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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-SIXTH LEGISLATURE

Bill 97  
(2000, chapter 39)

**An Act to amend the Taxation Act and  
other legislative provisions of a fiscal  
nature**

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**Introduced 16 December 1999  
Passage in principle 11 April 2000  
Passage 14 November 2000  
Assented to 15 November 2000**

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## **EXPLANATORY NOTES**

*This bill amends various legislative provisions to give effect primarily to the Budget Speech delivered by the Minister of Finance on 9 March 1999 and to Information Bulletin 99-1 issued by the Ministère des Finances on 30 June 1999.*

*Amendments are also introduced to give effect to certain measures contained chiefly in the Budget Speech delivered by the Minister of Finance on 31 March 1998 and in Information Bulletins 98-3, 98-4, 98-5, 98-7 and 98-8 issued by the Ministère des Finances respectively on 23 June 1998, 31 July 1998, 17 September 1998, 6 November 1998 and 22 December 1998.*

*The bill amends the Taxation Act, mainly to introduce a number of fiscal measures specific to Québec and to amend certain existing measures. In particular, the amendments*

*(1) optimize the tax benefits in relation to scientific research and experimental development through the introduction of super allowances;*

*(2) introduce a refundable tax credit based on the increase in expenditures related to scientific research and experimental development;*

*(3) create new tax incentives for corporations carrying on business in the international trade zone at Mirabel that include a tax holiday and new tax credits;*

*(4) improve tax incentives for technological innovation, technological adaptation and the knowledge-based economy, namely by making it possible for businesses working out of designated premises in Québec City to enjoy tax benefits similar to those available to businesses operating in the Cité du multimédia in Montréal, by extending the tax incentives in place to encourage the development of information technologies in the regions, and by introducing a new refundable tax credit to facilitate technological adaptation;*

*(5) introduce refundable tax credits for the production of sound recordings and musical performances as a means of providing support for the development of cultural industries;*

*(6) further the reform of corporate taxation, in particular to ease the tax burden on businesses and substantially reduce tax charges ;*

*(7) defer tax for owners of private woodlots affected by the ