a fiscal period, as the case may be, that is included in the eligible digital conversion costs of the corporation or partnership for that year or fiscal period, the costs that were taken into consideration in computing the expenditure must be reduced by the amount of the

consideration for the disposition or lease of a property, or for the supply of services, to the corporation or a person with whom the corporation does not deal at arm's length, or to the partnership, one of its members or a person with whom one of its members does not deal at arm's length, except to the extent that the consideration may reasonably be considered to relate to the acquisition, lease or installation of a qualified property, the acquisition of a property resulting from eligible digital conversion activities or of a property consumed in connection with the carrying out of such activities, the supply of eligible services or the attribution of an eligible right of use.

History: 2019, c. 14, s. 332.

Benefit or advantage.

1029.8.36.0.3.107. Where, in respect of the employment of an individual with a qualified corporation or a qualified partnership as an eligible employee, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the employment, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.3.96 in respect of its eligible digital conversion costs for that year, the amount of the qualified wages incurred by the corporation in the particular year in respect of the individual that is included in those eligible digital conversion costs is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.3.97, by a corporation that is a member of the qualified partnership at the end of the partnership's particular fiscal period ending in the year, in respect of the partnership's eligible digital conversion costs for that fiscal period, the amount of the qualified wages incurred by the partnership in that fiscal period in respect of the individual that is included in those eligible digital conversion costs is to be reduced by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, or

ii. the product obtained by multiplying the amount of the benefit or advantage that the corporation or a person with

whom the corporation is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period.

History: 2019, c. 14, s. 332.

Benefit or advantage.

1029.8.36.0.3.108. Where, in respect of an eligible digital conversion contract to which a qualified corporation or a qualified partnership is a party, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, carried out under the contract, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.3.96 in respect of its eligible digital conversion costs for that year, the amount of the corporation's qualified expenditure for the particular year in relation to the contract that is included in those eligible digital conversion costs is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.3.97, by a corporation that is a member of the qualified partnership at the end of the partnership's particular fiscal period ending in the year, in respect of the partnership's eligible digital conversion costs for that fiscal period, the amount of the partnership's qualified expenditure for that fiscal period in relation to the contract that is included in those eligible digital conversion costs is to be reduced by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, or

ii. the product obtained by multiplying the amount of the benefit or advantage that the corporation or a person with whom the corporation is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of

the particular fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period.

History: 2019, c. 14, s. 332.

DIVISION II.6.0.2

(Repealed).

§1. — *(Repealed).*

1029.8.36.0.4. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 199; 2000, c. 39, s. 164; 2001, c. 51, s. 140; 2001, c. 53, s. 260; 2001, c. 69, s. 12; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

§2. — *(Repealed).*

1029.8.36.0.5. *(Repealed).*

History: 1997, c. 85, s. 257; 1998, c. 17, s. 64; 1999, c. 83, s. 200; 2000, c. 39, s. 165; 2001, c. 51, s. 141; 2001, c. 69, s. 12; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.5.1. *(Repealed).*

History: 1999, c. 83, s. 201; 2000, c. 39, s. 166; 2001, c. 51, s. 142; 2001, c. 69, s. 12; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.5.2. *(Repealed).*

History: 1999, c. 83, s. 201; 2000, c. 39, s. 167; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.5.3. *(Repealed).*

History: 1999, c. 83, s. 201; 2000, c. 39, s. 168; 2001, c. 51, s. 143; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.6. *(Repealed).*

History: 1997, c. 85, s. 257; 1998, c. 17, s. 64; 1999, c. 83, s. 202; 2000, c. 39, s. 169; 2001, c. 51, s. 144; 2001, c. 69, s. 12; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.7. *(Repealed).*

History: 1997, c. 85, s. 257; 1998, c. 17, s. 64; 1999, c. 83, s. 202; 2001, c. 51, s. 145; 2001, c. 69, s. 12; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.8. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 202; 2000, c. 39, s. 170; 2001, c. 51, s. 146; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

§3. — *(Repealed).*

1029.8.36.0.9. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 202; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.10. *(Repealed).*

History: 1997, c. 85, s. 257; 1998, c. 16, s. 229; 1999, c. 83, s. 203; 2000, c. 39, s. 171; 2002, c. 40, s. 145; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.11. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 204; 2000, c. 39, s. 172; 2002, c. 40, s. 146; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.12. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 205; 2000, c. 39, s. 173; 2001, c. 7, s. 169; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.13. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 206; 2001, c. 7, s. 169; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.14. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 207; 2000, c. 39, s. 174; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.15. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 207; 2003, c. 9, s. 220 [amended by 2005, c. 23, s. 282].

1029.8.36.0.16. *(Repealed).*

History: 1997, c. 85, s. 257; 1999, c. 83, s. 207; 2000, c. 39, s. 175; 2002, c. 9, s. 75.

DIVISION II.6.0.3

CREDITS TO FOSTER THE DEVELOPMENT OF THE NEW ECONOMY

§1. — *Interpretation and general*

Definitions:

1029.8.36.0.17. In this division,

“acquisition costs”;

“acquisition costs” incurred by a corporation in respect of qualified property means the aggregate of the costs incurred by the corporation to acquire the property and that are included in the capital cost of the property, other than the costs so included under section 180 or 182;

“associated group”;

“associated group” in a taxation year means the group formed by all of the corporations that are associated with each other in the year;

“biotechnology development centre”;

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

“Centre national des nouvelles technologies de Québec”;

“Centre national des nouvelles technologies de Québec” means all the premises designated as such by Investissement Québec;

“Cité du multimédia”;

“Cité du multimédia” means all the buildings designated as such by the Minister of Finance;

“contract payment”;

“contract payment” means an amount payable under a contract by the Government of Canada or of a province, by a municipality or other public authority in Canada or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to the acquisition or lease of qualified property, to the lease of an eligible facility, or to the payment of qualified wages by a corporation up to the amount incurred in respect of that property, that facility or those wages by that corporation;

“designated site”;

“designated site” means

- (a) a biotechnology development centre;
- (b) a new economy centre;
- (c) the Centre national des nouvelles technologies de Québec; or
- (d) the Cité du multimédia;

“eligibility period”;

“eligibility period” of a corporation means, subject to subparagraphs *c* and *d* of the first paragraph of section 1029.8.36.0.18.2

(a) for the purpose of determining the amount of qualified wages paid by the corporation in a taxation year, the period that begins on the particular day that is the later of the day of coming into force of the certificate referred to in paragraph *a* of section 771.12 that was issued in respect of the corporation and the corporation’s reference date, if the certificate was issued after 10 March 2003, or the latest of the day on which the corporation’s first taxation year begins, the day of coming into force of that certificate and the corporation’s reference date, in any other case, and that ends on the earlier of the day that precedes the day on which the corporation ceases to be an exempt corporation and

i. 31 December 2010, if any of the following days is before 1 January 2001:

(1) the day of coming into force of the certificate, where it is issued after 10 March 2003, or

(2) the later of the day on which the corporation’s first taxation year begins and the day of coming into force of the certificate, in any other case,

ii. the last day of the ten-year period that begins on the particular day, if any of the following days is after 31 December 2000 and before 1 January 2004:

(1) the day of coming into force of the certificate, where it is issued after 10 March 2003, or

(2) the later of the day on which the corporation’s first taxation year begins and the day of coming into force of the certificate, in any other case, or

iii. 31 December 2013, if the day of coming into force of the certificate is after 31 December 2003;

(b) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to rental expenses paid in respect of qualified property, or under section 1029.8.36.0.25.1, the five-year period that begins,

i. where the corporation is an exempt corporation or a specified corporation in respect of a biotechnology development centre that was an exempt corporation for a preceding taxation year, on the later of the day of coming into force of the certificate referred to in paragraph *a* of section 771.12 that was issued in respect of the corporation and the corporation’s reference date, if that certificate was issued after 10 March 2003, or on the latest of the day on which the corporation’s first taxation year begins, the day of coming into force of that certificate and the corporation’s reference date, in any other case, or

ii. where the corporation is a specified corporation in respect of a biotechnology development centre other than a corporation referred to in subparagraph *i*, on the date indicated for that purpose on the certificate that was issued to the corporation for the year in respect of a specified activity, in relation to that centre; or

(c) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to acquisition costs incurred in respect of qualified property, the three-year period that begins,

i. where the corporation is an exempt corporation or a specified corporation in respect of a biotechnology development centre that was an exempt corporation for a preceding taxation year, on the later of the day of coming into force of the certificate referred to in paragraph *a* of section 771.12 that was issued in respect of the corporation and the corporation’s reference date, if that certificate was issued after 10 March 2003, or on the latest of the day on which the corporation’s first taxation year begins, the day of coming into force of that certificate and the corporation’s reference date, in any other case, or

ii. where the corporation is a specified corporation in respect of a biotechnology development centre other than a corporation referred to in subparagraph *i*, on the date

indicated for that purpose on the certificate that was issued to the corporation for the year in respect of a specified activity, in relation to that centre;

“eligible employee”;

“eligible employee” of a corporation for part or all of a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the individual is an eligible employee of the corporation for part or all of the year;

“eligible facility”;

“eligible facility” of a person in relation to a biotechnology development centre means a facility in respect of which a certificate was issued to the person by Investissement Québec for the purposes of this division;

“eligible rental expenses”;

“eligible rental expenses” incurred by a corporation in respect of an eligible facility means the aggregate of all expenses incurred by the corporation for the lease of the facility, including expenses attributable to property that is necessary for the use of the facility and that is consumed in connection with that use and to a person’s wages or compensation for services rendered in connection with that use, to the extent that, where the corporation is a specified corporation in respect of a biotechnology development centre, the facility is leased for the carrying out of a specified activity of the corporation in relation to that centre;

“exempt corporation”;

“exempt corporation” for a taxation year means a corporation referred to in paragraph *a* of section 771.12 that, as the case may be,

(a) for the purposes of the definition of “specified corporation” and section 1029.8.36.0.19, would be an exempt corporation for the year within the meaning of sections 771.12 and 771.13 if section 771.12 were read without reference to paragraph *d* thereof; and

(b) in any other case, is an exempt corporation for the year within the meaning of sections 771.12 and 771.13;

“information technology development centre”;

“information technology development centre” has the meaning assigned by section 771.1;

“new economy centre”;

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

“qualified centre”;

“qualified centre” means

- (a) a biotechnology development centre;
- (b) an information technology development centre; or
- (c) a new economy centre;

“qualified property”;

“qualified property” of a corporation means depreciable property that the corporation acquires or property that is leased by the corporation, and

(a) that, before being acquired or leased by the corporation, has not been used for any purpose whatsoever nor acquired for use for a purpose other than lease to an exempt corporation or, where it was acquired after 30 March 2004, to a specified corporation in respect of a biotechnology development centre;

(b) where the property is leased by the corporation, the lease began during one of the first three years of the eligibility period of the corporation that applies for the purpose of establishing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25 in relation to rental expenses paid in respect of the qualified property;

(c) that the corporation begins to use within a reasonable time after its acquisition or lease;

(d) that the corporation uses principally in a qualified centre and, exclusively or almost exclusively, to earn income from,

i. where the corporation is an exempt corporation, a business it carries on in that centre, or

ii. where the corporation is a specified corporation and the qualified centre is a biotechnology development centre, the part of a business it carries on in that centre that may reasonably be attributed to the carrying out of a specified activity; and

(e) in respect of which Investissement Québec has issued a certificate for the purposes of this division or Division II.6.0.2, as it read before being repealed;

“qualified wages”;

“qualified wages” paid in a taxation year by a corporation to an eligible employee means the lesser of

(a) the amount established for the year pursuant to the first paragraph of section 1029.8.36.0.18 in relation to the eligible employee; and

(b) the aggregate of all amounts each of which is the amount by which the wages paid by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the corporation’s eligibility period and that may reasonably be considered to be paid by the corporation in the course of carrying on a business in a qualified centre, exceeds the aggregate of

i. the amount of any contract payment, government assistance and non-government assistance, attributable to the wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of the wages, other than wages that may reasonably be attributed to work done by the eligible employee in the course of the eligible employee's employment with the corporation for the year, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain after 21 April 2005 and on or before the corporation's filing-due date for that taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner;

“reference date”;

“reference date” of a corporation means

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

(b) if the corporation carries on or may carry on its business in the Cité du multimédia, 16 June 1998;

(c) if the corporation carries on or may carry on its business in a new economy centre or the Centre national des nouvelles technologies de Québec, 10 March 1999; and

(d) if the corporation carries on or may carry on its business in a biotechnology development centre, 30 March 2001;

“rental expenses”;

“rental expenses” paid by a corporation in respect of qualified property means the aggregate of the expenses paid by the corporation for the lease of the property to the extent that they are deductible in computing the income of the corporation under this Part;

“specified activity”;

“specified activity” of a corporation in relation to a designated site for a taxation year means an activity that the corporation carries out in the site in the year and in respect of which Investissement Québec issues a certificate to the corporation for the year and for the purposes of this division, certifying that the activity is,

(a) if the designated site is a biotechnology development centre, an activity related to biotechnologies;

(b) if the designated site is a new economy centre, an activity related to the new economy; and

(c) if the designated site is the Centre national des nouvelles technologies de Québec or the Cité du multimédia, an activity related to information technologies or multimedia;

“specified corporation”;

“specified corporation” in respect of a designated site for a taxation year means, subject to subparagraph *b* of the first paragraph of section 1029.8.36.0.18.2, a corporation that

(a) in the year, has an establishment in Québec and carries on a qualified business in Québec;

(b) does not include

i. a corporation that is exempt from tax for the year under Book VIII,

ii. a corporation that would be exempt from tax for the year under section 985, but for section 192,

iii. an exempt corporation for the year,

iv. a corporation control of which is acquired by a person or group of persons at the beginning of the year or of a preceding taxation year, but between 11 June 2003 and 31 March 2004, where the corporation carries on or may carry on its business in a biotechnology development centre, or after 11 June 2003, in any other case, unless acquiring control of the corporation

(1) occurs before 1 July 2004 and Investissement Québec certifies that the acquisition of control results from a transaction that was sufficiently advanced on 11 June 2003 and was binding on the parties on that date,

(2) is by a specified corporation, by a person or group of persons that controls a specified corporation, or by a group of persons each member of which is a specified corporation or a person who, alone or together with other members of the group, controls such a corporation,

(3) derives from the exercise after 11 June 2003 of one or more rights described in paragraph *b* of section 20 that were acquired before 12 June 2003, or

(4) derives from the performance after 11 June 2003 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 12 June 2003; or

v. a corporation that has made an election under the fourth or fifth paragraph of section 1029.8.36.0.3.80 for the year or a preceding taxation year; and

(c) obtains for the year a certificate issued to the corporation by Investissement Québec for the purposes of this division, certifying that the corporation carries out or may carry out in the year in the designated site a specified activity in relation to that site;

“specified employee”;

“specified employee” of a corporation for part or all of a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the individual is a specified employee of the corporation for part or all of the year;

“specified period”;

“specified period” of a corporation for a taxation year in respect of a designated site means the portion of the year in the period that begins on the reference date of the corporation in respect of the site and that ends, as the case may be,

(a) where the corporation is, throughout the year, a specified corporation in respect of the designated site, on

i. 31 December 2010, if the effective date of the certificate referred to in paragraph *c* of the definition of “specified corporation” that was issued to the corporation for its first taxation year in which the corporation carried on or could carry on its business in any designated site is before 1 January 2001, or the last day of the 10-year period that begins on that effective date if that date is before 1 January 2004 but after 31 December 2000, or

ii. 31 December 2013, in any other case; and

(*b*) where the corporation ceases in the year to be a specified corporation in respect of the designated site, the earlier of the day preceding the day on which the corporation so ceases and the date that would be determined pursuant to paragraph *a* if that paragraph applied to the corporation for that year;

“specified wages”;

“specified wages” incurred by a corporation in a taxation year in respect of a specified employee of a designated site means the lesser of

(*a*) the proportion of the amount established for the year pursuant to the second paragraph of section 1029.8.36.0.18 in relation to the specified employee that the working time spent by that employee on a specified activity of the corporation in relation to the designated site in the year is of the aggregate of the employee’s working time for the year as a specified employee of the corporation; and

(*b*) the amount by which the amount of the wages incurred by the corporation in respect of the employee in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of a specified activity in relation to the designated site having regard to the time spent thereon by the employee, exceeds the aggregate of

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

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

“wages”.

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

Activity carried out outside the designated site.

For the purposes of the definition of “specified activity” in the first paragraph, a corporation is deemed to carry out a specified activity in a designated site in the part of a taxation year for which it is authorized by Investissement Québec to carry on its business outside that site, if the activity is carried out in Québec in that part of the year.

Qualified property.

For the purposes of paragraph *a* of the definition of “qualified property” in the first paragraph, where a corporation acquires depreciable property from a person, the property acquired by the corporation is deemed not to have been used for any purpose whatever before its acquisition by the corporation nor to have been acquired, before that acquisition, for use for a purpose other than lease to an exempt corporation, if the corporation continues the carrying out of a project of the person and

(*a*) the person did not acquire the property before the reference date of the corporation;

(*b*) the property has not been used, or acquired for use or lease, for any purpose whatever before being acquired by the person; and

(*c*) the person used the property only in connection with the project the carrying out of which is continued by the corporation.

Property deemed to be qualified property.

For the purposes of paragraph *d* of the definition of “qualified property” in the first paragraph, where, at any time that is not before the corporation’s reference date, a corporation has acquired or leased property that is used by the corporation in the course of carrying on a business and that would be qualified property of the corporation if the definition of “qualified property” were read without reference to paragraph *d* thereof, the corporation is deemed to use the property principally in a qualified centre and, exclusively or almost exclusively, to earn income from a business it carries on in that centre, throughout the period that begins at that time and that ends on the day on which Investissement Québec issues a certificate referred to in paragraph *a* of section 771.12 to the corporation.

Eligibility period of a specified corporation.

Despite paragraphs *b* and *c* of the definition of “eligibility period” in the first paragraph, the eligibility period of a corporation that is a specified corporation in respect of a biotechnology development centre for a taxation year does not include the part of any taxation year that begins at the

time the corporation ceases to be a specified corporation in respect of that centre for that year.

Eligibility period of an exempt corporation.

Despite the definition of “eligibility period” in the first paragraph, the eligibility period of a corporation that is an exempt corporation does not include the part of a taxation year that is described in the fourth paragraph of section 771.1.

Specified period.

For the purpose of applying the definition of “specified period” in the first paragraph to a corporation that is a member of an associated group in its first taxation year in which the corporation carries on or may carry on its business in a particular designated site, the effective date of the certificate that was issued to the corporation for its first taxation year in which the corporation carried on or could carry on its business in any designated site to which subparagraph i of paragraph *a* of that definition refers is deemed to be the earliest of all the dates each of which is the effective date of the certificate that was issued to a member of that associated group for the member’s first taxation year in which the member carried on or could carry on business in such a site.

Specified period of a corporation that was an exempt corporation in a preceding taxation year.

If any corporation that has been an exempt corporation for a taxation year subsequently becomes a specified corporation, the date of coming into force of the certificate, referred to in paragraph *a* of section 771.12, that was issued in respect of that corporation is deemed, for the purposes of the definition of “specified period” in the first paragraph and of the seventh paragraph, to be the date of coming into force of the certificate referred to in paragraph *c* of the definition of “specified corporation” in the first paragraph that was issued to that corporation for its first taxation year in which it carried on or could carry on its business in any designated site.

Specified wages.

For the purposes of the definition of “specified wages” in the first paragraph, a specified employee who spends 90% or more of working time on a specified activity is deemed to spend all working time thereon.

Provision not to apply after 30 March 2004.

Subparagraph iv of paragraph *b* of the definition of “specified corporation” in the first paragraph does not apply for a taxation year to a corporation that carries on or may carry on its business in a biotechnology development centre if, after 30 March 2004, Investissement Québec has issued to

the corporation a certificate, referred to in paragraph *c* of that definition, for the year.

History: 2000, c. 39, s. 176; 2001, c. 7, s. 169; 2001, c. 51, s. 147; 2001, c. 53, s. 260; 2001, c. 69, s. 12; 2002, c. 9, s. 76; 2003, c. 9, s. 221; 2004, c. 21, s. 338; 2005, c. 23, s. 167; 2005, c. 38, s. 255; 2006, c. 13, s. 130; 2006, c. 36, s. 139; 2007, c. 12, s. 175; 2009, c. 15, s. 242.

Determination of the qualified wages limit.

1029.8.36.0.18. The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.17 refers for a taxation year of a corporation in relation to an eligible employee is equal,

(a) where the corporation carries on or may carry on its business in a new economy centre and its taxation year ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365;

(b) where the corporation carries on or may carry on its business in a new economy centre and its taxation year includes 16 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year before 16 June 1999 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year after 15 June 1999 that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365; and

(c) in any other case, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year that are within the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365.

Determination of the specified wages limit.

The amount to which paragraph *a* of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.17 refers for a taxation year of a corporation in relation to a specified employee of a designated site is equal to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the specified period of the corporation for the year in respect of the designated site during which the employee qualifies as a specified employee of the corporation is of 365.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 222.

Corporation deemed to be an exempt corporation.

1029.8.36.0.18.1. For the purposes of sections 1029.8.36.0.19 and 1029.8.36.0.20, a corporation is deemed to be an exempt corporation for the taxation year in which it ceases to be an exempt corporation.

History: 2003, c. 9, s. 223.

Rules applicable to an exempt corporation that becomes a specified corporation.

1029.8.36.0.18.2. If, following an acquisition of control referred to in subparagraph *f* of the first paragraph of section 771.13 or an election made under subparagraph *g* of that paragraph, a corporation ceases to be an exempt corporation at the beginning of the taxation year that follows the taxation year in which the acquisition of control occurs or the election becomes effective, the following rules apply, as the case may be:

(a) for the purposes of subparagraph *iv* of paragraph *b* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17, the corporation is deemed to be a specified corporation at the time of the acquisition of control;

(b) if the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17 applies to the corporation for the taxation year in which the acquisition of control occurs or the election becomes effective, it is to be read without reference to its subparagraph *iii* of paragraph *b*;

(c) for the purposes of paragraph *a* of the definition of “eligibility period” in the first paragraph of section 1029.8.36.0.17, the day on which the acquisition of control occurs or the election becomes effective is deemed to be the day on which the corporation ceases to be an exempt corporation; and

(d) if the acquisition of control occurs or the election becomes effective before the end of the five-year period described in paragraph *b* of the definition of “eligibility period” in the first paragraph of section 1029.8.36.0.17, or before the end of the three-year period described in paragraph *c* of that definition, the eligibility period ends immediately before the acquisition of control occurs or on the day before that on which the election becomes effective, as the case may be.

Rule not applicable to a specified corporation.

If, after 30 March 2004, Investissement Québec issues a certificate, referred to in paragraph *c* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17, for a taxation year, to a corporation that carries on or may carry on its business in a biotechnology development centre, no reference is to be made to subparagraph *d* of the first paragraph in computing the amount that the corporation is deemed to have paid to the

Minister for that taxation year under section 1029.8.36.0.25 or 1029.8.36.0.25.1.

History: 2007, c. 12, s. 176.

§2. — Credits**Credit on qualified wages for the year.**

1029.8.36.0.19. A corporation that is an exempt corporation for a taxation year and that encloses the documents referred to in the second paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which 40% of the qualified wages paid by the corporation in the year to an eligible employee exceeds the amount established for the year under section 1029.8.36.0.23 in relation to the qualified wages.

Documents to be filed.

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

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

(b) a copy of the certificate issued by Investissement Québec to the corporation for the year in respect of the eligible employee for the purposes of this division.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first

paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 148; 2001, c. 69, s. 12; 2003, c. 9, s. 224; 2012, c. 8, s. 205.

Credit on qualified wages for a preceding year.

1029.8.36.0.20. A corporation that is an exempt corporation for a taxation year is deemed, subject to the fourth paragraph, where that year is the first year during which the corporation so qualifies and the corporation encloses the documents referred to in the second paragraph with the fiscal return it is required to file for the year under section 1000, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the aggregate of all amounts each of which is the amount by which 40% of the qualified wages paid by the corporation in a preceding taxation year to an eligible employee exceeds the amount established under section 1029.8.36.0.23 in relation to the qualified wages.

Documents to be filed.

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

- (a) the prescribed form containing the prescribed information; and
- (b) a copy of the certificate issued by Investissement Québec to the corporation in respect of the eligible employee for a preceding taxation year and for the purposes of this division or Division II.6.0.2, as it read before being repealed.

“eligible employee” and “qualified wages”.

For the purposes of the first paragraph and section 1029.8.36.0.23, and notwithstanding the first paragraph of section 1029.8.36.0.17, “eligible employee” and “qualified wages” have the meaning assigned by section 1029.8.36.0.4, as it read for the preceding taxation year in which the wages were paid, where

- (a) the corporation carries on or may carry on its business in an information technology development centre; and
- (b) the preceding taxation year began before 21 December 2001.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV,

IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 149; 2001, c. 69, s. 12; 2003, c. 9, s. 225; 2012, c. 8, s. 206.

Rate increase.

1029.8.36.0.21. Where a corporation carries on or may carry on its business in a new economy centre and a taxation year of the corporation is, in whole or in part, within a particular period that is between 9 March 1999 and 16 June 1999, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.19 or 1029.8.36.0.20, in respect of the qualified wages paid by the corporation to an eligible employee in that taxation year, each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23, shall be replaced by a rate of 60% in respect of the portion of the qualified wages that may reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period.

Exception.

Notwithstanding the first paragraph, where the qualified wages paid by the corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period, are an amount established in accordance with subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.18, the following rules apply for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.19 or 1029.8.36.0.20, in respect of the qualified wages:

(a) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23, is replaced by a rate of 60% in respect of the lesser of the qualified wages paid by the corporation to the eligible employee in the taxation year and

the portion of the qualified wages that could reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period, if the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.17 were read without reference to “the lesser of” in the portion before paragraph *a* and to paragraph *a*; and

(b) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23, applies only in respect of the amount by which the qualified wages paid by the corporation to the eligible employee in the taxation year exceed the amount established in accordance with subparagraph *a* in respect of the qualified wages.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 226.

Rate increase.

1029.8.36.0.21.1. Where a corporation carries on or may carry on its business in an information technology development centre and a taxation year of the corporation is, in whole or in part, within a particular period that is between 15 June 1998 and 16 June 1999, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.20, in respect of the qualified wages paid by the corporation to an eligible employee in that taxation year, each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.20 and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 shall be replaced by a rate of 60% in respect of the portion of the qualified wages that may reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period.

Exception.

Notwithstanding the first paragraph, where the qualified wages paid by the corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period, are an amount established in accordance with any of subparagraphs *a* to *d* of the second paragraph of section 1029.8.36.0.4, as it read for that taxation year, the following rules apply for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.20, in respect of the qualified wages:

(a) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.20 and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 is replaced by a rate of 60% in respect of the lesser of the qualified wages paid by the corporation to the eligible employee in the taxation year and the portion of the qualified wages that could reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period, if the definition of “qualified wages” in the

first paragraph of section 1029.8.36.0.4 were read for that taxation year without reference to “the lesser of” in the portion before paragraph *a* and to paragraph *a*; and

(b) each of the rates of 40% referred to in the first paragraph of section 1029.8.36.0.20 and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 applies only in respect of the amount by which the qualified wages paid by the corporation to the eligible employee in the taxation year exceed the amount determined in accordance with subparagraph *a* in respect of the qualified wages.

“eligible employee” and “qualified wages”.

For the purposes of this section and notwithstanding the first paragraph of section 1029.8.36.0.17, “eligible employee” and “qualified wages” have the meaning assigned by section 1029.8.36.0.4, as it read for the taxation year.

History: 2003, c. 9, s. 227.

Rates reduced.

1029.8.36.0.21.2. For the purpose of determining the amount that a corporation that carries on or may carry on its business in a biotechnology development centre is deemed to have paid to the Minister, on account of its tax payable for a taxation year, in accordance with section 1029.8.36.0.19 or 1029.8.36.0.20, each of the rates of 40% referred to in the first paragraph of that section and in subparagraph *a* of the first paragraph of section 1029.8.36.0.23 is replaced by a rate of 30% if

(a) the certificate referred to in paragraph *a* of section 771.12 that is held by the corporation provides for the application of that reduced rate; or

(b) control of the corporation was acquired at the beginning of the year or of a preceding taxation year, but after 11 June 2003, by a person or a group of persons.

Exception.

However, the condition set out in subparagraph *b* of the first paragraph is deemed not to be met if the acquisition of control

(a) occurs before 1 July 2004 and Investissement Québec certifies that it results from a transaction that was sufficiently advanced on 11 June 2003 and was binding on the parties on that date;

(b) is by an exempt corporation, by a person or group of persons that controls an exempt corporation, or by a group of persons each member of which is an exempt corporation or a person who, alone or together with other members of the group, controls such a corporation;

(c) derives from the exercise after 11 June 2003 of one or more rights described in paragraph *b* of section 20 that were acquired before 12 June 2003; or

(d) derives from the performance after 11 June 2003 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 12 June 2003.

History: 2005, c. 23, s. 168; 2006, c. 13, s. 131.

Credit on specified wages.

1029.8.36.0.22. A corporation that is a specified corporation in respect of a designated site for a taxation year and that encloses the documents referred to in the third paragraph with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount by which 40% of the specified wages incurred by the corporation in the year in respect of a specified employee of the site exceeds the amount established for the year under section 1029.8.36.0.24 in relation to the specified wages.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Documents to be filed.

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

(a) the prescribed form containing the prescribed information;

(a.1) a copy of the certificate referred to in paragraph *c* of the definition of "specified corporation" in the first paragraph of section 1029.8.36.0.17 issued to the corporation for the

year by Investissement Québec for the purposes of this division;

(b) a copy of the certificate issued to the corporation for the year by Investissement Québec for the purposes of this division in respect of a specified activity, in relation to the designated site, on which the specified employee spends all or part of the employee's working time; and

(c) a copy of the certificate issued to the corporation for the year by Investissement Québec in respect of the specified employee for the purposes of this division.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 150; 2001, c. 69, s. 12; 2003, c. 9, s. 228; 2012, c. 8, s. 207.

Rates reduced.

1029.8.36.0.22.1. For the purpose of determining the amount that a corporation that carries on or may carry on its business in a biotechnology development centre is deemed to have paid to the Minister, on account of its tax payable for a taxation year, in accordance with section 1029.8.36.0.22, each of the rates of 40% referred to in the first paragraph of that section and in subparagraph *a* of the first paragraph of section 1029.8.36.0.24 is replaced by a rate of 30% if

(a) the certificate referred to in paragraph *c* of the definition of "specified corporation" in the first paragraph of section 1029.8.36.0.17, that is issued to the corporation for the year provides for the application of that reduced rate;

(b) subject to the second paragraph, control of the corporation was acquired at the beginning of the year or of a preceding taxation year, but after 30 March 2004, by a person or a group of persons;

(c) section 1029.8.36.0.21.2 applied to the corporation for a preceding taxation year for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, on account of its tax payable for that taxation year, in accordance with section 1029.8.36.0.19 or 1029.8.36.0.20; or

(d) the corporation ceased to be a specified corporation at the beginning of a preceding taxation year by reason of the application of subparagraph *iv* of paragraph *b* of the definition of "specified corporation" in the first paragraph of section 1029.8.36.0.17.

Exception.

The condition set out in subparagraph *b* of the first paragraph is deemed not to be met if the acquisition of control

(a) occurs before 1 July 2005 and Investissement Québec certifies that it results from a transaction that was sufficiently advanced on 30 March 2004 and was binding on the parties on that date;

(b) is by an exempt corporation or a specified corporation, by a person or group of persons that controls such a corporation, or by a group of persons each member of which is such a corporation or a person who, alone or together with other members of the group, controls such a corporation;

(c) derives from the exercise after 30 March 2004 of one or more rights described in paragraph *b* of section 20 that were acquired before 31 March 2004; or

(d) derives from the performance after 30 March 2004 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 31 March 2004.

History: 2005, c. 23, s. 169; 2006, c. 13, s. 132.

Determination of the amount in respect of qualified wages.

1029.8.36.0.23. The amount to which the first paragraph of section 1029.8.36.0.19 and of section 1029.8.36.0.20 refers in relation to qualified wages paid in a taxation year by a corporation to an eligible employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount established pursuant to the second paragraph in respect of the wages:

(a) 40% of the qualified wages paid by the corporation in the year to the eligible employee; and

(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year, each of which is an amount of government assistance relating to the wages paid by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation.

Amount.

The amount to which the first paragraph refers in relation to the qualified wages paid in the taxation year by the corporation to the eligible employee is equal to the lesser of

(a) 60% of the aggregate of all amounts each of which is the amount paid as wages by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year that are in the eligibility period of the corporation during which the employee qualifies as an eligible employee of the corporation is of 365.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 151; 2003, c. 9, s. 229; 2005, c. 23, s. 170; 2015, c. 21, s. 437.

Determination of the amount in respect of specified wages.

1029.8.36.0.24. The amount to which the first paragraph of section 1029.8.36.0.22 refers in relation to specified wages incurred in a taxation year by a corporation in respect of a specified employee in a designated site, is equal to the amount by which the aggregate of the following amounts exceeds the amount established pursuant to the second paragraph in respect of the wages:

(a) 40% of the specified wages incurred by the corporation in the year in respect of the specified employee; and

(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year, each of which is an amount of government assistance relating to the wages incurred by the corporation in respect of the employee, in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that the wages are paid and that they may reasonably be considered to relate to the carrying on in the year of a specified activity in relation to that site having regard to the time spent on that activity by the employee.

Amount.

The amount to which the first paragraph refers in relation to the specified wages incurred in the taxation year by the corporation in respect of the specified employee is equal to the lesser of

(a) 60% of the amount of the wages incurred by the corporation in respect of the employee in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on in the year of a specified activity in relation to that site having regard to the time spent thereon by the employee; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the specified period of the corporation for the year in respect of the designated site during which the employee qualifies as a specified employee of the corporation is of 365.

Presumption.

For the purposes of subparagraph *b* of the first paragraph and of subparagraph *a* of the second paragraph, a specified employee who spends 90% or more of working time on a specified activity is deemed to spend all working time on that activity.

History: 2000, c. 39, s. 176; 2001, c. 7, s. 169; 2003, c. 9, s. 229; 2005, c. 23, s. 171; 2015, c. 21, s. 438.

Credit in relation to the acquisition or rental of property.

1029.8.36.0.25. A corporation that is an exempt corporation, or a specified corporation in respect of a biotechnology development centre, for a taxation year is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the acquisition costs incurred by the corporation in the year or a preceding taxation year in respect of the acquisition of qualified property during the year or a preceding taxation year and during its eligibility period, or of the rental expenses paid by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of qualified property of the corporation, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister in respect of the qualified property for a preceding taxation year under this section or section 1029.8.36.0.6, as it read for that preceding taxation year, if the corporation encloses with the fiscal return it is required to file for the year under section 1000,

(a) the prescribed form containing the prescribed information;

(b) a copy of the certificate issued to it by Investissement Québec in respect of the qualified property for the purposes of this division or Division II.6.0.2, as it read before being repealed; and

(c) if the corporation is a specified corporation in respect of a biotechnology development centre,

i. a copy of the certificate referred to in paragraph *c* of the definition of "specified corporation" in the first paragraph of section 1029.8.36.0.17 that Investissement Québec issued to the corporation for the year and for the purposes of this division, and

ii. a copy of the certificate that Investissement Québec issued to the corporation for the year and for the purposes of this division in respect of a specified activity, in relation to the biotechnology development centre, that is an activity for the carrying out of which the corporation uses the qualified property.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each

payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 152; 2001, c. 69, s. 12; 2003, c. 9, s. 229; 2005, c. 23, s. 172; 2012, c. 8, s. 208.

Restriction.

1029.8.36.0.25.0.1. Despite section 1029.8.36.0.25, no amount may, in relation to a qualified property, be deemed to have been paid to the Minister by a corporation for a particular taxation year, in respect of acquisition costs incurred by the corporation in that year in respect of the property if, at any given time before the corporation's filing-due date for the particular year, the property ceases, otherwise than by reason of its loss, of its involuntary destruction by fire, theft or water, of a major breakdown of the property or of its obsolescence, to be used by the corporation, mainly in a qualified centre or exclusively or almost exclusively to earn income from,

(a) if the corporation is an exempt corporation and the particular year is not the particular year referred to in subparagraph *c*, a business carried on by the corporation in that centre;

(b) if the corporation is a specified corporation, the qualified centre is a biotechnology development centre and the particular year is not the particular year referred to in subparagraph *c*, the part of a business carried on by the corporation in that centre that may reasonably be attributed to the carrying out of a specified activity; or

(c) if, following an acquisition of control referred to in subparagraph *f* of the first paragraph of section 771.13 that occurs in the particular year or an election made under subparagraph *g* of that paragraph to become a specified corporation from a particular day in that year, the corporation ceases to be an exempt corporation at the beginning of the taxation year that follows the particular year and, as the case may be,

i. the qualified centre is a biotechnology development centre,

(1) a business carried on by the corporation in that centre, if the given time occurs before the acquisition of control or the particular day, or

(2) the part of a business carried on by the corporation in that centre that may reasonably be attributed to the carrying out of a specified activity, in any other case, or

ii. the qualified centre is not a biotechnology development centre and the given time occurs before the acquisition of control or the particular day, a business carried on by the corporation in that centre.

Presumption.

For the purposes of the first paragraph, where, at any time, a corporation disposes of qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the corporation is deemed not to have ceased to use, at that time, the property by reason of its obsolescence; in that respect, where the parties to the sale are not dealing with each other at arm's length, the proceeds of disposition of the property are deemed to be equal to its fair market value.

History: 2004, c. 21, s. 339; 2005, c. 23, s. 173; 2007, c. 12, s. 177.

Credit in relation to the rental of an eligible facility.

1029.8.36.0.25.1. A corporation that is, for a taxation year, an exempt corporation that carries on or may carry on its business in a biotechnology development centre, or a specified corporation in respect of such a centre, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the eligible rental expenses incurred by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of an eligible facility of a person in relation to the biotechnology development centre, to the extent that those expenses are paid, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section in respect of the eligible facility for a preceding taxation year, if the corporation encloses, with the fiscal return it is required to file for the year under section 1000, the following documents:

(a) the prescribed form containing the prescribed information;

(b) a copy of the certificate issued to the person by Investissement Québec in respect of the eligible facility for the purposes of this division;

(c) a copy of the last lease rate schedule for the eligible facility that the person submitted to Investissement Québec; and

(d) if the corporation is a specified corporation,

i. a copy of the certificate referred to in paragraph *c* of the definition of "specified corporation" in the first paragraph of section 1029.8.36.0.17 that Investissement Québec issued to the corporation for the year and for the purposes of this division, and

ii. a copy of the certificate that Investissement Québec issued to the corporation for the year and for the purposes of this division in respect of a specified activity, in relation to the biotechnology development centre, that is an activity for the carrying out of which the corporation rented the eligible facility.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2003, c. 9, s. 230; 2005, c. 23, s. 174; 2012, c. 8, s. 209.

Rate reduced.

1029.8.36.0.25.2. For the purpose of determining the amount that a corporation that carries on or may carry on its business in a biotechnology development centre is deemed to have paid to the Minister, on account of its tax payable for a particular taxation year, in accordance with section 1029.8.36.0.25 or 1029.8.36.0.25.1, the rate of 40% that is applied to acquisition costs or rental expenses that are incurred or paid in any given taxation year, or to eligible rental expenses that are incurred in any given taxation year is replaced by a rate of 30% if

(a) the certificate referred to in paragraph *a* of section 771.12 that is held by the corporation provides for the application of that reduced rate;

(b) subject to the second paragraph, the corporation is an exempt corporation for the given taxation year the control of which was acquired at the beginning of the given year or of a preceding taxation year, but after 11 June 2003, by a person or a group of persons; or

(c) the corporation is a specified corporation for the given taxation year.

Exception.

The condition set out in subparagraph *b* of the first paragraph is deemed not to be met if the acquisition of control

(a) occurs before 1 July 2004 and Investissement Québec certifies that it results from a transaction that was sufficiently advanced on 11 June 2003 and was binding on the parties on that date;

(b) is by an exempt corporation, by a person or group of persons that controls an exempt corporation, or by a group of persons each member of which is an exempt corporation or a person who, alone or together with other members of the group, controls such a corporation;

(c) derives from the exercise after 11 June 2003 of one or more rights described in paragraph *b* of section 20 that were acquired before 12 June 2003; or

(d) derives from the performance after 11 June 2003 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 12 June 2003.

History: 2005, c. 23, s. 175; 2006, c. 13, s. 133.

1029.8.36.0.26. (*Repealed*).

History: 2000, c. 39, s. 176; 2001, c. 51, s. 153; 2001, c. 69, s. 12; 2003, c. 9, s. 231; 2012, c. 8, s. 210.

Other credits not permitted.

1029.8.36.0.27. Notwithstanding any other provision of this chapter, a corporation that is an exempt corporation for a taxation year shall not be deemed to have paid an amount to the Minister for the year under a provision of this chapter, other than a provision of this division and Divisions II and II.1, where that year is in whole or in part within its eligibility period.

Prohibition.

In addition, the corporation shall not be deemed to have paid an amount to the Minister for a taxation year that is in whole or in part within the corporation's eligibility period, in respect of a particular amount, under

(a) a provision of Division II, if the particular amount is included in the wages that are taken into account in computing the qualified wages paid in the year by the corporation to an eligible employee and in respect of which an amount is deemed to have been paid by the corporation, for the year, under section 1029.8.36.0.19; or

(b) section 1029.8.36.0.20, if the particular amount is qualified wages paid in a preceding taxation year by the corporation to an eligible employee and an amount is deemed to have been paid by the corporation for that preceding year under a provision of Division II, in respect of an amount included in the wages that are taken into account in computing the particular amount.

Interpretation.

For the purposes of the first and second paragraphs and notwithstanding the first paragraph of section 1029.8.36.0.17, "eligibility period" of a corporation means the period of three years that begins on the later of the day of coming into force of the certificate referred to in paragraph *a* of section 771.12 that was issued in its respect and the corporation's reference date.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 154; 2003, c. 9, s. 232; 2005, c. 23, s. 176; 2010, c. 25, s. 136.

Restriction.

1029.8.36.0.28. No amount shall be deemed to have been paid to the Minister by a corporation for any taxation year under any of sections 1029.8.36.0.19, 1029.8.36.0.20 and 1029.8.36.0.22 in respect of all or any part of particular wages, if an amount is deemed to have been paid to the Minister by the corporation for a taxation year under another of those sections in respect of the particular wages.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 233.

§3. — *Government assistance, non-government assistance, contract payments and other particulars*

Reduction of acquisition costs or rental expenses.

1029.8.36.0.29. For the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25, the amount of the acquisition costs or rental expenses that the corporation incurred or paid in respect of a qualified property shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance, attributable to those costs or expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 233; 2007, c. 12, s. 178.

Reduction of eligible rental expenses.

1029.8.36.0.29.1. For the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25.1, the amount of the eligible rental expenses that the corporation incurred in respect of an eligible facility shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance, attributable to those expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year.

History: 2003, c. 9, s. 234; 2007, c. 12, s. 179.

Repayment of assistance relating to qualified wages.

1029.8.36.0.30. Where, in a taxation year, in this section referred to as the "repayment year", a corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing qualified wages paid by the corporation to an eligible employee in a taxation year, in this section referred to as the "payment year", and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.19 or 1029.8.36.0.20 for a particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the payment year, the amount of any government assistance or non-government assistance referred to in paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.17, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

Payment year.

However, if the payment year begins before 21 December 2001 and the corporation carried on or could carry on its business in an information technology development centre in

the particular taxation year, the reference to section 1029.8.36.0.17 in the portion of the first paragraph before subparagraph *a* shall be read as a reference to section 1029.8.36.0.4, as it read for the payment year.

Particular year.

In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of qualified wages under section 1029.8.36.0.5 or 1029.8.36.0.5.1, as it read for the particular year, the first paragraph applies, in respect of an amount that may reasonably be considered to be repayment of assistance that was taken into account for the purpose of computing the qualified wages, having regard to the following rules:

(a) the references to sections 1029.8.36.0.17, 1029.8.36.0.19 and 1029.8.36.0.20, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as references to sections 1029.8.36.0.4, 1029.8.36.0.5 and 1029.8.36.0.5.1, as they formerly read for the particular year; and

(b) subparagraph *b* of the first paragraph shall be read as follows:

"(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance, under this section or section 1029.8.36.0.10, as it read for that preceding taxation year."

"eligible employee" and "qualified wages".

Where the second or third paragraph applies, "eligible employee" and "qualified wages" have, in this section and notwithstanding the first paragraph of section 1029.8.36.0.17, the meaning assigned by section 1029.8.36.0.4, as it read for the payment year.

History: 2000, c. 39, s. 176; 2002, c. 40, s. 147; 2003, c. 9, s. 235.

Repayment of assistance relating to specified wages.

1029.8.36.0.31. Where, before 1 January 2015, a corporation pays, in a taxation year, in this section referred to as the "repayment year", pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing specified wages incurred by the corporation in respect of a specified employee in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.22 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due

day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the specified wages, under section 1029.8.36.0.22, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate established under subparagraph *i* of paragraph *b* of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.17, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.22 in respect of the specified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

Transitional rules.

In addition, if a corporation carried on or could carry on its business in the Cité du multimédia or the Centre national des nouvelles technologies de Québec in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of qualified wages under section 1029.8.36.0.3.30 or 1029.8.36.0.3.40, as the case may be, as it read for the particular year, the first paragraph applies, in respect of an amount that may reasonably be considered to be repayment of assistance that was taken into account for the purpose of computing the qualified wages, having regard to the following rules:

(a) the references to sections 1029.8.36.0.17 and 1029.8.36.0.22, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as references to

i. sections 1029.8.36.0.3.28 and 1029.8.36.0.3.30, as they formerly read for the particular year, where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, or

ii. sections 1029.8.36.0.3.38 and 1029.8.36.0.3.40, as they formerly read for the particular year, where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year;

(b) the expressions “specified wages” and “specified employee”, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as “qualified wages” and “eligible employee”, having the meaning assigned by

i. section 1029.8.36.0.3.28, as it read for the particular year, where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, or

ii. section 1029.8.36.0.3.38, as it read for the particular year, where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year; and

(c) subparagraph *b* of the first paragraph shall be read as follows:

“(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance, under this section or under section 1029.8.36.0.3.35 or 1029.8.36.0.3.43, as it read for that preceding taxation year.”

“qualified wages”.

Notwithstanding the first paragraph of section 1029.8.36.0.17, the expression “qualified wages” in the portion of the second paragraph before subparagraph *a* has the meaning assigned by section 1029.8.36.0.3.28 or 1029.8.36.0.3.38, as it read for the particular year, according to whether the corporation carried on or could carry on its business in the particular year in the Cité du multimédia or in the Centre national des nouvelles technologies de Québec.

History: 2000, c. 39, s. 176; 2002, c. 40, s. 148; 2003, c. 9, s. 236.

Repayment of assistance relating to qualified property.

1029.8.36.0.32. Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, pursuant to section 1029.8.36.0.29, acquisition costs to, or rental expenses of, the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.25, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.25, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.29, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.25 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

Transitional rules.

In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of acquisition costs or rental expenses under section 1029.8.36.0.6, as it read for the particular year, the first paragraph applies, in respect of an amount that may reasonably be considered to be repayment of assistance that reduced those costs or expenses for the purpose of computing that amount deemed to be paid, having regard to the following rules:

(a) the references to sections 1029.8.36.0.25 and 1029.8.36.0.29, wherever they appear in the portion of the first paragraph before subparagraph *b*, shall be read respectively as references to sections 1029.8.36.0.6 and 1029.8.36.0.9, as they formerly read for the particular year; and

(b) subparagraph *b* of the first paragraph shall be read as follows:

“(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance, under this section or section 1029.8.36.0.11, as it read for that preceding taxation year.”

History: 2000, c. 39, s. 176; 2002, c. 40, s. 149; 2003, c. 9, s. 237.

Repayment of assistance relating to an eligible facility.

1029.8.36.0.32.1. Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, pursuant to section 1029.8.36.0.29.1, eligible rental expenses of the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.25.1, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.25.1, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.29.1, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.25.1 for the particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 2003, c. 9, s. 238.

Deemed repayment of assistance relating to wages.

1029.8.36.0.33. For the purposes of section 1029.8.36.0.30 or 1029.8.36.0.31, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced, because of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.17 or because of subparagraph *i* of paragraph *b* of the definition of “specified wages” in that first paragraph, the amount of the wages referred to in that paragraph *b* for the purpose of computing qualified wages or specified wages, as the case may be, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.19 or 1029.8.36.0.20, or under section 1029.8.36.0.22;

(b) was not received by the corporation; and

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

Transitional rules.

In addition, if wages were paid or incurred in a particular taxation year that begins before 21 December 2001 by a corporation that, in the particular year, carried on or could carry on its business in an eligible facility, or in a designated site, other than a new economy centre or a biotechnology development centre, the first paragraph applies, in respect of an amount that reduced the wages, taking into account that,

(a) where the corporation carried on or could carry on its business in the Cité du multimédia in the particular year, the portion of the first paragraph before subparagraph *b* shall be read as follows:

“**1029.8.36.0.33.** For the purposes of section 1029.8.36.0.31, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced the amount of the wages referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.28, as it read for the particular taxation year in which the wages were incurred, because of subparagraph *i* of that paragraph *b*, for the purpose of computing qualified wages, within the meaning of section 1029.8.36.0.3.28, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.30, as it read for the particular year;”;

(b) where the corporation carried on or could carry on its business in the Centre national des nouvelles technologies de Québec in the particular year, the portion of the first paragraph before subparagraph *b* shall be read as follows:

“**1029.8.36.0.33.** For the purposes of section 1029.8.36.0.31, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced the amount of the wages referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.38, as it read for the particular taxation year in which the wages were incurred, because of subparagraph *i* of that paragraph *b*, for the purpose of computing qualified wages, within the meaning of section 1029.8.36.0.3.38, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.40, as it read for the particular year;”;

(c) where the corporation carried on or could carry on its business in an information technology development centre in the particular year, the portion of the first paragraph before subparagraph *b* shall be read as follows:

“**1029.8.36.0.33.** For the purposes of section 1029.8.36.0.30, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced the amount of the wages referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.4, as it read for the particular taxation year in which the wages were paid, because of that paragraph *b*, for the purpose of computing qualified wages, within the meaning of section 1029.8.36.0.4, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.5, as it read for the particular year, or under section 1029.8.36.0.5.1, as it read for the taxation year following the particular year in which the corporation is deemed to have paid that amount, or 1029.8.36.0.20;”.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 239.

Deemed repayment of assistance.

1029.8.36.0.34. For the purposes of section 1029.8.36.0.32 or 1029.8.36.0.32.1, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced, as the case may be, acquisition costs or rental expenses of the corporation, because of section 1029.8.36.0.29, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25, or eligible rental expenses of the corporation, because of

section 1029.8.36.0.29.1, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.25.1;

(b) was not received by the corporation; and

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

Transitional rule.

In addition, if a corporation carried on or could carry on its business in an information technology development centre in a particular taxation year that begins before 21 December 2001 for which the corporation is deemed to have paid an amount to the Minister in respect of acquisition costs or rental expenses under section 1029.8.36.0.6, as it read for the particular year, the first paragraph applies, in respect of an amount that reduced those costs or expenses for the purpose of computing the amount deemed to have been paid, by replacing the portion of the first paragraph before subparagraph *b* by the following:

“**1029.8.36.0.34.** For the purposes of section 1029.8.36.0.32, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced acquisition costs or rental expenses of the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.6, as it read for the particular year, because of section 1029.8.36.0.9, as it read for the particular year;”.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 240.

Reduction of costs or expenses.

1029.8.36.0.35. For the purposes of this division, the acquisition costs to, or rental expenses of, a corporation in respect of a qualified property shall be reduced by the amount of the consideration for the provision of services to the corporation or to a person with whom the corporation does not deal at arm’s length, or the amount of the consideration for the disposition or lease of other property either to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the acquisition, the lease or the installation of the qualified property or the acquisition of property resulting from work related to the installation of the qualified property or of property consumed in connection with such work.

History: 2000, c. 39, s. 176.

Reduction of eligible rental expenses.

1029.8.36.0.35.1. For the purposes of this division, the eligible rental expenses of a corporation in respect of an eligible facility shall be reduced by the amount of the consideration for the provision of services to the corporation

or to a person with whom the corporation does not deal at arm's length, or by the amount of the consideration for the disposition or lease of other property either to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the lease of the eligible facility.

History: 2003, c. 9, s. 241.

Benefit or advantage in respect of a qualified property.

1029.8.36.0.36. If, in respect of the acquisition or lease of a qualified property, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or installation of the qualified property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the amount of the acquisition costs or rental expenses that a corporation has incurred or paid in respect of the qualified property is, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister, for a taxation year, under section 1029.8.36.0.25, to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year.

History: 2000, c. 39, s. 176; 2007, c. 12, s. 180.

Benefit or advantage in respect of an eligible facility.

1029.8.36.0.36.1. If, in respect of the lease of an eligible facility, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or setting up of the eligible facility, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the amount of the eligible rental expenses that a corporation has incurred in respect of the eligible facility is, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister, for a taxation year, under section 1029.8.36.0.25.1, to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year.

History: 2003, c. 9, s. 242; 2007, c. 12, s. 180.

1029.8.36.0.37. *(Repealed).*

History: 2000, c. 39, s. 176; 2002, c. 9, s. 77.

DIVISION II.6.0.3.1 *(Repealed).*

§1. — *(Repealed).*

1029.8.36.0.37.1. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.2. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

§2. — *(Repealed).*

1029.8.36.0.37.3. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.4. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.5. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.6. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.7. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.8. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.9. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.10. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.11. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.12. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

§3. — *(Repealed).*

1029.8.36.0.37.13. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.14. *(Repealed).*

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.15. (Repealed).

History: 2002, c. 9, s. 78; 2002, c. 40, s. 150; 2003, c. 9, s. 243.

1029.8.36.0.37.16. (Repealed).

History: 2002, c. 9, s. 78; 2002, c. 40, s. 151; 2003, c. 9, s. 243.

1029.8.36.0.37.17. (Repealed).

History: 2002, c. 9, s. 78; 2002, c. 40, s. 152; 2003, c. 9, s. 243.

1029.8.36.0.37.18. (Repealed).

History: 2002, c. 9, s. 78; 2002, c. 40, s. 153; 2003, c. 9, s. 243.

1029.8.36.0.37.19. (Repealed).

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.20. (Repealed).

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.21. (Repealed).

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.22. (Repealed).

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.23. (Repealed).

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

1029.8.36.0.37.24. (Repealed).

History: 2002, c. 9, s. 78; 2003, c. 9, s. 243.

DIVISION II.6.0.4**CREDIT FOR WAGES IN CONNECTION WITH
THE CREATION OF THE INTERNATIONAL
TRADE ZONE AT MIRABEL**§1. — *Interpretation and general***Definitions:****1029.8.36.0.38.** In this division,**“eligible employee”;**

“eligible employee” of a corporation or partnership that carries on a recognized business in a taxation year or fiscal period, as the case may be, means an individual in respect of whom a certificate is issued to the corporation for the year, or to the partnership for the fiscal period, by Investissement Québec, certifying that, throughout the period of the year or fiscal period shown on the certificate, at least 75% of the duties of the individual relating to the individual’s employment with the corporation or partnership consists in carrying on work relating to the activities shown on the certificate issued to the corporation or partnership in respect of the recognized business and carried on in the international trade zone by the corporation or the partnership;

“excluded corporation”;

“excluded corporation” for a taxation year means any of the following corporations:

(a) a corporation that is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 not so exempt from tax on all of its taxable income for the year by reason of section 999.0.1;

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

(c) (paragraph repealed); and

(d) a corporation control of which is acquired at the beginning of the year or of a preceding taxation year, but after 11 June 2003, by a person or group of persons, unless the acquisition of control

i. occurs before 1 July 2004 and Investissement Québec certifies that it results from a transaction that was sufficiently advanced on 11 June 2003 and was binding on the parties on that date,

ii. is by a corporation that, at the time of the acquisition of control, is carrying on a recognized business, by a person or group of persons that controls such a corporation or by a group of persons each member of which is such a corporation or a person who, alone or together with other members of the group, controls such a corporation,

iii. derives from the exercise after 11 June 2003 of one or more rights described in paragraph *b* of section 20 that were acquired before 12 June 2003, or

iv. derives from the performance after 11 June 2003 of one or more obligations described in the third paragraph of section 21.3.5 that were contracted before 12 June 2003;

“international trade zone”;

“international trade zone” means the zone that consists of the lots of the official cadastre of Mirabel that are designated by the Minister of Finance;

“qualified wages”;

“qualified wages” incurred by a corporation in a taxation year, or by a partnership in a fiscal period, in respect of an eligible employee in the course of carrying on a recognized business, means the lesser of

(a) the amount determined for the year or fiscal period pursuant to section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business; and

(b) any of the following amounts:

i. where the valid certificate referred to in paragraph *a* of the definition of “recognized business” became effective or is deemed to have become effective, in accordance with the third paragraph, before 1 January 2001, the amount by which the amount of the wages incurred by the corporation or partnership in the year or fiscal period, but after 9 March 1999 and before 1 January 2011, in respect of the employee

while the employee qualifies as an eligible employee of the corporation or partnership in relation to the recognized business, to the extent that that amount is paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period,

ii. where the valid certificate referred to in paragraph *a* of the definition of "recognized business" became effective or is deemed to have become effective, in accordance with the third paragraph, after 31 December 2000 and before 1 January 2004, the amount by which the amount of the wages incurred by the corporation or partnership in the year or fiscal period, but on or before the day of the tenth anniversary of the effective date of the certificate, in respect of the employee while the employee qualifies as an eligible employee of the corporation or partnership in relation to the recognized business, to the extent that that amount is paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period, and

iii. where the valid certificate referred to in paragraph *a* of the definition of "recognized business" became effective or is deemed to have become effective, in accordance with the third paragraph, after 31 December 2003, the amount by which the amount of the wages incurred by the corporation or partnership in the year or fiscal period, but before 1 January 2014, in respect of the employee while the employee qualifies as an eligible employee of the corporation or partnership in relation to the recognized business, to the extent that that amount is paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period;

"recognized business";

"recognized business" of a corporation for a taxation year, or of a partnership for a fiscal period, means a business carried on by the corporation in the year, or by the partnership in the fiscal period, in respect of which

(a) a valid certificate for all or part of the year or fiscal period was issued to the corporation or partnership by Investissement Québec, certifying that the business activities

carried on within the international trade zone relate to activities shown on the certificate; and

(b) separate accounts are kept by the corporation or partnership, from the effective date of the certificate referred to in paragraph *a*, in relation to the business activities carried on within the international trade zone;

"wages".

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

Presumption.

Notwithstanding the definition of "eligible employee" in the first paragraph, an individual is deemed not to be an eligible employee of a corporation for a taxation year, or of a partnership for a fiscal period, if the individual, as the case may be,

(a) is a specified shareholder of the corporation at any time in the period mentioned in that definition; or

(b) is, at any time in the period mentioned in that definition, a member of the partnership whose share, for the fiscal period, of the partnership's income or loss is equal to or greater than 10%, or is not dealing at arm's length, at any time in that period, with such a member or with any member of a group of members of the partnership the total of whose shares, for the fiscal period, of the partnership's income or loss is equal to or greater than 10%.

Continuation of a business.

For the purposes of the first paragraph, where a corporation or partnership, in this paragraph referred to as the "transferee entity", carries on at a particular time in a taxation year or fiscal period a business in respect of which Investissement Québec issued a qualification certificate and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business carried on before that time by a corporation or partnership, in this paragraph referred to as the "transferor entity", the effective date of the qualification certificate issued to the transferee entity, in relation to the recognized business, is deemed to be the same as the effective date of the qualification certificate issued to the transferor entity, in relation to the recognized business or that part of the recognized business.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 155; 2003, c. 9, s. 244; 2004, c. 21, s. 340; 2005, c. 1, s. 239; 2005, c. 23, s. 177; 2006, c. 13, s. 134.

Business carried on outside the international trade zone.

1029.8.36.0.38.1. For the purposes of this division, a business carried on in Québec but outside the international trade zone by a corporation in a year or by a partnership in a fiscal period is deemed to be a recognized business of the corporation for the taxation year or of the partnership for the fiscal period if, in relation to that business,

(a) a valid certificate for all or part of the year or fiscal period was issued to the corporation or partnership by Investissement Québec, certifying that the business activities carried on in Québec but outside the international trade zone relate to activities shown on the certificate; and

(b) separate accounts are kept by the corporation or partnership, from the effective date of the certificate referred to in paragraph *a*, in relation to the business activities shown on the certificate that are carried on in Québec but outside the international trade zone.

History: 2001, c. 51, s. 156; 2005, c. 23, s. 178.

Activities carried on outside the international trade zone.

1029.8.36.0.38.2. For the purposes of this division, where the activities of a business in respect of which section 1029.8.36.0.38.1 applies are carried on in Québec but outside the international trade zone by a corporation in a taxation year, or by a partnership in a fiscal period, the business activities shown on the certificate referred to in paragraph *a* of that section that are carried on in Québec but outside the international trade zone are deemed to be carried on in the international trade zone.

History: 2001, c. 51, s. 156.

Determination of the qualified wages limit.

1029.8.36.0.39. The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 refers, for a taxation year of a corporation or fiscal period of a partnership, in respect of an eligible employee in relation to a recognized business is equal

(a) where the taxation year of the corporation or the fiscal period of the partnership ends before 1 January 2002, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year or fiscal period after 9 March 1999 during which the employee qualifies as an eligible employee of the corporation or partnership, in relation to the recognized business, is of 365;

(b) where the taxation year of the corporation or the fiscal period of the partnership begins before 1 January 2002 and ends after 31 December 2001, to the aggregate of

i. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year or fiscal period before 1 January 2002 during which the employee qualifies as an eligible employee of the corporation or partnership, in relation to the recognized business, is of 365, and

ii. the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year or fiscal period after 31 December 2001 during which the employee qualifies as an eligible employee of the corporation

or partnership, in relation to the recognized business, is of 365;

(c) where the taxation year of the corporation or the fiscal period of the partnership ends after 31 December 2013, to the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year or fiscal period before 1 January 2014 during which the employee qualifies as an eligible employee of the corporation or partnership, in relation to the recognized business, is of 365; and

(d) in any other case, to the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year or fiscal period during which the employee qualifies as an eligible employee of the corporation or partnership, in relation to the recognized business, is of 365.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 157; 2003, c. 9, s. 245.

§2. — Credits

Credit for corporations.

1029.8.36.0.40. A corporation, other than an excluded corporation, that carries on a recognized business in a taxation year, that incurs in that year, in the course of carrying on that business, qualified wages in respect of an eligible employee and that encloses with its fiscal return it is required to file for the year under section 1000 the documents referred to in the second paragraph, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount determined under section 1029.8.36.0.41 or 1029.8.36.0.42, as the case may be, in relation to the qualified wages.

Documents to be filed.

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

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

(b) a copy of the valid certificate issued to the corporation for the year in respect of the eligible employee and referred to in the definition of “eligible employee” in the first paragraph of section 1029.8.36.0.38.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV,

IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 246.

Amount.

1029.8.36.0.41. The amount to which the first paragraph of section 1029.8.36.0.40 refers in relation to the qualified wages incurred by a corporation in a taxation year in respect of an eligible employee in the course of carrying on a recognized business, is, where the amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 refers is the qualified wages for that taxation year, equal to

(a) where the taxation year of the corporation ends before 1 January 2002, 40% of the amount determined for the year under paragraph *a* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business;

(b) where the taxation year of the corporation begins before 1 January 2002 and ends after 31 December 2001, the aggregate of

i. 40% of the amount determined for the year under subparagraph i of paragraph *b* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, and

ii. 30% of the amount determined for the year under subparagraph ii of paragraph *b* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business;

(c) where the taxation year of the corporation begins after 31 December 2001 and ends before 1 January 2005, 30% of the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business;

(d) where the taxation year of the corporation begins before 1 January 2005 and ends after 31 December 2004, the aggregate of

i. 30% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the year before 1 January 2005 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the year during which the employee qualifies as an eligible employee in relation to the recognized business, and

ii. 20% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the year after 31 December 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the year during which the employee qualifies as an eligible employee in relation to the recognized business;

(e) where the taxation year of the corporation begins after 31 December 2004 and ends before 1 January 2014, 20% of the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business; and

(f) where the taxation year of the corporation ends after 31 December 2013, 20% of the amount determined for the year under paragraph *c* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 158; 2003, c. 9, s. 247.

Amount.

1029.8.36.0.42. The amount to which the first paragraph of section 1029.8.36.0.40 refers in relation to the qualified wages incurred by a corporation in a taxation year in respect of an eligible employee in the course of carrying on a recognized business, is, where the amount determined under paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 is the qualified wages for that taxation year, equal to the aggregate of

(a) 40% of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the corporation in the year, but after 9 March 1999 and before 1 January 2002, in respect of the eligible employee;

(b) 30% of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the corporation in the year, but after 31 December 2001 and before 1 January 2005, in respect of the eligible employee; and

(c) 20% of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the corporation in the year, but after

31 December 2004 and before 1 January 2014, in respect of the eligible employee.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 159; 2003, c. 9, s. 248.

Credit for corporations that are members of a partnership.

1029.8.36.0.43. Where a partnership carries on a recognized business in a fiscal period and incurs in that fiscal period, in the course of carrying on that business, qualified wages in respect of an eligible employee, each corporation that is a member of the partnership at the end of the fiscal period, that is not an excluded corporation for its taxation year in which the fiscal period ends, and that encloses with its fiscal return it is required to file for that taxation year under section 1000 the documents referred to in the second paragraph, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount determined in its respect under section 1029.8.36.0.44 or 1029.8.36.0.45, as the case may be, in relation to the qualified wages.

Documents to be filed.

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

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

(b) a copy of the valid certificate issued to the partnership for the fiscal period in respect of the eligible employee and referred to in the definition of "eligible employee" in the first paragraph of section 1029.8.36.0.38.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is

deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2003, c. 9, s. 249.

Amount.

1029.8.36.0.44. The amount to which the first paragraph of section 1029.8.36.0.43 refers in respect of a corporation in relation to the qualified wages incurred by a partnership in a fiscal period in respect of an eligible employee in the course of carrying on a recognized business, is, where the amount to which paragraph *a* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.38 refers is the qualified wages for that fiscal period, equal to

(a) where the fiscal period of the partnership ends before 1 January 2002, the amount obtained by multiplying 40% of the amount determined for the fiscal period under paragraph *a* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business by the corporation's share of the qualified wages;

(b) where the fiscal period of the partnership begins before 1 January 2002 and ends after 31 December 2001, the amount obtained by multiplying the aggregate of the following amounts by the corporation's share of the qualified wages:

i. 40% of the amount determined for the fiscal period under subparagraph i of paragraph *b* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, and

ii. 30% of the amount determined for the fiscal period under subparagraph ii of paragraph *b* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business;

(c) where the fiscal period of the partnership begins after 31 December 2001 and ends before 1 January 2005, the amount obtained by multiplying 30% of the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business by the corporation's share of the qualified wages;

(d) where the fiscal period of the partnership begins before 1 January 2005 and ends after 31 December 2004, the amount obtained by multiplying the aggregate of the following amounts by the corporation's share of the qualified wages:

i. 30% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the fiscal period before 1 January 2005

during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the fiscal period during which the employee qualifies as an eligible employee in relation to the recognized business, and

ii. 20% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the fiscal period after 31 December 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the fiscal period during which the employee qualifies as an eligible employee in relation to the recognized business;

(*e*) where the fiscal period of the partnership begins after 31 December 2004 and ends before 1 January 2014, the amount obtained by multiplying 20% of the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business by the corporation's share of the qualified wages; and

(*f*) where the fiscal period of the partnership ends after 31 December 2013, the amount obtained by multiplying 20% of the amount determined for the fiscal period under paragraph *c* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business by the corporation's share of the qualified wages.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 160; 2003, c. 9, s. 250.

Amount.

1029.8.36.0.45. The amount to which the first paragraph of section 1029.8.36.0.43 refers in respect of a corporation in relation to the qualified wages incurred by a partnership in a fiscal period in respect of an eligible employee in the course of carrying on a recognized business, is, where the amount determined under paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.38 is the qualified wages for that fiscal period, equal to the aggregate of

(*a*) the amount obtained by multiplying 40% of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the partnership in the fiscal period, but after 9 March 1999 and before 1 January 2002, in respect of the eligible employee by the corporation's share of the qualified wages;

(*b*) the amount obtained by multiplying 30% of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the partnership in the fiscal period, but after 31 December 2001 and before 1 January 2005, in respect of the eligible employee by the corporation's share of the qualified wages; and

(*c*) the amount obtained by multiplying 20% of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the partnership in the fiscal period, but after 31 December 2004 and before 1 January 2014, in respect of the eligible employee by the corporation's share of the qualified wages.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 161; 2003, c. 9, s. 251.

Corporation's share.

1029.8.36.0.46. For the purposes of sections 1029.8.36.0.44 and 1029.8.36.0.45, a corporation's share of qualified wages incurred in a fiscal period by a partnership is equal to the agreed proportion of the qualified wages in respect of the corporation for the fiscal period.

History: 2000, c. 39, s. 176; 2009, c. 15, s. 243.

Assistance received by a member of a partnership.

1029.8.36.0.47. Where a corporation referred to in section 1029.8.36.0.43 has received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the fiscal period referred to in that section, government assistance or non-government assistance in respect of wages included in computing the qualified wages incurred by the partnership in respect of an eligible employee in that fiscal period, the qualified wages shall, for the purpose of computing the amount deemed to have been paid to the Minister by the corporation under that section 1029.8.36.0.43 for the taxation year referred to therein in relation to the qualified wages, be determined as if

(*a*) the amount of the assistance had been received by the partnership in the fiscal period; and

(*b*) the amount of the assistance were equal to the product obtained by multiplying the amount of assistance otherwise determined by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period of the partnership.

History: 2000, c. 39, s. 176; 2009, c. 15, s. 244.

1029.8.36.0.48. (*Repealed*).

History: 2000, c. 39, s. 176; 2005, c. 23, s. 179; 2012, c. 8, s. 211.

Repayment of assistance by a corporation.

1029.8.36.0.49. Where, before 1 January 2015, a corporation pays, in a taxation year, in this section referred to as the "repayment year", pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.38 that was taken into account for the purpose of computing qualified wages incurred by the corporation in respect of an eligible employee in a particular taxation year and in respect of which the corporation is deemed to have paid an amount

to the Minister under section 1029.8.36.0.40 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.40, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that paragraph *b*, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.40 for the particular year in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 154; 2003, c. 9, s. 252.

Repayment of assistance by a partnership.

1029.8.36.0.50. Where, before 1 January 2015, a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 that was taken into account for the purpose of computing qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period ending in a particular taxation year and in respect of which a corporation that is a member of the partnership at the end of the particular fiscal period is deemed to have paid an amount to the Minister under section 1029.8.36.0.43 for the particular taxation year, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which

(a) the amount that the corporation would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.43, in respect of the qualified wages, if

i. any amount of such assistance so repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate determined under

paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38, and

ii. the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; exceeds

(b) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.43 for the particular year, in respect of the qualified wages, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment, and

ii. any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 155; 2003, c. 9, s. 253; 2006, c. 36, s. 140; 2009, c. 15, s. 245.

Repayment of assistance by a member of a partnership.

1029.8.36.0.51. Where, before 1 January 2015, a corporation that is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance, in respect of wages included in computing qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period, that is referred to in the portion of section 1029.8.36.0.47 before paragraph *a* and that, pursuant to that section, reduced the qualified wages for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.43, in respect of the qualified wages, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.43 for its taxation year in which the particular fiscal period ends, in respect of the qualified wages, if

i. the aggregate referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of

section 1029.8.36.0.38 and determined with reference to section 1029.8.36.0.47, were reduced, for the particular fiscal period, by the product obtained by multiplying any amount of such assistance so repaid at or before the end of the fiscal period of repayment by the reciprocal of the agreed proportion in respect of the corporation for the fiscal period of repayment, and

ii. except for the purposes of section 1029.8.36.0.47, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; exceeds

(b) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.43 for its taxation year in which the particular fiscal period ends, in respect of the qualified wages, if, except for the purposes of section 1029.8.36.0.47, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment, and

ii. any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if, except for the purposes of section 1029.8.36.0.47, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 156; 2003, c. 9, s. 254; 2006, c. 36, s. 141; 2009, c. 15, s. 246.

Deemed repayment of assistance.

1029.8.36.0.52. For the purposes of sections 1029.8.36.0.49 to 1029.8.36.0.51, an amount of assistance is deemed to be repaid, at a particular time, by a corporation or a partnership, as the case may be, pursuant to a legal obligation, where that amount

(a) reduced, because of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 or because of section 1029.8.36.0.47, the amount of the wages referred to in that paragraph *b*, for the purpose of computing qualified wages in respect of which the corporation or a corporation that is a member of the partnership is deemed to have paid an amount to the Minister under section 1029.8.36.0.40 or 1029.8.36.0.43;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership may reasonably expect to receive.

History: 2000, c. 39, s. 176.

Benefit and advantage reducing wages.

1029.8.36.0.53. Where, in respect of the employment of an individual with a particular corporation or partnership as an eligible employee, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the employment, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the particular corporation is deemed to have paid to the Minister under section 1029.8.36.0.40 for a particular taxation year, the aggregate referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 in respect of the particular corporation for the particular year, in relation to the employment of the individual, shall be increased by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the particular corporation’s filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.43 by a corporation that is a member of the particular partnership at the end of the partnership’s particular fiscal period ending in the year, the aggregate referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 in respect of the particular partnership for that fiscal period, in relation to the employment of the individual, shall be increased by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, and

ii. the product obtained by multiplying the amount of the benefit or advantage that the corporation or a person with whom the corporation is not dealing at arm’s length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for the particular partnership’s particular fiscal period.

History: 2000, c. 39, s. 176; 2004, c. 21, s. 341; 2009, c. 15, s. 247.

1029.8.36.0.54. (*Repealed*).

History: 2000, c. 39, s. 176; 2002, c. 9, s. 79.

DIVISION II.6.0.5
CREDIT FOR CUSTOMS BROKERAGE SERVICES
IN CONNECTION WITH THE CREATION OF THE
INTERNATIONAL TRADE ZONE AT MIRABEL

§1. — *Interpretation and general*

Definitions:

1029.8.36.0.55. In this division,

“eligible contract”;

“eligible contract” for a taxation year of a corporation that, in the year, carries on a recognized business or for a fiscal period of a partnership that, in the fiscal period, carries on such a business means a contract entered into between the corporation or partnership and a customs broker who, at the time the contract is entered into, is dealing at arm’s length with the corporation or a member of the partnership and in respect of which a certificate is issued to the corporation for the year or to the partnership for the fiscal period, by Investissement Québec, certifying that the services shown on the certificate and which have been rendered to the corporation in the year or to the partnership in the fiscal period, by the customs broker under the contract, constitute customs brokerage services rendered in the course of the activities shown on the certificate issued to the corporation or partnership in respect of the recognized business and carried on in the international trade zone by the corporation or partnership;

“eligible customs brokerage services”;

“eligible customs brokerage services” for a taxation year of a corporation that, in the year, carries on a recognized business or for a fiscal period of a partnership that, in the fiscal period, carries on such a business, means customs brokerage services that

(a) are rendered to the corporation in the year or the partnership in the fiscal period, under a contract that is an eligible contract for the year or fiscal period in relation to the recognized business; and

(b) are covered by the certificate issued to the corporation for the year or the partnership for the fiscal period, in respect of the contract mentioned in paragraph a;

“excluded corporation”;

“excluded corporation” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“international trade zone”;

“international trade zone” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“qualified brokerage expenditure”;

“qualified brokerage expenditure” incurred by a corporation in a taxation year or by a partnership in a fiscal period, in connection with the carrying on of a recognized business, means the lesser of

(a) the amount determined for the year or fiscal period pursuant to section 1029.8.36.0.56 in relation to the recognized business; and

(b) any of the following amounts:

i. where the valid certificate issued to the corporation or partnership in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, before 1 January 2001, the amount by which

(1) the aggregate of all amounts each of which is the amount of fees incurred by the corporation or partnership in the year or fiscal period, but after 9 March 1999 and before 1 January 2011, for services that qualify as eligible customs brokerage services, for the year or fiscal period, in relation to the recognized business, to the extent that that amount is paid, exceeds

(2) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to fees referred to in subparagraph 1, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation’s filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period,

ii. where the valid certificate issued to the corporation or partnership in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, after 31 December 2000 and before 1 January 2004, the amount by which

(1) the aggregate of all amounts each of which is the amount of fees incurred by the corporation or partnership in the year or fiscal period, but on or before the day that is ten years after the effective date of that certificate, for services that qualify as eligible customs brokerage services, for the year or fiscal period, in relation to the recognized business, to the extent that that amount is paid, exceeds

(2) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to fees referred to in subparagraph 1, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation’s filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period, and

iii. where the valid certificate issued to the corporation or partnership in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, after 31 December 2003, the amount by which

(1) the aggregate of all amounts each of which is the amount of fees incurred by the corporation or partnership in the year

or fiscal period, but before 1 January 2014, for services that qualify as eligible customs brokerage services, for the year or fiscal period, in relation to the recognized business, to the extent that that amount is paid, exceeds

(2) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to fees referred to in subparagraph 1, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period;

“recognized business”.

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 and by section 1029.8.36.0.38.1.

Activities carried on outside the international trade zone.

For the purposes of the definition of “eligible contract” in the first paragraph, where the activities of a business in respect of which section 1029.8.36.0.38.1 applies are carried on in Québec but outside the international trade zone by a corporation in a taxation year, or by a partnership in a fiscal period, the business activities shown on the certificate referred to in paragraph *a* of section 1029.8.36.0.38.1 that are carried on in Québec but outside the international trade zone are deemed to be activities shown on the certificate issued to the corporation or partnership in respect of the recognized business and carried on in the international trade zone by the corporation or partnership.

Continuation of a business.

For the purposes of the first paragraph, where, at a particular time in a taxation year or fiscal period, a corporation or partnership, in this paragraph referred to as the “transferee entity”, carries on a business in respect of which Investissement Québec issued a qualification certificate, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business carried on before that time by a corporation or partnership, in this paragraph referred to as the “transferor entity”, the effective date of the qualification certificate issued to the transferee entity, in relation to that recognized business, is deemed to be the same as the effective date of the qualification certificate issued to the transferor entity, in relation to the recognized business or part of recognized business.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 162; 2003, c. 9, s. 255; 2004, c. 21, s. 342; 2005, c. 23, s. 180.

Determination of the qualified brokerage expenditure limit.

1029.8.36.0.56. The amount to which paragraph *a* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 refers, for a taxation

year of a corporation or a fiscal period of a partnership, in relation to a recognized business is equal

(a) where the taxation year of the corporation or the fiscal period of the partnership ends before 1 January 2002, to the amount obtained by multiplying \$75,000 by the proportion that the number of days in the taxation year or fiscal period is of 365;

(b) where the taxation year of the corporation or the fiscal period of the partnership begins before 1 January 2002 and ends after 31 December 2001, to the aggregate of

i. the amount obtained by multiplying \$75,000 by the proportion that the number of days in the taxation year or fiscal period before 1 January 2002 is of 365, and

ii. the amount obtained by multiplying \$80,000 by the proportion that the number of days in the taxation year or fiscal period after 31 December 2001 is of 365;

(c) where the taxation year of the corporation or the fiscal period of the partnership ends after 31 December 2013, to the amount obtained by multiplying \$80,000 by the proportion that the number of days in the taxation year or fiscal period before 1 January 2014 is of 365; and

(d) in any other case, to the amount obtained by multiplying \$80,000 by the proportion that the number of days in the taxation year or fiscal period is of 365.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 163; 2003, c. 9, s. 256.

§2. — *Credits*

Credit for corporations.

1029.8.36.0.57. A corporation, other than an excluded corporation, that carries on a recognized business in a taxation year, that incurs in that year, in the course of carrying on that business, a qualified brokerage expenditure and that encloses, with its fiscal return it is required to file for the year under section 1000, the documents referred to in the second paragraph, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount determined under section 1029.8.36.0.58 or 1029.8.36.0.59, as the case may be, in relation to the qualified brokerage expenditure.

Documents to be filed.

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

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

(b) a copy of the certificates each of which is a valid certificate that was issued to the corporation for the year in respect of an eligible contract concerning eligible customs brokerage services in respect of which the corporation incurred fees included in computing its qualified brokerage expenditure, and that is referred to in the definition of “eligible contract” in the first paragraph of section 1029.8.36.0.55.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2003, c. 9, s. 257.

Amount.

1029.8.36.0.58. The amount to which the first paragraph of section 1029.8.36.0.57 refers in relation to a qualified brokerage expenditure incurred by a corporation in a taxation year in the course of carrying on a recognized business, is, where the amount to which paragraph *a* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 refers is the qualified brokerage expenditure for that taxation year, equal to,

(a) where the taxation year of the corporation ends before 1 January 2002, 40% of the amount determined for the year under paragraph *a* of section 1029.8.36.0.56 in relation to the recognized business;

(b) where the taxation year of the corporation begins before 1 January 2002 and ends after 31 December 2001, the aggregate of

i. 40% of the amount determined for the year under subparagraph *i* of paragraph *b* of section 1029.8.36.0.56 in relation to the recognized business, and

ii. 30% of the amount determined for the year under subparagraph *ii* of paragraph *b* of section 1029.8.36.0.56 in relation to the recognized business;

(c) where the taxation year of the corporation begins after 31 December 2001 and ends before 1 January 2005, 30% of the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business;

(d) where the taxation year of the corporation begins before 1 January 2005 and ends after 31 December 2004, the aggregate of

i. 30% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the year before 1 January 2005 is of the number of days in the corporation’s year, and

ii. 20% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the year after 31 December 2004 is of the number of days in the corporation’s year;

(e) where the taxation year of the corporation begins after 31 December 2004 and ends before 1 January 2014, 20% of the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business; and

(f) where the taxation year of the corporation ends after 31 December 2013, 20% of the amount determined for the year under paragraph *c* of section 1029.8.36.0.56 in relation to the recognized business.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 164; 2003, c. 9, s. 258.

Amount.

1029.8.36.0.59. The amount to which the first paragraph of section 1029.8.36.0.57 refers in relation to a qualified brokerage expenditure incurred by a corporation in a taxation year in the course of carrying on a recognized business, is, where the amount determined under paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 is the qualified brokerage expenditure for that taxation year, equal to the aggregate of

(a) 40% of the portion of the qualified brokerage expenditure that may reasonably be considered to be attributable to the fees incurred by the corporation in the year, but after 9 March 1999 and before 1 January 2002;

(b) 30% of the portion of the qualified brokerage expenditure that may reasonably be considered to be attributable to the fees incurred by the corporation in the year, but after 31 December 2001 and before 1 January 2005; and

(c) 20% of the portion of the qualified brokerage expenditure that may reasonably be considered to be attributable to the fees incurred by the corporation in the year, but after 31 December 2004 and before 1 January 2014.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 165; 2003, c. 9, s. 259.

Credit for corporations that are members of a partnership.

1029.8.36.0.60. Where a partnership carries on a recognized business in a fiscal period and incurs in that fiscal period, in the course of carrying on that business, a qualified brokerage expenditure, each corporation that is a member of the partnership at the end of the fiscal period, that is not an excluded corporation for its taxation year in which the fiscal period ends and that encloses, with its fiscal return it is required to file for that taxation year under section 1000, the documents referred to in the second paragraph, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount determined in its respect under section 1029.8.36.0.61 or 1029.8.36.0.62, as the case may be, in relation to the qualified brokerage expenditure.

Documents to be filed.

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

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

(b) a copy of the certificates each of which is a valid certificate that was issued to the partnership for the fiscal period in respect of an eligible contract concerning eligible customs brokerage services in respect of which the partnership incurred fees included in computing its qualified brokerage expenditure, and that is referred to in the definition of "eligible contract" in the first paragraph of section 1029.8.36.0.55.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which

each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2003, c. 9, s. 260.

Amount.

1029.8.36.0.61. The amount to which the first paragraph of section 1029.8.36.0.60 refers in respect of a corporation in relation to a qualified brokerage expenditure incurred by a partnership in a fiscal period in the course of carrying on a recognized business, is, where the amount to which paragraph *a* of the definition of "qualified brokerage expenditure" in the first paragraph of section 1029.8.36.0.55 refers is the qualified brokerage expenditure for that fiscal period, equal to,

(a) where the fiscal period of the partnership ends before 1 January 2002, the amount obtained by multiplying 40% of the amount determined for the fiscal period under paragraph *a* of section 1029.8.36.0.56 in relation to the recognized business by the corporation's share of the qualified brokerage expenditure;

(b) where the fiscal period of the partnership begins before 1 January 2002 and ends after 31 December 2001, the amount obtained by multiplying the aggregate of the following amounts by the corporation's share of the qualified brokerage expenditure:

i. 40% of the amount determined for the fiscal period under subparagraph i of paragraph *b* of section 1029.8.36.0.56 in relation to the recognized business, and

ii. 30% of the amount determined for the fiscal period under subparagraph ii of paragraph *b* of section 1029.8.36.0.56 in relation to the recognized business;

(c) where the fiscal period of the partnership begins after 31 December 2001 and ends before 1 January 2005, the amount obtained by multiplying 30% of the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business by the corporation's share of the qualified brokerage expenditure;

(d) where the fiscal period of the partnership begins before 1 January 2005 and ends after 31 December 2004, the amount obtained by multiplying the aggregate of the following amounts by the corporation's share of the qualified brokerage expenditure:

i. 30% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the fiscal period before 1 January 2005 is of the number of days in the partnership's fiscal period, and

ii. 20% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the fiscal period after 31 December 2004 is of the number of days in the partnership's fiscal period;

(e) where the fiscal period of the partnership begins after 31 December 2004 and ends before 1 January 2014, the amount obtained by multiplying 20% of the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business by the corporation's share of the qualified brokerage expenditure; and

(f) where the fiscal period of the partnership ends after 31 December 2013, the amount obtained by multiplying 20% of the amount determined for the fiscal period under paragraph *c* of section 1029.8.36.0.56 in relation to the recognized business by the corporation's share of the qualified brokerage expenditure.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 166; 2003, c. 9, s. 261.

Amount.

1029.8.36.0.62. The amount to which the first paragraph of section 1029.8.36.0.60 refers in respect of a corporation in relation to a qualified brokerage expenditure incurred by a partnership in a fiscal period in the course of carrying on a recognized business, is, where the amount determined under paragraph *b* of the definition of "qualified brokerage expenditure" in the first paragraph of section 1029.8.36.0.55 is the qualified brokerage expenditure for that fiscal period, equal to the aggregate of

(a) the amount obtained by multiplying 40% of the portion of the qualified brokerage expenditure that may reasonably be considered to be attributable to the fees incurred by the partnership in the fiscal period, but after 9 March 1999 and before 1 January 2002, by the corporation's share of the qualified brokerage expenditure;

(b) the amount obtained by multiplying 30% of the portion of the qualified brokerage expenditure that may reasonably be considered to be attributable to the fees incurred by the partnership in the fiscal period, but after 31 December 2001

and before 1 January 2005, by the corporation's share of the qualified brokerage expenditure; and

(c) the amount obtained by multiplying 20% of the portion of the qualified brokerage expenditure that may reasonably be considered to be attributable to the fees incurred by the partnership in the fiscal period, but after 31 December 2004 and before 1 January 2014, by the corporation's share of the qualified brokerage expenditure.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 167; 2003, c. 9, s. 262.

Corporation's share.

1029.8.36.0.63. For the purposes of sections 1029.8.36.0.61 and 1029.8.36.0.62, a corporation's share of a qualified brokerage expenditure incurred in a fiscal period by a partnership is equal to the agreed proportion of the qualified brokerage expenditure in respect of the corporation for the fiscal period.

History: 2000, c. 39, s. 176; 2009, c. 15, s. 248.

Assistance received by a member of a partnership.

1029.8.36.0.64. Where a corporation referred to in section 1029.8.36.0.60 has received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the fiscal period referred to in that section, government assistance or non-government assistance in respect of fees included in computing a qualified brokerage expenditure incurred by the partnership in that fiscal period, the qualified brokerage expenditure shall, for the purpose of computing the amount deemed to have been paid to the Minister by the corporation under that section 1029.8.36.0.60 for the taxation year referred to therein in relation to the qualified brokerage expenditure, be determined as if

(a) the amount of the assistance had been received by the partnership in the fiscal period; and

(b) the amount of the assistance were equal to the product obtained by multiplying the amount of assistance otherwise determined by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period of the partnership.

History: 2000, c. 39, s. 176; 2009, c. 15, s. 249.

1029.8.36.0.65. (*Repealed*).

History: 2000, c. 39, s. 176; 2005, c. 23, s. 181; 2012, c. 8, s. 212.

Repayment of assistance by a corporation.

1029.8.36.0.66. Where, before 1 January 2015, a corporation pays, in a taxation year, in this section referred to as the "repayment year", pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance referred to in subparagraph 2 of any of subparagraphs i to iii

of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 that was taken into account for the purpose of computing a qualified brokerage expenditure incurred by the corporation in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.57 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified brokerage expenditure, under section 1029.8.36.0.57, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under subparagraph 2 of any of subparagraphs i to iii of that paragraph *b*, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.57 for the particular year, in respect of the qualified brokerage expenditure; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount of repayment of that assistance.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 157; 2003, c. 9, s. 263.

Repayment of assistance by a partnership.

1029.8.36.0.67. Where, before 1 January 2015, a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in subparagraph 2 of subparagraph ii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 that was taken into account for the purpose of computing a qualified brokerage expenditure incurred by the partnership in a particular fiscal period ending in a particular taxation year and in respect of which a corporation that is a member of the partnership at the end of the particular fiscal period is deemed to have paid an amount to the Minister under section 1029.8.36.0.60 for the particular taxation year, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.60 for the particular year, in respect of the qualified brokerage expenditure, if

i. any amount of such assistance so repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate determined under subparagraph 2 of any of subparagraphs i to iii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55, and

ii. the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; exceeds

(b) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.60 for the particular year, in respect of the qualified brokerage expenditure, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment, and

ii. any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount paid by the partnership as repayment of that assistance, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 158; 2003, c. 9, s. 264; 2006, c. 36, s. 142; 2009, c. 15, s. 250.

Repayment of assistance by a member of a partnership.

1029.8.36.0.68. Where, before 1 January 2015, a corporation that is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance, in respect of fees included in computing a qualified brokerage expenditure incurred by the partnership in a particular fiscal period, that is referred to in the portion of section 1029.8.36.0.64 before paragraph *a* and that, pursuant to that section, reduced the qualified brokerage expenditure for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.60, in respect of the qualified brokerage expenditure, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is

required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.60 for its taxation year in which the particular fiscal period ends, in respect of the qualified brokerage expenditure, if

i. the aggregate referred to in subparagraph 2 of any of subparagraphs i to iii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 and determined with reference to section 1029.8.36.0.64, were reduced, for the particular fiscal period, by the product obtained by multiplying any amount of such assistance so repaid at or before the end of the fiscal period of repayment by the reciprocal of the agreed proportion in respect of the corporation for the fiscal period of repayment, and

ii. except for the purposes of section 1029.8.36.0.64, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; exceeds

(b) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.60 for its taxation year in which the particular fiscal period ends, in respect of the qualified brokerage expenditure, if, except for the purposes of section 1029.8.36.0.64, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment, and

ii. any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if, except for the purposes of section 1029.8.36.0.64, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 159; 2003, c. 9, s. 265; 2006, c. 36, s. 143; 2009, c. 15, s. 251.

Deemed repayment of assistance.

1029.8.36.0.69. For the purposes of sections 1029.8.36.0.66 to 1029.8.36.0.68, an amount of assistance is deemed to be repaid, at a particular time, by a corporation or a partnership, as the case may be, pursuant to a legal obligation, if that amount

(a) reduced, because of subparagraph 2 of any of subparagraphs i to iii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 or because of section 1029.8.36.0.64, the amount of the fees referred to in subparagraph 1 of any of

subparagraphs i to iii of that paragraph, for the purpose of computing a qualified brokerage expenditure in respect of which the corporation or a corporation that is a member of the partnership is deemed to have paid an amount to the Minister under section 1029.8.36.0.57 or 1029.8.36.0.60;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership may reasonably expect to receive.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2003, c. 9, s. 266.

Benefit and advantage reducing fees.

1029.8.36.0.70. Where, in respect of an eligible contract entered into by a particular corporation or partnership, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the provision of services under the contract, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the particular corporation is deemed to have paid to the Minister under section 1029.8.36.0.57 for a particular taxation year, the aggregate referred to in subparagraph 2 of any of subparagraphs i to iii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 in respect of the particular corporation for the particular year, in relation to the services rendered under the eligible contract, shall be increased by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the particular corporation’s filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.60 by a corporation that is a member of the particular partnership at the end of the particular partnership’s particular fiscal period ending in the year, the aggregate referred to in subparagraph 2 of any of subparagraphs i to iii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 in respect of the particular partnership for that fiscal period, in relation to the services rendered under the eligible contract, shall be increased by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, and

ii. the product obtained by multiplying the amount of the benefit or advantage that the corporation or a person with

whom the corporation is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for the particular partnership's particular fiscal period.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2003, c. 9, s. 267; 2004, c. 21, s. 343; 2009, c. 15, s. 252.

1029.8.36.0.71. (*Repealed*).

History: 2000, c. 39, s. 176; 2002, c. 9, s. 80.

DIVISION II.6.0.6

CREDIT FOR ACQUISITION COSTS OR RENTAL EXPENSES IN CONNECTION WITH THE CREATION OF THE INTERNATIONAL TRADE ZONE AT MIRABEL

§1. — *Interpretation*

Definitions:

1029.8.36.0.72. In this division,

“acquisition costs”;

“acquisition costs” incurred by a corporation in a taxation year or by a partnership in a fiscal period, in respect of qualified property in the course of carrying on a recognized business, means the aggregate of the costs incurred by the corporation or the partnership in the year or the fiscal period, but after 9 March 1999, to acquire the qualified property and that are included in the capital cost of the property, other than the costs so included under section 180 or 182;

“excluded corporation”;

“excluded corporation” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“international trade zone”;

“international trade zone” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“qualified property”;

“qualified property” of a corporation or a partnership that carries on a recognized business in a taxation year or a fiscal period, as the case may be, means

(a) in the case of property acquired by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, before 1 January 2001, property

i. that is depreciable property, other than incorporeal property,

ii. that is acquired, by the corporation or the partnership, before 1 January 2011, under a contract in writing entered into after 9 March 1999, and within a reasonable time after the effective date of the certificate referred to in subparagraph v,

iii. that, before being acquired by the corporation or the partnership, has not been used for any purpose whatever nor acquired for use or lease for any purpose whatever,

iv. that the corporation or the partnership, within a reasonable time after its acquisition, begins to use exclusively in the international trade zone, and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or the partnership, and

v. in respect of which a certificate that is valid for the year or the fiscal period has been issued to the corporation or the partnership by Investissement Québec;

(a.1) in the case of property acquired by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective after 31 December 2000 and before 1 January 2004, property

i. that meets the conditions set out in subparagraphs i and iii to v of paragraph a, and

ii. that is acquired by the corporation or the partnership under a contract in writing entered into on or before the day that is ten years after the effective date of that certificate, within a reasonable time after the effective date of the certificate described in subparagraph v of paragraph a and issued in respect of the property;

(a.2) in the case of property acquired by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective after 31 December 2003, property

i. that meets the conditions set out in subparagraphs i and iii to v of paragraph a, and

ii. that is acquired by the corporation or the partnership under a contract in writing entered into before 1 January 2014, within a reasonable time after the effective date of the certificate described in subparagraph v of paragraph a and issued in respect of the property;

(b) in the case of property leased by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, before 1 January 2001, property

i. that is leased, by the corporation or the partnership, under a contract in writing entered into after 9 March 1999 and before 1 January 2011,

ii. that, before being leased by the corporation or the partnership, has not been used for any purpose whatever and was not acquired for use or lease for any purpose other than for lease to the corporation or the partnership,

iii. that the corporation or the partnership, within a reasonable time after the date on which the contract referred to in subparagraph i is entered into, begins to use exclusively in the international trade zone, and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or the partnership, and

iv. in respect of which a certificate that is valid for all or part of the year or fiscal period has been issued to the corporation or the partnership by Investissement Québec;

(c) in the case of property leased by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, after 31 December 2000 and before 1 January 2004, property

i. that is leased by the corporation or the partnership under a contract in writing entered into on or before the day that is ten years after the effective date of that certificate,

ii. that, before being leased by the corporation or the partnership, has not been used for any purpose whatever and was not acquired for use or lease for any purpose other than for lease to the corporation or the partnership,

iii. that the corporation or the partnership, within a reasonable time after the date on which the contract referred to in subparagraph i is entered into, begins to use exclusively in the international trade zone, and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or the partnership, and

iv. in respect of which a certificate that is valid for all or part of the year or fiscal period has been issued to the corporation or the partnership by Investissement Québec; or

(d) in the case of property leased by the corporation or the partnership the valid certificate of which issued thereto in respect of the recognized business became effective or is deemed to have become effective, in accordance with the third paragraph, after 31 December 2003, property

i. that is leased by the corporation or the partnership under a contract in writing entered into before 1 January 2014,

ii. that, before being leased by the corporation or the partnership, has not been used for any purpose whatever and was not acquired for use or lease for any purpose other than for lease to the corporation or the partnership,

iii. that the corporation or the partnership, within a reasonable time after the date on which the contract referred to in subparagraph i is entered into, begins to use exclusively in the international trade zone, and exclusively or almost

exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or the partnership, and

iv. in respect of which a certificate that is valid for all or part of the year or fiscal period has been issued to the corporation or the partnership by Investissement Québec;

“qualifying lease period”;

“qualifying lease period” applicable to qualified property leased by a corporation or a partnership means the lease period of the property shown on the certificate issued to the corporation or the partnership in respect of the property;

“recognized business”;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 and by section 1029.8.36.0.38.1;

“rental expenses”.

“rental expenses” paid by a corporation in a taxation year or by a partnership in a fiscal period, in respect of qualified property in the course of carrying on a recognized business, means the aggregate of the expenses paid by the corporation or partnership in the year or fiscal period, but after 9 March 1999, for the lease of the qualified property to the extent that such expenses are deductible in computing the income of the corporation or partnership under this Part and may reasonably be considered to relate to the lease of the qualified property for any period of the year or fiscal period, within the qualifying lease period applicable to the property, during which the property is used by the corporation or partnership exclusively in the international trade zone, and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business, and carried on in that zone by the corporation or partnership.

Property deemed used within the international trade zone.

For the purposes of subparagraph iv of paragraph *a* and subparagraph iii of any of paragraphs *b* to *d* of the definition of “qualified property” in the first paragraph, where, at any time after 13 March 2000, a corporation or a partnership has acquired or leased a property that it begins to use, within a reasonable time after its acquisition or after the date on which the contract of lease referred to in subparagraph i of those paragraphs *b* to *d* is entered into, exclusively or almost exclusively to earn income from the business activities, carried on in Québec but outside the international trade zone, to which paragraph *a* of section 1029.8.36.0.38.1 applies, and the property would be a qualified property if the definition of that expression were read without subparagraph iv of paragraph *a* thereof or without subparagraph iii of paragraphs *b* to *d* thereof, as the case may be, the corporation or the partnership is deemed, from that time and throughout the period during which the property is being used exclusively or almost exclusively in the course of the business activities, to use the property exclusively in the international trade zone and exclusively or almost

exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business and carried on within the international trade zone by the corporation or the partnership.

Continuation of a business.

For the purposes of the first paragraph, where a corporation or partnership, in this paragraph referred to as the “transferee entity”, carries on at a particular time in a taxation year or fiscal period a business in respect of which Investissement Québec issued a qualification certificate and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business carried on before that time by a corporation or partnership, in this paragraph referred to as the “transferor entity”, the effective date of the qualification certificate issued to the transferee entity, in relation to the recognized business, is deemed to be the same as the effective date of the qualification certificate issued to the transferor entity, in relation to the recognized business or that part of the recognized business.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 168; 2003, c. 9, s. 268; 2004, c. 21, s. 344; 2005, c. 23, s. 182; 2007, c. 12, s. 181.

§2. — Credits

Credit for corporations.

1029.8.36.0.73. A corporation, other than an excluded corporation, that, in a taxation year, carries on a recognized business in connection with which it incurs acquisition costs in respect of qualified property or pays rental expenses in respect of such property is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to 25% of the acquisition costs or rental expenses, as the case may be, if it encloses with its fiscal return it is required to file for the year under section 1000 the documents referred to in the second paragraph.

Documents to be filed.

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

- (a) the prescribed form containing the prescribed information; and
- (b) a copy of the valid certificate issued to the corporation in respect of the qualified property and referred to in the definition of “qualified property” in the first paragraph of section 1029.8.36.0.72.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of

section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and
- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2003, c. 9, s. 269.

Credit for corporations that are members of a partnership.

1029.8.36.0.74. Where, in a fiscal period, a partnership carries on a recognized business in connection with which it incurs acquisition costs in respect of qualified property or pays rental expenses in respect of such property, each corporation that is a member of the partnership at the end of the fiscal period, that is not an excluded corporation for its taxation year in which the fiscal period ends is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to 25% of the corporation’s share of the acquisition costs or rental expenses, as the case may be, if it encloses with its fiscal return it is required to file for that taxation year under section 1000 the documents referred to in the second paragraph.

Documents to be filed.

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

- (a) the prescribed form containing the prescribed information; and
- (b) a copy of the valid certificate issued to the partnership in respect of the qualified property and referred to in the definition of “qualified property” in the first paragraph of section 1029.8.36.0.72.

Corporation’s share.

For the purposes of the first paragraph, a corporation’s share of the acquisition costs incurred or rental expenses paid by a partnership in a fiscal period is equal to the agreed proportion

of the costs in respect of the corporation for that fiscal period.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2003, c. 9, s. 270; 2009, c. 15, s. 253.

Restriction.

1029.8.36.0.74.1. For the purposes of this division, no amount may be deemed to have been paid to the Minister by a corporation for a taxation year under section 1029.8.36.0.73 or 1029.8.36.0.74, in respect of particular expenses relating to property that is an integral part of a strategic building, within the meaning assigned by the first paragraph of section 1029.8.36.0.84, that are included in the acquisition costs or rental expenses of the corporation, where, in respect of those particular expenses, an amount is deemed under Division II.6.0.7 to have been paid to the Minister by another corporation for any taxation year.

History: 2002, c. 9, s. 81.

Restriction.

1029.8.36.0.74.2. Notwithstanding section 1029.8.36.0.73, no amount may, in relation to qualified property, be deemed to have been paid to the Minister by a corporation for a taxation year, in respect of acquisition costs incurred by the corporation in that year in respect of the property, where at any time before the corporation's filing-due date for that taxation year, the property ceases, otherwise than by reason of its loss, the

involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used by the corporation exclusively in the international trade zone and, exclusively or almost exclusively, to earn income from activities shown on the certificate issued to the corporation in respect of the recognized business and carried on in that zone by the corporation.

Presumption.

For the purposes of the first paragraph, where, at any time, a corporation disposes of qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the corporation is deemed not to have ceased to use, at that time, the property by reason of its obsolescence; in that respect, where the parties to the sale are not dealing with each other at arm's length, the proceeds of disposition of the property are deemed to be equal to its fair market value.

History: 2004, c. 21, s. 345.

Restriction.

1029.8.36.0.74.3. Notwithstanding section 1029.8.36.0.74, no amount may, in relation to qualified property, be deemed to have been paid to the Minister by a corporation for a taxation year, in respect of acquisition costs that the partnership of which the corporation is a member incurred in respect of the property in its fiscal period that ends in the year, where at any time on or before the corporation's filing-due date for that taxation year, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used by the partnership exclusively in the international trade zone and, exclusively or almost exclusively, to earn income from activities shown on the certificate issued to the partnership in respect of the recognized business and carried on in that zone by the partnership.

Presumption.

For the purposes of the first paragraph, where, at any time, a partnership disposes of qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the partnership is deemed not to have ceased to use, at that time, the property by reason of its obsolescence.

History: 2004, c. 21, s. 345.

Assistance reducing acquisition costs or rental expenses.

1029.8.36.0.75. For the purpose of computing the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.73 or 1029.8.36.0.74, the following rules apply:

(a) the amount of the acquisition costs or rental expenses referred to in the first paragraph of section 1029.8.36.0.73 shall be reduced, where applicable, by the aggregate of all

amounts each of which is an amount of any government assistance or non-government assistance, attributable to the costs or expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation's filing-due date for that year; and

(b) the share referred to in the first paragraph of section 1029.8.36.0.74, for a fiscal period of a partnership ending in that taxation year, of a corporation that is a member of that partnership of the amount of the acquisition costs or rental expenses referred to therein, shall be reduced, where applicable,

i. by the corporation's share, for that fiscal period, of the aggregate of all amounts each of which is an amount of any government assistance or non-government assistance, attributable to the costs or expenses, that the partnership has received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the fiscal period in which the partnership incurred the acquisition costs or paid the rental expenses, and

ii. by the aggregate of all amounts each of which is an amount of any government assistance or non-government assistance, attributable to the costs or expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the fiscal period in which the partnership incurred the acquisition costs or paid the rental expenses.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the share, for a fiscal period of a partnership, of a corporation that is a member of that partnership of the aggregate of all amounts each of which is an amount of any government assistance or non-government assistance that the partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the aggregate in respect of the corporation for that fiscal period.

History: 2000, c. 39, s. 176; 2009, c. 15, s. 254.

1029.8.36.0.76. (*Repealed*).

History: 2000, c. 39, s. 176; 2005, c. 23, s. 183; 2012, c. 8, s. 213.

Repayment of assistance by a corporation.

1029.8.36.0.77. Where, before 1 January 2015, a corporation pays, in a taxation year, in this section referred to as the "repayment year", pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph a of the first paragraph of section 1029.8.36.0.75, acquisition costs incurred or rental expenses paid by the corporation, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year, in respect

of the costs or expenses, under section 1029.8.36.0.73, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the costs or expenses, under section 1029.8.36.0.73, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that paragraph a, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.73 for the particular year in respect of the costs or expenses; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 160; 2003, c. 9, s. 271.

Repayment of assistance by a partnership.

1029.8.36.0.78. Where, before 1 January 2015, a partnership pays, in a fiscal period, in this section referred to as the "fiscal period of repayment", pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph i of subparagraph b of the first paragraph of section 1029.8.36.0.75, the share, for a particular fiscal period of the partnership, of a corporation that is a member of the partnership, of the acquisition costs incurred or rental expenses paid by the partnership, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.74, in respect of that share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.74 for its taxation year in which the particular fiscal period ends, in respect of that share, if

i. any amount of such assistance so repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate determined under

subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.0.75, and

ii. the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; exceeds

(*b*) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.74 for its taxation year in which the particular fiscal period ends, in respect of that share, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment, and

ii. any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 161; 2003, c. 9, s. 272; 2006, c. 36, s. 144; 2009, c. 15, s. 255.

Repayment of assistance by a member of a partnership.

1029.8.36.0.79. Where, before 1 January 2015, a corporation that is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.0.75, the corporation’s share, for a particular fiscal period of the partnership, of the acquisition costs incurred or rental expenses paid by the partnership, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.74, in respect of that share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which

(*a*) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.74 for its taxation year in which the particular fiscal period ends, in respect of the share, if:

i. any amount of such assistance so repaid at or before the end of the fiscal period of repayment reduced, for the

particular fiscal period, the aggregate determined under subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.0.75, and

ii. the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; exceeds

(*b*) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.74 for its taxation year in which the particular fiscal period ends, in respect of that share, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment, and

ii. any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2000, c. 39, s. 176; 2001, c. 51, s. 228; 2002, c. 40, s. 162; 2003, c. 9, s. 273; 2006, c. 36, s. 145; 2009, c. 15, s. 256.

Deemed repayment of assistance.

1029.8.36.0.80. For the purposes of sections 1029.8.36.0.77 to 1029.8.36.0.79, an amount of assistance is deemed to be repaid, at a particular time, by a corporation or a partnership, as the case may be, pursuant to a legal obligation, where that amount

(*a*) reduced, because of section 1029.8.36.0.75, acquisition costs or rental expenses, or the share of a corporation that is a member of the partnership of such costs or expenses, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.73 or 1029.8.36.0.74;

(*b*) was not received by the corporation or partnership; and

(*c*) ceased at the particular time to be an amount that the corporation or partnership may reasonably expect to receive.

History: 2000, c. 39, s. 176.

Reduction of costs or expenses.

1029.8.36.0.81. For the purposes of this division, the acquisition costs incurred or rental expenses paid by a corporation or a partnership in respect of qualified property shall be reduced by the amount of the consideration for the disposition or lease of another property, or for the provision of services, to the corporation or a person with whom the corporation does not deal at arm’s length, or to the partnership, one of its members or a person with whom one

of its members does not deal at arm's length, except where the consideration may reasonably be considered to relate to the acquisition, lease or installation of the qualified property or the acquisition of property resulting from work related to the installation of the qualified property or of property consumed in connection with such work.

History: 2000, c. 39, s. 176.

Benefit or advantage reducing costs or expenses.

1029.8.36.0.82. If, in respect of the acquisition or lease of qualified property by a particular corporation or partnership, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or installation of the qualified property, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the particular corporation is deemed to have paid to the Minister under section 1029.8.36.0.73 for a particular taxation year, the acquisition costs incurred or rental expenses paid by the corporation, in respect of the qualified property, in the particular year, shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the particular corporation's filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.74 by a corporation that is a member of the particular partnership at the end of the partnership's particular fiscal period ending in the year, the corporation's share, for the particular fiscal period, of the acquisition costs incurred or rental expenses paid by the partnership in respect of the qualified property, in that fiscal period, shall be reduced by

i. the corporation's share, for the particular fiscal period, of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, and

ii. the amount of the benefit or advantage that the corporation or a person with whom the corporation is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period.

Corporation's share.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the share, for a fiscal period of a partnership, of a corporation that is a member of that partnership of the amount of the benefit or advantage that the partnership or a person referred to in that subparagraph i has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the corporation for that fiscal period.

History: 2000, c. 39, s. 176; 2004, c. 21, s. 346; 2006, c. 36, s. 146; 2009, c. 15, s. 257.

1029.8.36.0.83. (Repealed).

History: 2000, c. 39, s. 176; 2002, c. 9, s. 82.

DIVISION II.6.0.7

CREDIT FOR THE CONSTRUCTION, RENOVATION OR ALTERATION OF STRATEGIC BUILDINGS IN THE INTERNATIONAL TRADE ZONE AT MIRABEL

§1. — Interpretation and general

Definitions:

1029.8.36.0.84. In this division,

“completion date of the work”;

“completion date of the work” on a strategic building of a corporation means the date on which the construction, renovation or alteration work in relation to the building is completed and that is specified in the work completion certificate that Investissement Québec issues to the corporation in respect of the building;

“eligible expenses”;

“eligible expenses” incurred by a qualified corporation in a taxation year, in respect of a strategic building, means

(a) where the certificate referred to in the definition of “strategic building” became effective before 1 January 2001, the aggregate of all expenses

i. that were incurred after 29 June 2000 and before the completion date of the work by the corporation in the year and that may reasonably be attributed to work carried out by or on behalf of the corporation, for the construction, renovation or alteration of the building after 29 June 2000 and before the earlier of

(1) the completion date of the work, and

(2) 13 June 2004, and

ii. that are included, at the end of that year, in the capital cost of the building;

(b) where the certificate referred to in the definition of “strategic building” became effective after 31 December

2000 and before 1 January 2004, the aggregate of all the expenses

i. that were incurred by the corporation in that year, before the completion date of the work, and that may reasonably be attributed to work carried out by or on behalf of the corporation, for the construction, renovation or alteration of the building before the earlier of

- (1) the completion date of the work, and
- (2) 13 June 2004, and

ii. that are included, at the end of that year, in the capital cost of the building;

(c) *(paragraph repealed)*;

“filing period”;

“filing period” of a qualified corporation in respect of a strategic building of the qualified corporation means the 9 taxation years of the corporation that are subsequent to the corporation’s taxation year that includes the completion date of the work on the building;

“international trade zone”;

“international trade zone” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“qualified corporation”;

“qualified corporation”, for a taxation year, means a corporation that carries on business in Québec and has an establishment in Québec in the year, but does not include

- (a) a corporation that is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 not so exempt from tax on the totality of its taxable income for the year by reason of section 999.0.1; or
- (b) a corporation that would be exempt from tax for the year under section 985, but for section 192;
- (c) *(paragraph repealed)*;

“strategic building”.

“strategic building” of a corporation means a building or any part thereof situated in the international trade zone, in respect of which a valid qualification certificate is issued to the corporation by Investissement Québec for all or part of a taxation year of the corporation.

Interpretation.

For the purposes of the definition of “eligible expenses” in the first paragraph,

- (a) eligible expenses incurred by a qualified corporation in a taxation year, in respect of a strategic building, include an expenditure of a capital nature relating to earthworks or the preparation of a runway or of a parking area;
- (b) an amount incurred or paid in a taxation year that relates to work carried out in a subsequent taxation year is deemed

not to have been incurred or paid in that year but to have been incurred or paid in the subsequent year.

History: 2002, c. 9, s. 83; 2003, c. 9, s. 274; 2004, c. 21, s. 347; 2005, c. 1, s. 240; 2005, c. 23, s. 184.

§2. — *Credit*

Credit.

1029.8.36.0.85. A qualified corporation that, in a taxation year, incurs eligible expenses in respect of a strategic building and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the valid qualification certificate issued by Investissement Québec for the year in respect of the building and the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to 25% of its eligible expenses incurred in that year in respect of the building, to the extent that those expenses are paid.

Computation of payments.

Subject to the third paragraph, for the purpose of computing the payments that a qualified corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and
- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Exception to the reduction of payments.

The second paragraph does not apply to a qualified corporation where the strategic building in respect of which the qualified corporation is deemed to have paid an amount to the Minister under the first paragraph is, as the case may be, used mainly by the qualified corporation in a taxation year, or used mainly, in a fiscal period that ends in that year,

by a partnership of which the qualified corporation is a member at the end of that fiscal period, in connection with a business in respect of which the corporation

(a) may deduct an amount for the year in computing its taxable income under section 737.18.11;

(b) may deduct an amount for the year in computing its paid-up capital under paragraph *d* or *e* of section 1137;

(c) is deemed to have paid an amount to the Minister for the year under Division II.6.0.4, II.6.0.5 or II.6.0.6; or

(d) is not required to pay, at any time in the year, a contribution in respect of the wages of one of its employees because of subparagraph *b* of the seventh paragraph of section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5).

History: 2002, c. 9, s. 83; 2002, c. 40, s. 163; 2003, c. 9, s. 275; 2005, c. 23, s. 185.

Restriction.

1029.8.36.0.86. For the purposes of this division, no amount may be deemed to have been paid to the Minister by a qualified corporation for a taxation year under section 1029.8.36.0.85, in respect of particular expenses relating to property that is an integral part of a strategic building, that are included in the eligible expenses incurred by the corporation in the year in respect of the building, where, in respect of those particular expenses, an amount is deemed, under Division II.6.0.6, to have been paid to the Minister by another corporation for any taxation year.

History: 2002, c. 9, s. 83.

§3. — *Filing of an annual qualification certificate following work completion*

Filing of a qualification certificate.

1029.8.36.0.87. A qualified corporation that, for any taxation year, is deemed to have paid an amount to the Minister under this Division shall, for any particular taxation year included in the corporation's filing period in respect of a strategic building of the corporation and on or before the corporation's filing-due date for that particular year, file with the Minister a copy of the valid qualification certificate issued by Investissement Québec for that particular year in respect of the building.

History: 2002, c. 9, s. 83; 2005, c. 23, s. 186.

§4. — *Government assistance, non-government assistance and other particulars*

Government assistance or non-government assistance.

1029.8.36.0.88. For the purpose of computing the amount that a qualified corporation is deemed to have paid to

the Minister for a taxation year under section 1029.8.36.0.85, the amount of the eligible expenses that the qualified corporation incurred in a taxation year in respect of a strategic building shall be reduced, where applicable, by the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to those expenses that the qualified corporation has received, is entitled to receive or may reasonably expect to receive on or before the qualified corporation's filing-due date for that year.

History: 2002, c. 9, s. 83.

Repayment of assistance by a corporation.

1029.8.36.0.89. Where a corporation pays in a taxation year, in this section referred to as the "repayment year", pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of section 1029.8.36.0.88, eligible expenses incurred by the corporation in respect of a strategic building, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year, in respect of the expenses, under section 1029.8.36.0.85, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the expenses, under section 1029.8.36.0.85, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that section 1029.8.36.0.88, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.85 for the particular year in respect of the expenses; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

History: 2002, c. 9, s. 83; 2002, c. 40, s. 164.

Deemed repayment of assistance.

1029.8.36.0.90. For the purposes of section 1029.8.36.0.89, an amount of assistance is deemed to be repaid, at a particular time, by a qualified corporation, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.0.88, eligible expenses of the qualified corporation, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.85;

(b) was not received by the qualified corporation; and

(c) ceased at the particular time to be an amount that the qualified corporation may reasonably expect to receive.

History: 2002, c. 9, s. 83.

Reduction of eligible expenses.

1029.8.36.0.91. For the purposes of this division, the eligible expenses incurred by a qualified corporation in a taxation year in respect of a strategic building shall be reduced by the amount of the consideration for the disposition or lease of another property, or for the provision of services, to the qualified corporation or a person with whom the corporation does not deal at arm's length, except where the consideration may reasonably be considered to relate to property resulting from work, or services, related to the construction, renovation or alteration of the strategic building, or property or a part of property consumed in connection with such work or services.

History: 2002, c. 9, s. 83.

Benefit of advantage.

1029.8.36.0.92. Where, in respect of the construction, renovation or alteration of a strategic building of a qualified corporation, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the construction, renovation or alteration of the strategic building, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of eligible expenses incurred by the qualified corporation in a taxation year in respect of the building shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the qualified corporation for that taxation year.

History: 2002, c. 9, s. 83.

1029.8.36.0.93. (*Repealed*).

History: 2002, c. 9, s. 83; 2005, c. 23, s. 187; 2012, c. 8, s. 214.

DIVISION II.6.0.8

CREDIT FOR THE PRODUCTION OF ETHANOL IN QUÉBEC

§1. — *Interpretation*

Definitions:

1029.8.36.0.94. In this division,

“associated group”;

“associated group” in a taxation year means all the corporations that meet the following conditions:

(a) the corporations are associated with each other in the taxation year; and

(b) each corporation is a qualified corporation for the taxation year;

“eligible cellulosic ethanol”;

“eligible cellulosic ethanol” has the meaning assigned by section 1029.8.36.0.103;

“eligible ethanol”;

“eligible ethanol” means the ethyl alcohol with the chemical formula C_2H_5OH (other than eligible cellulosic ethanol) produced from renewable materials to be sold as a product to be blended directly with gasoline or for use as an input in the reformulation of gasoline or the production of ethyl tertiary-butyl ether;

“eligible production of ethanol”;

“eligible production of ethanol” of a qualified corporation for a particular month means the total number of litres of ethanol that corresponds to all of the qualified corporation's shipments of eligible ethanol for the particular month;

“ethanol production unit”;

“ethanol production unit” of a qualified corporation means all the property the qualified corporation uses in producing eligible ethanol or eligible cellulosic ethanol in Québec;

“month”;

“month” means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of eligible ethanol, other than a corporation

(a) that is exempt from tax for the year under Book VIII; or

(b) that would be exempt from tax for the year under section 985, but for section 192;

“shipment of eligible ethanol”.

“shipment of eligible ethanol” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible ethanol that the qualified corporation produces in Québec after 17 March 2011 and before 1 April 2023, that is sold in Québec, in that period, to the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) (in subparagraph *b* of the second paragraph referred to as the “purchaser”) who takes possession of the ethanol in the particular month and before 1 April 2023, and that is intended for Québec.

Restriction.

For the purposes of the definition of “shipment of eligible ethanol” in the first paragraph, a shipment of ethanol is destined for Québec only if

(a) where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec; or

(b) where subparagraph *a* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec.

History: 2006, c. 36, s. 147; 2011, c. 34, s. 79; 2017, c. 29, s. 181; 2019, c. 14, s. 333.

Combined production unit.

1029.3.36.0.94.1. If, after 17 March 2011, a qualified corporation produces eligible ethanol in Québec and stores it in a reservoir with another type of ethanol it produced or with ethanol that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of ethanol the qualified corporation draws from that reservoir for a particular month (in this section referred to as a “shipment of mixed ethanol”) is deemed to consist of distinct shipments derived from each of the qualified corporation’s ethanol production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed ethanol by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

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

Interpretation.

In the formula in the first paragraph,

(a) A is the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation’s ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(b) B is the number of litres of ethanol derived from the qualified corporation’s ethanol production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(c) C is the number of litres of ethanol that is added to the reservoir during the particular month and that is not derived from the qualified corporation’s ethanol production unit or the other source of supply, as the case may be; and

(d) D is the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month.

Application.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation’s ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of ethanol obtained by multiplying the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation’s ethanol production unit or the other source of supply, as the case may be.

Deemed shipment of eligible ethanol.

For the purposes of this division, the portion of a shipment of mixed ethanol for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from an ethanol production unit of a qualified corporation is deemed to be a shipment of eligible ethanol of the qualified corporation for the particular month only if the qualified corporation’s facilities allow for the precise measurement of the number of litres of ethanol derived from each of the qualified corporation’s ethanol production units and from each of the other sources of supply that feeds the reservoir before the ethanol is added.

Ethanol produced before 18 March 2011.

For the purposes of this division, if, after 17 March 2011, a qualified corporation produces eligible ethanol in Québec and stores it in a reservoir with ethanol that it produced before 18 March 2011 or that it acquired before that date (in this paragraph referred to as the “previous stock”), the following rules apply:

(a) despite the first paragraph, a particular shipment of ethanol drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(b) the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month must be determined without taking the previous stock into account.

History: 2011, c. 34, s. 80.

§2. — Credit**Credit.**

1029.3.36.0.95. A corporation that, for a taxation year, is a qualified corporation and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the taxation year is deemed, subject to the fourth paragraph, to

have paid to the Minister on the corporation's balance-due day for the taxation year, on account of its tax payable for the taxation year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.99 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the taxation year, by the formula

$$A \times \$0.03$$

Interpretation.

In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

- (a) the qualified corporation's eligible production of ethanol for the particular month; and
- (b) the qualified corporation's monthly ceiling on the production of ethanol for the particular month.

Documents to be filed.

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

- (a) the prescribed form containing the prescribed information;
- (b) a copy of a report specifying, in respect of each month of the taxation year, the qualified corporation's eligible production of ethanol; and
- (c) if applicable, a copy of the agreement described in section 1029.8.36.0.96.

Computation of payments.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the taxation year under this Part and of its tax payable for the taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the taxation year but before that date; and
- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first

paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2006, c. 36, s. 147; 2011, c. 34, s. 81; 2019, c. 14, s. 334.

Monthly ceiling on the production of ethanol.

1029.8.36.0.96. For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.95, the monthly ceiling on the production of ethanol of a qualified corporation, for a particular month of a taxation year, is,

(a) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(b) if subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the particular month.

Agreement.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month.

Modified monthly ceiling on the production of ethanol.

For the purposes of this section, where the particular month of a taxation year includes 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if "that precede 1 April 2023" were inserted at the end.

History: 2006, c. 36, s. 147; 2011, c. 34, s. 82; 2019, c. 14, s. 335.

Restriction.

1029.8.36.0.96.1. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.95 on account of its tax payable for a taxation year in relation to all or part of its eligible production of ethanol for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation either filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal

measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.

History: 2019, c. 14, s. 336.

1029.8.36.0.97. *(Repealed).*

History: 2006, c. 36, s. 147; 2011, c. 34, s. 83.

1029.8.36.0.98. *(Repealed).*

History: 2006, c. 36, s. 147; 2011, c. 34, s. 83.

§3. — *Government assistance, non-government assistance and other particulars*

Assistance, benefit or advantage reducing the credit.

1029.8.36.0.99. The amount to which the first paragraph of section 1029.8.36.0.95 refers is equal to the aggregate of all amounts each of which is

(a) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of ethanol for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

(b) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of ethanol for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled to obtain, or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner.

History: 2006, c. 36, s. 147; 2011, c. 34, s. 84; 2019, c. 14, s. 337.

1029.8.36.0.100. *(Repealed).*

History: 2006, c. 36, s. 147; 2011, c. 34, s. 85; 2019, c. 14, s. 338.

Repayment or other event.

1029.8.36.0.101. A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.95, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of ethanol for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with

the fiscal return it is required to file under section 1000 for a subsequent taxation year (in this section referred to as the "year concerned") in which any of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:

(a) the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *a* of section 1029.8.36.0.99, in the aggregate determined in respect of the corporation for the particular taxation year under that section;

(b) a person or partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *b* of section 1029.8.36.0.99, in the aggregate determined in respect of the corporation for the particular taxation year under that section; and

(c) a portion of the corporation's eligible production of ethanol, for a particular month of the particular taxation year, that was carried out before 18 March 2011, is sold to a person or partnership who is not the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) or ceases to be reasonably considered to be expected to be sold subsequently to such a holder.

Computation of amount.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.95 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year, is exceeded by the total of

(a) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.95 if any of the events described in any of subparagraphs *a* to *c* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.37, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of ethanol for a particular month of the particular taxation year, occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.37 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year.

Presumption.

For the purposes of this section, the corporation is deemed to be selling its eligible production of ethanol in the order in which it carried out the production.

Computation of payments.

Section 1029.6.0.1.9 applies, with the necessary modifications, to the totality of the amount that the corporation is deemed, under this section, to have paid to the Minister on the corporation's balance-due day for the year concerned.

History: 2006, c. 36, s. 147; 2011, c. 34, s. 86.

Deemed repayment.

1029.8.36.0.102. For the purposes of section 1029.8.36.0.101, an amount is deemed to be an amount paid by a corporation, person or partnership, as the case may be, in a particular taxation year as a repayment of an amount included in the aggregate determined for a preceding taxation year in respect of the corporation under section 1029.8.36.0.99, pursuant to a legal obligation, if that amount

(a) has been included in that aggregate;

(b) in the case of an amount referred to in paragraph *a* of section 1029.8.36.0.99, has not been received by the corporation;

(c) in the case of an amount referred to in paragraph *b* of section 1029.8.36.0.99, has not been obtained by the person or partnership; and

(d) has ceased in the particular taxation year to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain.

History: 2006, c. 36, s. 147.

DIVISION II.6.0.9
CREDIT FOR CELLULOSIC ETHANOL
PRODUCTION IN QUÉBEC

§1. — *Interpretation and general*

Definitions:

1029.8.36.0.103. In this division,

“associated group”;

“associated group” in a taxation year means all the corporations that meet the following conditions:

(a) the corporations are associated with each other in the taxation year; and

(b) each corporation is a qualified corporation for the taxation year;

“eligible cellulosic ethanol”;

“eligible cellulosic ethanol” means the ethyl alcohol with the chemical formula C_2H_5OH that is produced, after 17 March 2011 and before 1 April 2023, by an ethanol production unit mainly from eligible renewable materials, exclusively by means of a thermochemical process, to be sold as a product to be blended directly with gasoline or for use as an input in the reformulation of gasoline or the production of ethyl tertiary-butyl ether;

“eligible production of cellulosic ethanol”;

“eligible production of cellulosic ethanol” of a qualified corporation for a particular month means the total number of litres that corresponds to all of the qualified corporation's shipments of eligible cellulosic ethanol for the particular month;

“eligible renewable materials”;

“eligible renewable materials” means the following inputs:

(a) residual materials derived from industries, commercial establishments or institutions, or from construction, renovation or demolition activities;

(b) treated wood residues;

(c) forestry and agricultural residues;

(d) urban household waste; and

(e) a combination of inputs referred to in paragraphs *a* to *d*;

“ethanol production unit”;

“ethanol production unit” of a qualified corporation means all the property the qualified corporation uses in producing eligible cellulosic ethanol or another type of ethanol in Québec;

“month”;

“month” means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of eligible cellulosic ethanol, other than a corporation

(a) that is exempt from tax for the year under Book VIII; or

(b) that would be exempt from tax for the year under section 985, but for section 192;

“shipment of eligible cellulosic ethanol”.

“shipment of eligible cellulosic ethanol” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible

cellulosic ethanol that the qualified corporation produces in Québec, that is sold in Québec to the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) (in the second paragraph referred to as the "purchaser") who takes possession of the cellulosic ethanol in the particular month and before 1 April 2023, and that is intended for Québec.

Restriction.

For the purposes of the definition of "shipment of eligible cellulosic ethanol" in the first paragraph, a shipment of cellulosic ethanol is destined for Québec only if

(a) where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec; or

(b) where subparagraph *a* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec.

Eligible cellulosic ethanol.

For the purposes of the definition of "eligible cellulosic ethanol" in the first paragraph, the following rules apply:

(a) ethanol produced by means of a production process that includes a fermentation process is not eligible cellulosic ethanol;

(b) ethanol produced in whole or in part from grain corn is not eligible cellulosic ethanol; and

(c) ethanol is considered to be produced mainly from inputs referred to in paragraphs *a* to *e* of the definition of "eligible renewable materials" in the first paragraph if those inputs represent more than half the weight or volume of all the inputs used in producing the ethanol.

History: 2011, c. 34, s. 87; 2019, c. 14, s. 339.

Combined production unit.

1029.3.36.0.104. If a qualified corporation produces eligible cellulosic ethanol in Québec and stores it in a reservoir with another type of ethanol it produced or with ethanol that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of ethanol the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed ethanol") is deemed to consist of distinct shipments derived from each of the qualified corporation's ethanol production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed ethanol by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

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

Interpretation.

In the formula in the first paragraph,

(a) *A* is the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(b) *B* is the number of litres of ethanol derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(c) *C* is the number of litres of ethanol that is added to the reservoir during the particular month and that is not derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be; and

(d) *D* is the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month.

Application.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of ethanol obtained by multiplying the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation's ethanol production unit or the other source of supply, as the case may be.

Deemed shipment of eligible cellulosic ethanol.

For the purposes of this division, the portion of a shipment of mixed ethanol for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from a cellulosic ethanol production unit of a qualified corporation is deemed to be a shipment of eligible cellulosic ethanol of the qualified corporation for the particular month only if the qualified corporation's facilities allow for the precise measurement of the number of litres of ethanol derived from each of the qualified corporation's ethanol production units and from each of the other sources of supply that feeds the reservoir before the ethanol is added.

Ethanol produced before 18 March 2011.

For the purposes of this division, if a qualified corporation produces eligible cellulosic ethanol in Québec and stores it in a reservoir with ethanol that it produced before 18 March 2011 or that it acquired before that date (in this paragraph referred to as the "previous stock"), the following rules apply:

(a) despite the first paragraph, a particular shipment of ethanol drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(b) the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month must be determined without taking the previous stock into account.

History: 2011, c. 34, s. 87.

§2. — *Credit*

Credit.

1029.8.36.0.105. A corporation that, for a taxation year, is a qualified corporation and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is an amount determined, for a particular month of the year, by the formula

$$A \times \$0.16$$

Interpretation.

In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

(a) the qualified corporation's eligible production of cellulosic ethanol for the particular month; and

(b) the qualified corporation's monthly ceiling on the production of cellulosic ethanol for the particular month.

Documents to be filed.

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

(a) the prescribed form containing prescribed information;

(b) a copy of a report specifying, in respect of each month included in the taxation year, the qualified corporation's eligible production of cellulosic ethanol; and

(c) if applicable, a copy of the agreement described in section 1029.8.36.0.106.

Computation of payments.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that

subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2011, c. 34, s. 87; 2019, c. 14, s. 340.

Monthly ceiling on the production of cellulosic ethanol.

1029.8.36.0.106. For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.105, the monthly ceiling on the production of cellulosic ethanol of a qualified corporation, for a particular month included in a taxation year, is,

(a) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(b) if subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the particular month.

Agreement.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month.

Modified monthly ceiling on the production of cellulosic ethanol.

For the purposes of this section, where the particular month of a taxation year includes 31 March 2023 and does not end

on that date, subparagraph *b* of the first paragraph is to be read as if “that precede 1 April 2023” were inserted at the end.

History: 2011, c. 34, s. 87; 2019, c. 14, s. 341.

Restriction.

1029.8.36.0.106.0.1. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.105 on account of its tax payable for a taxation year in relation to all or part of its eligible production of cellulosic ethanol for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation either filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.

History: 2019, c. 14, s. 342.

DIVISION II.6.0.9.1 CREDIT FOR THE PRODUCTION OF BIODIESEL FUEL IN QUÉBEC

§1. — *Interpretation and general rules*

Definitions:

1029.8.36.0.106.1. In this division,

“associated group”;

“associated group” in a taxation year means all the corporations that meet the following conditions:

(a) the corporations are associated with each other in the taxation year; and

(b) each corporation is a qualified corporation for the taxation year;

“biodiesel fuel”;

“biodiesel fuel” has the meaning assigned by subparagraph *a.2* of the first paragraph of section 1 of the Fuel Tax Act (chapter T-1);

“eligible production of biodiesel fuel”;

“eligible production of biodiesel fuel” of a qualified corporation for a particular month means the total number of litres of biodiesel fuel that corresponds to all of the qualified corporation’s shipments of biodiesel fuel for the particular month;

“month”;

“month” means, in the case where a taxation year begins on a day in a calendar month other than the first day of that

month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of biodiesel fuel, other than a corporation

(a) that is exempt from tax for the year under Book VIII; or

(b) that would be exempt from tax for the year under section 985, but for section 192;

“shipment of biodiesel fuel”.

“shipment of biodiesel fuel” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of biodiesel fuel that the qualified corporation produces in Québec after 31 March 2017 and before 1 April 2023, that is sold in Québec in that period to the holder of a collection officer’s permit issued under the Fuel Tax Act (in subparagraph *ii* of subparagraph *a* of the second paragraph referred to as the “purchaser”) who takes possession of the biodiesel fuel in the particular month and before 1 April 2023, and that is intended for Québec.

Restriction.

For the purposes of the definition of “shipment of biodiesel fuel” in the first paragraph, the following rules apply:

(a) a shipment of biodiesel fuel is destined for Québec only if

i. where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec, or

ii. where subparagraph *i* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec; and

(b) if a qualified corporation produces biodiesel fuel in Québec after 31 March 2017 and stores it in a reservoir with biodiesel fuel it produced before 1 April 2017 or acquired before that date (in this subparagraph referred to as “previous stock”), a particular shipment drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment.

History: 2017, c. 29, s. 182; 2019, c. 14, s. 343.

§2.— *Credit***Credit.**

1029.8.36.0.106.2. A corporation that is a qualified corporation for a taxation year and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the taxation year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the taxation year, on account of its tax payable for the taxation year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.106.4 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the taxation year, by the formula

$$A \times \$0.14$$

Interpretation.

In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

- (a) the qualified corporation's eligible production of biodiesel fuel for the particular month; and
- (b) the qualified corporation's monthly ceiling on the production of biodiesel fuel for the particular month.

Documents to be filed.

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

- (a) the prescribed form containing prescribed information;
- (b) a copy of a report specifying, in respect of each month of the taxation year, the qualified corporation's eligible production of biodiesel fuel; and
- (c) if applicable, a copy of the agreement described in section 1029.8.36.0.106.3.

Computation of payments.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the taxation year under this Part and of its tax payable for the taxation year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

- (a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may

reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the taxation year but before that date; and

- (b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2017, c. 29, s. 182; 2019, c. 14, s. 344.

Monthly ceiling on the production of biodiesel fuel.

1029.8.36.0.106.3. For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.106.2, the monthly ceiling on the production of biodiesel fuel of a qualified corporation, for a particular month of a taxation year, is,

- (a) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

- (b) if subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the particular month.

Agreement.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month.

Modified monthly ceiling on the production of biodiesel fuel.

For the purposes of this section, where the particular month of a taxation year includes 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if "that precede 1 April 2023" were inserted at the end.

History: 2017, c. 29, s. 182; 2019, c. 14, s. 345.

Restriction.

1029.8.36.0.106.3.1. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.106.2 on account of its tax payable for a taxation

year in relation to all or part of its eligible production of biodiesel fuel for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation either filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.

History: 2019, c. 14, s. 346.

§3. — *Government assistance, non-government assistance and other particulars*

Assistance, benefit or advantage reducing the credit.

1029.8.36.0.106.4. The amount to which the first paragraph of section 1029.8.36.0.106.2 refers is equal to the aggregate of all amounts each of which is

(a) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of biodiesel fuel for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

(b) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of biodiesel fuel for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled to obtain, or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner.

History: 2017, c. 29, s. 182; 2019, c. 14, s. 347.

Repayment.

1029.8.36.0.106.5. A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.2, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of biodiesel fuel for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to

file under section 1000 for a subsequent taxation year (in this section referred to as the "year concerned") in which either of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:

(a) the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *a* of section 1029.8.36.0.106.4, in the aggregate determined in respect of the corporation for the particular taxation year under that section; or

(b) a person or partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *b* of section 1029.8.36.0.106.4, in the aggregate determined in respect of the corporation for the particular taxation year under that section.

Computation of amount.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.106.2 for a taxation year preceding the year concerned in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year, is exceeded by the total of

(a) the amount that the corporation would have been deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.2 if any of the events described in subparagraph *a* or *b* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.39.2, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year, had occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.39.2 for a taxation year preceding the year concerned in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year.

Computation of payments.

Section 1029.6.0.1.9 applies, with the necessary modifications, to the totality of the amount that the corporation is deemed, under this section, to have paid to the Minister on the corporation's balance-due day for the year concerned.

History: 2017, c. 29, s. 182.

Deemed repayment.

1029.8.36.0.106.6. For the purposes of section 1029.8.36.0.106.5, an amount is deemed to be an amount paid by a corporation, person or partnership, as the case may be, in a particular taxation year as a repayment of an amount included in the aggregate determined for a preceding taxation year in respect of the corporation under section 1029.8.36.0.106.4, pursuant to a legal obligation, if that amount

(a) has been included in that aggregate;

(b) in the case of an amount referred to in paragraph a of section 1029.8.36.0.106.4, has not been received by the corporation;

(c) in the case of an amount referred to in paragraph b of section 1029.8.36.0.106.4, has not been obtained by the person or partnership; and

(d) ceased in the particular taxation year to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain.

History: 2017, c. 29, s. 182.

DIVISION II.6.0.9.2
CREDIT FOR THE PRODUCTION OF PYROLYSIS OIL IN QUÉBEC

§1. — *Interpretation and general rules*

Definitions :

1029.8.36.0.106.7. In this division,

“associated group”;

“associated group” in a taxation year means all the corporations that meet the following conditions:

(a) the corporations are associated with each other in the taxation year; and

(b) each corporation is a qualified corporation for the taxation year;

“eligible production of pyrolysis oil”;

“eligible production of pyrolysis oil” of a qualified corporation for a particular month means the total number of litres that corresponds to all of the qualified corporation’s shipments of eligible pyrolysis oil for the particular month;

“eligible pyrolysis oil”;

“eligible pyrolysis oil” means a liquid mixture of oxygenated organic compounds obtained from the condensation of vapours resulting from the thermal decomposition of residual forest biomass;

“month”;

“month” means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar

month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

“pyrolysis oil production unit”;

“pyrolysis oil production unit” of a qualified corporation means all the property the qualified corporation uses in producing eligible pyrolysis oil or another type of pyrolysis oil in Québec;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of eligible pyrolysis oil, other than a corporation

(a) that is exempt from tax for the year under Book VIII; or

(b) that would be exempt from tax for the year under section 985, but for section 192;

“residual forest biomass”;

“residual forest biomass” means forest biomass resulting from harvesting activities or primary or secondary processing activities, including non-contaminated, additive-free wood from deconstruction, where it is not used in a 4R-D-type hierarchical use approach, within the meaning of the Québec residual materials management policy (chapter Q-2, r. 35.1), but excluding standing trees;

“shipment of eligible pyrolysis oil”.

“shipment of eligible pyrolysis oil” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible pyrolysis oil that the qualified corporation produces in Québec after 31 March 2018 and before 1 April 2023, that is sold in Québec in that period to a person or partnership that takes possession of the eligible pyrolysis oil in the particular month and before 1 April 2023, and that is intended for Québec.

Restriction.

For the purposes of the definition of “shipment of eligible pyrolysis oil” in the first paragraph, a shipment of pyrolysis oil is intended for Québec only if

(a) it is sold by the qualified corporation to a person or a partnership and it is reasonable to expect that that person or partnership, as the case may be, acquires it for its own use or consumption in Québec or for use or consumption in Québec by another person or partnership with which it is not dealing at arm’s length; and

(b) it is delivered, by the qualified corporation or on its behalf, and possession is taken in Québec.

History: 2019, c. 14, s. 348.

Combined production unit.

1029.8.36.0.106.8. Where, after 31 March 2018, a qualified corporation produces eligible pyrolysis oil in Québec and stores it in a reservoir with another type of pyrolysis oil it produced or with pyrolysis oil that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of pyrolysis oil the qualified corporation draws from that reservoir for a particular month (in this section referred to as a “shipment of mixed pyrolysis oil”) is deemed to consist of distinct shipments derived from each of the qualified corporation’s pyrolysis oil production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed pyrolysis oil by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

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

Formula elements.

In the formula in the first paragraph,

(a) A is the portion of the stock of mixed pyrolysis oil in the reservoir that is attributable to the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(b) B is the number of litres of pyrolysis oil derived from the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(c) C is the number of litres of pyrolysis oil that is added to the reservoir during the particular month and that is not derived from the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be; and

(d) D is the number of litres of pyrolysis oil that corresponds to the total stock of mixed pyrolysis oil in the reservoir at the beginning of the particular month.

Application.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed pyrolysis oil in the reservoir that is attributable to the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of pyrolysis oil obtained by multiplying the number of litres of pyrolysis oil that corresponds to the total stock of mixed pyrolysis oil in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation’s

pyrolysis oil production unit or the other source of supply, as the case may be.

Deemed shipment of eligible pyrolysis oil.

For the purposes of this division, the portion of a shipment of mixed pyrolysis oil for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from a pyrolysis oil production unit of a qualified corporation is deemed to be a shipment of eligible pyrolysis oil of the qualified corporation for the particular month only if the qualified corporation’s facilities allow for the precise measurement of the number of litres of pyrolysis oil derived from each of the qualified corporation’s pyrolysis oil production units and from each of the other sources of supply that feeds the reservoir before the pyrolysis oil is added.

Stock produced before 1 April 2018

For the purposes of this division, where, after 31 March 2018, a qualified corporation produces eligible pyrolysis oil in Québec and stores it in a reservoir with pyrolysis oil that it produced before 1 April 2018 or that it acquired before that date (in this paragraph referred to as the “previous stock”), the following rules apply:

(a) despite the first paragraph, a particular shipment of pyrolysis oil drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(b) the number of litres of pyrolysis oil that corresponds to the total stock of mixed pyrolysis oil in the reservoir at the beginning of a particular month must be determined without taking the previous stock into account.

History: 2019, c. 14, s. 348.

§2. — Credit**Credit.**

1029.8.36.0.106.9. A qualified corporation for a taxation year that encloses the documents described in the third paragraph with the fiscal return it is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.106.12 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the year, by the formula

$$A \times \$0.08.$$

Formula element.

In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

(a) the qualified corporation's eligible production of pyrolysis oil for the particular month; and

(b) the qualified corporation's monthly ceiling on the production of pyrolysis oil for the particular month.

Documents.

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

(a) the prescribed form containing prescribed information;

(b) a copy of a report specifying, in respect of the qualified corporation's eligible production of pyrolysis oil for each month of the taxation year, the name of the person or partnership that acquired the eligible pyrolysis oil, the number of litres acquired, the date of sale and the date on which and the address where possession is taken; and

(c) if applicable, a copy of the agreement described in section 1029.8.36.0.106.10.

Computation of payments.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the taxation year under this Part and of its tax payable for the taxation year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2019, c. 14, s. 348.

Monthly ceiling on the production of pyrolysis oil.

1029.8.36.0.106.10. For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.106.9, the monthly ceiling on the production of pyrolysis oil of a qualified corporation, for a particular month of a taxation year, is,

(a) where the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(b) where subparagraph *a* does not apply, the number of litres obtained by multiplying 273,972 by the number of days in the particular month.

Agreement.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month.

Modified monthly ceiling on the production of pyrolysis oil.

For the purposes of this section, where the particular month of a taxation year includes

(a) 1 April 2018 and does not begin on that date, subparagraph *b* of the first paragraph is to be read as if "that follow 31 March 2018" were inserted at the end; and

(b) 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if "that precede 1 April 2023" were inserted at the end.

History: 2019, c. 14, s. 348.

Restriction.

1029.8.36.0.106.11. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.106.9 on account of its tax payable for a particular taxation year in relation to all or a portion of its eligible production of pyrolysis oil for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.

History: 2019, c. 14, s. 348.

§3. — *Government assistance, non-government assistance and other particulars*

Assistance, benefit or advantage reducing the credit.

1029.8.36.0.106.12. The amount to which the first paragraph of section 1029.8.36.0.106.9 refers is equal to the aggregate of all amounts each of which is

(a) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of pyrolysis oil for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

(b) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of pyrolysis oil for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner.

History: 2019, c. 14, s. 348.

Repayment or other event.

1029.8.36.0.106.13. A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.9, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of pyrolysis oil for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for a subsequent taxation year (in this section referred to as the "year concerned") in which either of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:

(a) the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *a* of section 1029.8.36.0.106.12, in the aggregate determined in respect of the corporation for the particular taxation year under that section; or

(b) a person or a partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of

paragraph *b* of section 1029.8.36.0.106.12, in the aggregate determined in respect of the corporation for the particular taxation year under that section.

Computation of amount.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.106.9 for a taxation year preceding the year concerned in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year, is exceeded by the total of

(a) the amount that the corporation would have been deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.9 if any of the events described in subparagraph *a* or *b* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.39.6, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year, had occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.39.6 for a taxation year preceding the year concerned in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year.

Computation of payments.

Section 1029.6.0.1.9 applies, with the necessary modifications, to the totality of the amount that the corporation is deemed, under this section, to have paid to the Minister on the corporation's balance-due day for the year concerned.

History: 2019, c. 14, s. 348.

Deemed repayment.

1029.8.36.0.106.14. For the purposes of section 1029.8.36.0.106.13, an amount is deemed to be an amount paid by a corporation, a person or a partnership, as the case may be, in a particular taxation year as a repayment of an amount included in the aggregate determined for a preceding taxation year in respect of the corporation under section 1029.8.36.0.106.12, pursuant to a legal obligation, if that amount

(a) has been included in that aggregate;

(b) in the case of an amount referred to in paragraph *a* of section 1029.8.36.0.106.12, has not been received by the corporation;

(c) in the case of an amount referred to in paragraph *b* of section 1029.8.36.0.106.12, has not been obtained by the person or partnership; and

(d) ceased in the particular taxation year to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain.

History: 2019, c. 14, s. 348.

DIVISION II.6.0.10

CREDIT TO FOSTER THE MODERNIZATION OF THE TOURIST ACCOMMODATION OFFERING

§1. — *Interpretation and general*

Definitions:

1029.8.36.0.107. In this division,

“balance of the threshold of the qualified expenditures”;

“balance of the threshold of the qualified expenditures” of a corporation for a taxation year means an amount equal to the amount by which \$50,000 exceeds the amount determined in its respect for the year under section 1029.8.36.0.107.1;

“eligible components”;

“eligible components” of a qualified tourist accommodation establishment means

(a) the rooms, including bathrooms;

(b) the dining rooms;

(c) the foyer, reception, rest areas, public lavatories, bar, shops, meeting rooms and other interior facilities that constitute public areas, except a fitness room, a health centre, a room equipped with a pool, spa or sauna, a games room or a parking lot; and

(d) the exterior structure of the building, in particular the facing, roofing, doors and windows;

“eligible contract”;

“eligible contract” means a contract entered into after 20 March 2012 and before 1 January 2016 between a corporation or a partnership and a qualified contractor under which the qualified contractor undertakes to carry out eligible work in respect of a qualified tourist accommodation establishment of the corporation or partnership;

“eligible work”;

“eligible work” in respect of a qualified tourist accommodation establishment of a qualified corporation or a qualified partnership means the following particular work carried out while the tourist accommodation establishment qualifies as a qualified tourist accommodation establishment and relating to eligible components of the tourist accommodation establishment (other than work consisting exclusively of repair or maintenance work on the tourist accommodation establishment), and work required to restore the land on which the tourist accommodation establishment is situated to the condition it was in before the particular work was carried out:

(a) refurbishment work done to improve the appearance and functional nature of the tourist accommodation establishment;

(b) reorganization work that consists in altering the interior distribution of the rooms, openings and divisions of the tourist accommodation establishment without increasing the floor space or volume; and

(c) improvement, conversion or expansion work on the tourist accommodation establishment;

“excluded corporation”;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“excluded region”;

“excluded region” means the Montréal census metropolitan area and the Québec census metropolitan area, as described in the Standard Geographical Classification (SGC) 2011 published by Statistics Canada;

“excluded tourist accommodation establishment”;

“excluded tourist accommodation establishment” means a tourist accommodation establishment of a corporation or a partnership that, prior to the beginning of eligible work in respect of the tourist accommodation establishment, is the object of

(a) a notice of expropriation;

(b) a reserve for public purposes; or

(c) a prior notice of the exercise of a hypothecary right registered in the registry office or any other procedure calling the corporation’s or partnership’s right of ownership of the tourist accommodation establishment into question;

“expenditure relating to eligible work”;

“expenditure relating to eligible work” for a qualified corporation or a qualified partnership means an expenditure that is attributable to the carrying out of eligible work provided for in an eligible contract entered into in respect of a qualified tourist accommodation establishment of the corporation or partnership and that corresponds to the aggregate of

(a) the cost of labour supplied by the qualified contractor who is a party to the eligible contract for the eligible work carried out before 1 January 2016, excluding the amount of any goods and services tax and Québec sales tax applicable; and

(b) the cost of movable property acquired, before 1 January 2016, from the qualified contractor or from a qualified merchant for use in the carrying out of the eligible work provided for in the eligible contract, excluding the amount of any goods and services tax and Québec sales tax applicable, if, after the work is carried out, the property

i. has been incorporated into the qualified tourist accommodation establishment, has lost its individuality and ensures the utility of the establishment, or

ii. has been permanently physically attached or joined to the qualified tourist accommodation establishment, without losing its individuality or being incorporated into the qualified tourist accommodation establishment, and ensures the utility of the establishment;

“qualified contractor”;

“qualified contractor” means a person or partnership that, in respect of an eligible contract entered into with a corporation, deals at arm’s length with the corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the cooperative or, in respect of an eligible contract entered into with a partnership, deals at arm’s length with a corporation that is a member of the partnership, a specified shareholder of that corporation or, if the corporation is a cooperative, a specified member of the cooperative, and that

(a) at the time the contract is entered into, has an establishment in Québec; and

(b) at the time the eligible work provided for in the contract is being carried out and if required for the carrying out of such work, is the holder of the appropriate licence issued, in accordance with the Building Act (chapter B-1.1), by the Régie du bâtiment du Québec, the Corporation des maîtres électriciens du Québec or the Corporation des maîtres mécaniciens en tuyauterie du Québec and, if applicable, has paid the security provided for in that Act;

“qualified corporation”;

“qualified corporation” for a particular taxation year means a corporation that, in the particular year, owns a qualified tourist accommodation establishment and meets the following conditions:

(a) the corporation’s gross revenue for the particular year or the taxation year preceding the particular year is at least \$100,000; and

(b) the corporation’s assets shown in its financial statements submitted to its shareholders for its taxation year preceding the particular year or, if the corporation is in its first fiscal period, at the beginning of that fiscal period, is at least \$400,000;

“qualified expenditure”;

“qualified expenditure” of a qualified corporation for a taxation year or of a qualified partnership for a fiscal period means the aggregate of all amounts each of which is an expenditure relating to eligible work of the corporation or partnership that is incurred after 20 March 2012 by the corporation in the taxation year or by the partnership in the fiscal period;

“qualified merchant”;

“qualified merchant” means a person or partnership who sells property to a qualified corporation or a qualified partnership for use in the carrying out of eligible work of the qualified corporation or qualified partnership, who, at the time of the sale, has an establishment in Québec and who

(a) if the property is sold to a qualified corporation, deals at arm’s length with the qualified corporation, a specified shareholder of the qualified corporation or, if the qualified corporation is a cooperative, a specified member of the cooperative; or

(b) if the property is sold to a qualified partnership, deals at arm’s length with a corporation that is a member of the qualified partnership, a specified shareholder of that corporation or, if the corporation is a cooperative, a specified member of the cooperative;

“qualified partnership”;

“qualified partnership” for a particular fiscal period ended in a particular taxation year of a corporation means a partnership that, in the particular fiscal period, carries on a business in Québec, has an establishment in Québec, owns a qualified tourist accommodation establishment and meets the following conditions:

(a) the amount that would be the gross revenue of the partnership for its fiscal period that ends in the taxation year preceding the particular taxation year or for the particular fiscal period if, for the purposes of the definition of “gross revenue” in section 1, the qualified partnership was a corporation, is at least \$100,000; and

(b) the assets of the partnership shown in its financial statements for the particular fiscal period or, if the partnership is in its first fiscal period, at the beginning of that fiscal period is at least \$400,000;

“qualified tourist accommodation establishment”;

“qualified tourist accommodation establishment” means a tourist accommodation establishment (other than an excluded tourist accommodation establishment) that is located in Québec, elsewhere than in an excluded region, and in respect of which a classification certificate, valid for a corporation’s taxation year or a partnership’s fiscal period during which eligible work was carried out in respect of the tourist accommodation establishment, has been issued under the Act respecting tourist accommodation establishments (chapter E-14.2), certifying that the tourist accommodation establishment is a hotel establishment, tourist home, resort, bed and breakfast establishment or youth hostel;

“specified member”.

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

Presumption.

For the purposes of the definition of “qualified tourist accommodation establishment” in the first paragraph, a classification certificate, issued under the Act respecting tourist accommodation establishments, that is valid throughout the duration of the eligible work carried out in a taxation year or a fiscal period, as the case may be, in respect of a qualified tourist accommodation establishment is deemed to be valid, in relation to the eligible work, for the

taxation year or fiscal period. However, for the purposes of that definition and this paragraph, a classification certificate that is suspended is deemed not to be valid during the suspension period.

Determination of assets.

For the purposes of the definitions of “qualified corporation” and “qualified partnership” in the first paragraph and for the purpose of determining the assets of a corporation or a partnership, the following rules apply:

(a) if the financial statements of the corporation or partnership have not been prepared or were not prepared in accordance with generally accepted accounting principles, its assets are those that would be shown in the financial statements if they had been prepared in accordance with those accounting principles; and

(b) if the corporation is a cooperative, paragraph *b* of the definition of “qualified corporation” in the first paragraph is to be read as if “submitted to its shareholders” was replaced by “submitted to its members”.

History: 2013, c. 10, s. 116; 2015, c. 21, s. 439; 2015, c. 24, s. 140; 2019, c. 14, s. 349.

Computing the balance of the threshold of the qualified expenditures.

1029.8.36.0.107.1. The amount to which the definition of “balance of the threshold of the qualified expenditures” in the first paragraph of section 1029.8.36.0.107 refers in respect of a corporation for a particular taxation year means the amount determined by the formula

$A - B$.

Interpretation.

In the formula in the first paragraph

(a) *A* is the aggregate of

i. the amount by which the aggregate of all amounts each of which is the lesser of the amounts determined for a taxation year preceding the particular year in respect of the corporation under subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.109, taking into account subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.115, exceeds the portion of that aggregate in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.109 for a taxation year preceding the particular year, and

ii. the aggregate of all amounts each of which is the lesser of the amounts determined under subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.117.1 for the particular year or a preceding taxation year; and

(b) *B* is the aggregate of all amounts each of which is the amount of government assistance or non-government assistance received by the corporation in the particular year or a preceding taxation year in respect of a corporation’s qualified expenditure for a preceding taxation year, the corporation’s share of the amount of government assistance or non-government assistance received by a qualified partnership in a fiscal period of the qualified partnership that ends in the particular taxation year or a preceding taxation year and at the end of which the corporation is a member of the partnership, in respect of the corporation’s share of the partnership’s qualified expenditure for a fiscal period of the partnership that ends in a taxation year preceding the particular year and at the end of which the corporation is a member of the partnership, or the amount of government assistance or non-government assistance received by the corporation in the particular year or a preceding taxation year in respect of a qualified expenditure of a partnership for a fiscal period of the partnership that ends in a taxation year preceding the particular year and at the end of which the corporation is a member of the partnership, in relation to a qualified tourist accommodation establishment, where neither section 1029.8.36.0.115 nor Part III.10.1.10 applies or applied, in relation to the corporation, in respect of the amount of the government assistance or non-government assistance so received.

Member’s share.

For the purposes of subparagraph *b* of the second paragraph, a corporation’s share of a particular amount, in relation to a qualified partnership of which the corporation is a member at the end of a fiscal period, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2015, c. 21, s. 440.

Protection policy for lakeshores, riverbanks, littoral zones and floodplains.

1029.8.36.0.108. For the purposes of this division, work carried out in respect of a qualified tourist accommodation establishment of a qualified corporation or a qualified partnership can be considered to be eligible work only if it is consistent with the policy of the Government referred to in section 2.1 of the Environment Quality Act (chapter Q-2).

History: 2013, c. 10, s. 116.

§2. — Credit

Qualified corporation.

1029.8.36.0.109. A corporation that, in a taxation year, carries on a business in Québec and has an establishment in Québec, that is not an excluded corporation for the year and that encloses with the fiscal return it is required to file for the year under section 1000 the prescribed form containing prescribed information and a copy of the agreement described in section 1029.8.36.0.111, if applicable, is deemed, subject to the second paragraph, to have paid to the

Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 20% of the amount by which the lesser of the following amounts exceeds the balance of the threshold of the corporation's qualified expenditures for that year:

(a) the aggregate of

i. if the corporation is a qualified corporation for the year, the qualified expenditure of the corporation for the year, to the extent that that expenditure has been paid, and

ii. if the corporation is a member of a qualified partnership at the end of a fiscal period of the partnership ending in the year and the corporation meets the conditions of paragraphs *a* and *b* of the definition of "qualified corporation" in the first paragraph of section 1029.8.36.0.107, the aggregate of all amounts each of which is the corporation's share of the lesser of

(1) the qualified expenditure of such a qualified partnership for such a fiscal period, to the extent that that expenditure has been paid, and

(2) the qualified partnership's qualified expenditure limit for that fiscal period; and

(b) the corporation's qualified expenditure limit for the year.

Computation of payments.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or under any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Reduction of the balance of the threshold of the qualified expenditures.

For the purposes of the first paragraph, the amount that is the balance of the threshold of a corporation's qualified expenditures for a taxation year is to be replaced by,

(a) if the taxation year of the corporation has fewer than 51 weeks, except in cases where subparagraph *c* applies, the proportion of that amount that the number of days in the taxation year of the corporation is of 365; or

(b) *(subparagraph repealed)*;

(c) if the taxation year of the corporation includes 1 January 2016, the proportion of that amount that the number of days in the taxation year of the corporation that precede 1 January 2016 is of 365.

Member's share.

For the purposes of subparagraph ii of subparagraph *a* of the first paragraph, a corporation's share of a particular amount, in relation to a qualified partnership of which the corporation is a member at the end of a fiscal period, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

History: 2013, c. 10, s. 116; 2015, c. 21, s. 441.

Qualified expenditure limit.

1029.8.36.0.110. In this division, the qualified expenditure limit of a partnership for a fiscal period is equal to \$750,000 and the qualified expenditure limit of a corporation for a taxation year is equal to

(a) if the corporation is not a member of an associated group in the year, \$750,000; or

(b) if the corporation is a member of an associated group in the year, an amount attributed for the year to the corporation pursuant to the agreement described in section 1029.8.36.0.111 and enclosed with the fiscal return the corporation is required to file for the year under section 1000 or, if no amount is attributed to the corporation under the agreement or in the absence of such an agreement, zero.

Associated group.

For the purposes of this section and sections 1029.8.36.0.111 to 1029.8.36.0.113, an associated group in a taxation year means all the corporations that, in the year, carry on a business in Québec and have an establishment in Québec, are not excluded corporations for the year, are associated with each other in the year and each of which is a qualified corporation for the year or a corporation that is a member of a qualified partnership at the end of a fiscal period of the qualified partnership ending in the year and that meets the conditions of paragraphs *a* and *b* of the definition of

“qualified corporation” in the first paragraph of section 1029.8.36.0.107.

History: 2013, c. 10, s. 116; 2015, c. 21, s. 442.

Agreement.

1029.8.36.0.111. The agreement to which subparagraph *b* of the first paragraph of section 1029.8.36.0.110 refers is the agreement under which all the corporations that are members of the associated group in the year attribute for the year, in the prescribed form, to one or more of their number, for the purposes of this division, one or more amounts the total of which does not exceed \$750,000.

Over-attribution.

If the aggregate of the amounts attributed, in respect of a taxation year, pursuant to an agreement described in the first paragraph and entered into by the corporations that are members of an associated group in the year exceeds \$750,000, the amount determined under subparagraph *b* of the first paragraph of section 1029.8.36.0.110 in respect of each of those corporations for the taxation year is deemed, for the purposes of this division, to be equal to the proportion of \$750,000 that that determined amount is of the aggregate of the amounts attributed for the year under the agreement.

History: 2013, c. 10, s. 116.

Attribution of the qualified expenditure limit by the Minister.

1029.8.36.0.112. If a corporation that is a member of an associated group referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.110 fails to file with the Minister an agreement described in that subparagraph within 30 days after notice in writing by the Minister has been sent to any of the corporations that are members of that group that such an agreement is required for the purposes of any assessment of tax under this Part or for the determination of another amount, the Minister shall, for the purposes of this division, attribute an amount to one or more of those corporations for the taxation year, which amount or the aggregate of which amounts must be equal to \$750,000, and in such a case, despite that subparagraph *b*, the qualified expenditure limit for the year of each of the corporations is equal to the amount so attributed to it.

History: 2013, c. 10, s. 116.

Determination of the qualified expenditure limit in certain cases.

1029.8.36.0.113. Despite sections 1029.8.36.0.110 to 1029.8.36.0.112, the following rules apply:

(a) if a corporation that is a member of an associated group (in this paragraph referred to as the “first corporation”) has more than one taxation year ending in the same calendar year and is associated in two or more of those taxation years with another corporation that is a member of the group that has a

taxation year ending in that calendar year, the qualified expenditure limit of the first corporation for each particular taxation year that ends in the calendar year in which it is associated with the other corporation and that ends after the first taxation year ending in that calendar year is, subject to paragraph *b*, an amount equal to the lesser of

i. its qualified expenditure limit for the first taxation year ending in the calendar year, determined without reference to this section, and

ii. its qualified expenditure limit for the particular taxation year ending in the calendar year, determined without reference to this section;

(b) if a corporation has a taxation year of fewer than 51 weeks or if a partnership has a fiscal period of fewer than 51 weeks, except in cases where paragraph *c* or *d* applies, the qualified expenditure limit of the corporation for the year or of the partnership for the fiscal period is equal to that proportion of its qualified expenditure limit for the year or period, determined without reference to this paragraph, that the number of days in the year or period is of 365;

(c) if the taxation year of a corporation or the fiscal period of a partnership includes 20 March 2012, the qualified expenditure limit of the corporation for the year or of the partnership for the fiscal period is equal to that proportion of its qualified expenditure limit for the year or period, determined without reference to this paragraph, that the number of days in the year or period that follow 20 March 2012 is of 365; and

(d) if the taxation year of a corporation or the fiscal period of a partnership includes 1 January 2016, the qualified expenditure limit of the corporation for the year or of the partnership for the fiscal period is equal to that proportion of its qualified expenditure limit for the year or period, determined without reference to this paragraph, that the number of days in the year or period that precede 1 January 2016 is of 365.

History: 2013, c. 10, s. 116.

Corporations deemed associated.

1029.8.36.0.114. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a taxation year is to cause a corporation to be deemed to have paid an amount to the Minister under this division for that year or to increase an amount that a corporation is deemed to have paid to the Minister under this division for that year, those corporations are deemed, for the purposes of this division, to be associated with each other in the year.

History: 2013, c. 10, s. 116.

§3. — *Government assistance, non-government assistance and other particulars*

Qualified expenditure reduced by assistance.

1029.8.36.0.115. For the purpose of computing the amount that is deemed to have been paid to the Minister by a corporation, for a taxation year, under section 1029.8.36.0.109, the following rules apply:

(a) the amount of the corporation's qualified expenditure referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.109 is to be reduced, if applicable, by the amount of any government assistance or non-government assistance attributable to the expenditure that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year; and

(b) the corporation's share of a partnership's qualified expenditure referred to in subparagraph 1 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.109, for a fiscal period of the partnership that ends in the taxation year of the corporation, is to be reduced, if applicable,

i. by the corporation's share, for that fiscal period, of the amount of any government assistance or non-government assistance attributable to the expenditure that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance or non-government assistance attributable to the expenditure that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

Member's share.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the corporation's share, for the partnership's fiscal period, of the amount of any government assistance or non-government assistance that the partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the amount in respect of the corporation for the partnership's fiscal period that ends in its taxation year.

History: 2013, c. 10, s. 116.

Benefit or advantage.

1029.8.36.0.116. If, in respect of a qualified expenditure of a qualified corporation or a qualified partnership, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to eligible work carried out under an eligible contract between

the qualified corporation or qualified partnership and a qualified contractor, whether in the form of a repayment, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by the qualified corporation under section 1029.8.36.0.109, the amount of the corporation's qualified expenditure referred to in subparagraph i of subparagraph *a* of the first paragraph of that section is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.36.0.109 by a corporation that is a member of the qualified partnership for a taxation year, the corporation's share of the qualified expenditure referred to in subparagraph 1 of subparagraph ii of subparagraph *a* of the first paragraph of that section, for the partnership's fiscal period that ends in the taxation year, is to be reduced

i. by its share, for the fiscal period, of the amount of the benefit or advantage that a partnership or a person, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the qualified partnership's fiscal period in which the expenditure was incurred, and

ii. by the amount of the benefit or advantage that the corporation or a person with whom the corporation does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the qualified partnership's fiscal period in which the expenditure was incurred.

Member's share.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of the benefit or advantage that a partnership or a person has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the corporation for the qualified partnership's fiscal period that ends in its taxation year.

History: 2013, c. 10, s. 116.

Repayment of assistance.

1029.8.36.0.117. If a corporation is deemed to have paid to the Minister, under section 1029.8.36.0.109, an amount on account of its tax payable under Part I for a particular

taxation year, in relation to a qualified expenditure of the corporation for the particular taxation year or to a qualified expenditure of a partnership of which it is a member at the end of a particular fiscal period of the partnership that ends in the particular taxation year, in respect of a qualified tourist accommodation establishment, and, before 1 January 2018 and in a taxation year (in this section referred to as the “repayment year”) in which the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, in accordance with subparagraph *a* of the first paragraph of section 1029.8.36.0.115, the corporation’s qualified expenditure for the particular taxation year, or in which ends a fiscal period of the partnership (in this section referred to as “fiscal period of repayment”) in which the partnership or corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, in accordance with subparagraph *b* of the first paragraph of section 1029.8.36.0.115, the corporation’s share of a qualified expenditure of the partnership for the particular fiscal period, the corporation is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for the repayment year and, in the case of a repayment made in the fiscal period of repayment, if it is a member of the partnership at the end of the fiscal period of repayment, to have paid to the Minister on the corporation’s balance-due day for the repayment year on account of its tax payable for the year under this Part, an amount equal to the amount by which the particular amount it would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.36.0.109 for the particular year, in respect of such a qualified expenditure, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.109 in relation to such a qualified expenditure for the particular taxation year, or, in the case of a repayment made in the fiscal period of repayment, would be so deemed to have been paid to the Minister if the agreed proportion, in respect of the corporation for the particular fiscal period, were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount of assistance repaid by the corporation or partnership, or, in the case of a repayment made in the fiscal period of repayment, would be so deemed to have paid to the Minister if the agreed proportion, in respect of the corporation for the particular fiscal period, were the same as that for the fiscal period of repayment.

Rules applicable.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of assistance repaid at or before the end of the repayment year reduced the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.115; and

(b) in the case of a repayment made in the fiscal period of repayment, the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

History: 2013, c. 10, s. 116.

Repayment of assistance.

1029.8.36.0.117.1. Where an amount of government assistance or non-government assistance or a corporation’s share of an amount of government assistance or non-government assistance that reduced, in accordance with subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.115, the corporation’s qualified expenditure for a particular taxation year or the corporation’s share of the qualified expenditure of a partnership of which the corporation is a member at the end of a particular fiscal period of the partnership that ends in the particular taxation year, as the case may be, in respect of a qualified tourist accommodation establishment, is repaid before 1 January 2018 pursuant to a legal obligation by the corporation in a taxation year (in this section referred to as the “repayment year”) or by the partnership in a fiscal period (in this section referred to as the “fiscal period of repayment”), and the amount that is the lesser of the amounts determined under subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.109 in respect of the corporation for the particular year, with reference to subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.115, does not exceed the balance of the threshold of the corporation’s qualified expenditures for the particular year, the corporation is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for the repayment year and, in the case of a repayment made by the partnership, if it is a member of the partnership at the end of the fiscal period of repayment, to have paid to the Minister on the corporation’s balance-due day for the repayment year on account of its tax payable for the year under this Part, an amount equal to the product obtained by multiplying the percentage described in the second paragraph by the amount by which the lesser of the following amounts exceeds the amount that would be the balance of the threshold of the corporation’s qualified expenditures for the repayment year if section 1029.8.36.0.107.1 were read without taking into account the application of this section in respect of the repayment year:

(a) the amount by which the lesser of the aggregate of all amounts each of which is the amount of government assistance or non-government assistance relating to the corporation's qualified expenditure, or the corporation's share of the amount of government assistance or non-government assistance relating to the partnership's qualified expenditure, if applicable, and the amount determined under subparagraph *b* of the first paragraph of section 1029.8.36.0.109 in respect of the corporation for the particular year exceeds the aggregate of all amounts each of which is the amount of a repayment of the government assistance or non-government assistance by the corporation in a taxation year preceding the repayment year, or the corporation's share of the amount of the repayment of the government assistance or non-government assistance by the partnership in a fiscal period preceding the fiscal period of repayment, if applicable; and

(b) the aggregate of all amounts each of which is the amount of repayment by the corporation in the repayment year, or the corporation's share of the amount of repayment by the partnership in the fiscal period of repayment, if applicable.

Percentage referred to.

The percentage to which the first paragraph refers is the percentage that would apply under section 1029.8.36.0.109 in respect of the qualified expenditure if the corporation had been deemed to have paid an amount to the Minister under that section for the particular taxation year.

Member's share.

For the purposes of the first paragraph, a corporation's share of a particular amount, in relation to a qualified partnership of which it is a member at the end of a fiscal period, is equal to the agreed proportion of the amount, in respect of the corporation for the fiscal period.

History: 2015, c. 21, s. 443.

Deemed repayment of assistance.

1029.8.36.0.118. For the purposes of section 1029.8.36.0.117, an amount of assistance is deemed to be repaid by a corporation or partnership at a particular time, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.115, a qualified expenditure or the share of a corporation that is a member of the partnership in such an expenditure, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.109;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership could reasonably expect to receive.

History: 2013, c. 10, s. 116.

DIVISION II.6.0.11 CREDIT FOR THE MARKET DIVERSIFICATION OF MANUFACTURING BUSINESSES

§1. — *Interpretation*

Definitions:

1029.8.36.0.119. In this division,

“certificate of compliance”;

“certificate of compliance” in relation to a qualified property of a corporation means a certificate issued to the corporation certifying that the property complies with standards prescribed by an Act or regulation applicable outside Québec where the corporation intends to commercialize the property;

“eligibility period”;

“eligibility period” means the period that begins on 21 March 2012 and ends on 31 December 2015;

“eligible activities”;

“eligible activities” of a corporation for a taxation year means the activities that the corporation carries on in the year and that are covered by the certificate referred to in the first paragraph of section 1029.8.36.0.120 that is issued to the corporation for the year;

“eligible certification costs”;

“eligible certification costs” of a corporation for a particular taxation year in relation to a certificate of compliance issued in respect of a qualified property of the corporation for the particular year mean the amount by which the amount determined under the second paragraph is exceeded by the aggregate of the following expenses incurred by the corporation in the part of the eligibility period that is included in the particular year or in a preceding taxation year for which it was a qualified corporation, to the extent that they are reasonable in the circumstances:

(a) the fees charged by a certification body to issue a certificate of compliance to the corporation in relation to the qualified property; and

(b) the cost of a contract between the corporation and an outside consultant, other than a person with whom the corporation does not deal at arm's length, pursuant to which the outside consultant obtained, on behalf of the corporation, the certificate of compliance in relation to the qualified property;

“excluded corporation”;

“excluded corporation” for a particular taxation year means

(a) a corporation that is exempt from tax for the particular year under Book VIII, other than an insurer referred to in paragraph *k* of section 998, as it read before being struck out,

that is not so exempt from tax on all of its taxable income for the particular year because of section 999.0.1, as it read before being repealed;

(b) a corporation that would be exempt from tax for the particular year under section 985, but for section 192; or

(c) a corporation whose assets 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 taxation year that precedes the particular year, exceed \$50,000,000;

“qualified corporation”;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation for the year, that, in the year, carries on a business in Québec and has an establishment in Québec;

“qualified property”.

“qualified property” of a corporation for a taxation year means a property that is manufactured by the corporation in an establishment of the corporation situated in Québec within the scope of its eligible activities for the year and in respect of which it has obtained at or before the end of the year, but before 1 January 2017, a certificate of compliance.

Eligible certification costs.

The amount to which the definition of “eligible certification costs” in the first paragraph refers is equal to the portion of the expenses described in that definition that was taken into account for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.120 for a taxation year preceding the particular year.

History: 2013, c. 10, s. 116; 2019, c. 14, s. 350.

§2. — *Credit*

Tax credit.

1029.8.36.0.120. A qualified corporation for a taxation year that holds, for the year, a valid certificate issued for the purposes of this division and that encloses with the fiscal return it is required to file for the year under section 1000 a copy of the certificate as well as the prescribed form containing prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 24% of the aggregate of all amounts each of which is the eligible certification costs of the corporation for the year in relation to a certificate of compliance issued in respect of a qualified property of the corporation for the year, to the extent that those costs are paid.

Computation of payments.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

History: 2013, c. 10, s. 116; 2015, c. 21, s. 444.

Cumulative limit.

1029.8.36.0.121. For the purposes of this division, the amount that a corporation is deemed to have paid to the Minister for a taxation year under this division may not exceed the amount by which \$36,000 exceeds the amount by which the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister by the corporation under this division for a preceding taxation year exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay for the taxation year or a preceding taxation year under Part III.10.1.11, or under Part VI.3.1 in relation to the revocation or replacement of a certificate issued for the purposes of this division.

History: 2013, c. 10, s. 116; 2015, c. 21, s. 445.

§3. — *Government assistance, non-government assistance and other particulars*

Eligible certification costs reduced by assistance.

1029.8.36.0.122. For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a qualified corporation under section 1029.8.36.0.120, the aggregate of the eligible certification costs that are referred to in the first paragraph of that section must be reduced, where applicable, by the amount of any government assistance or non-government assistance, attributable to those costs, that the qualified corporation has

received, is entitled to receive or may reasonably expect to receive on or before its filing-due date for that year.

History: 2013, c. 10, s. 116.

Repayment of assistance.

1029.8.36.0.123. If, before 1 January 2018, a corporation pays in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing the eligible certification costs of the corporation for a particular taxation year in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.120 for the particular taxation year, the corporation is deemed to have paid to the Minister for the repayment year, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.120 in respect of those eligible certification costs if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.122, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.120 in respect of those eligible certification costs; and

(b) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

History: 2013, c. 10, s. 116.

Deemed repayment of assistance.

1029.8.36.0.124. For the purposes of section 1029.8.36.0.123, an amount of assistance is deemed to be repaid at a particular time by a corporation, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.122, the eligible certification costs for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.120;

(b) was not received by the corporation; and

(c) ceased at the particular time to be an amount that the corporation may reasonably expect to receive.

History: 2013, c. 10, s. 116.

Benefit or advantage.

1029.8.36.0.125. If, in respect of eligible certification costs of a qualified corporation, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than the benefit or advantage that consists in the obtention by the corporation of a certificate of compliance in relation to a qualified property of the corporation, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.120, the amount of the eligible certification costs of the qualified corporation that are referred to in the first paragraph of that section is to be reduced by the amount of the benefit or advantage relating to those costs that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation’s filing-due date for that taxation year.

History: 2013, c. 10, s. 116.

DIVISION II.6.1

(Repealed).

§1. — *(Repealed).*

1029.8.36.1. *(Repealed).*

History: 1995, c. 1, s. 157; 1995, c. 63, s. 177 [amended by 1996, c. 39, s. 286].

§2. — *(Repealed).*

1029.8.36.2. *(Repealed).*

History: 1995, c. 1, s. 157; 1995, c. 63, s. 177 [amended by 1996, c. 39, s. 286].

1029.8.36.3. *(Repealed).*

History: 1995, c. 1, s. 157; 1995, c. 63, s. 177 [amended by 1996, c. 39, s. 286].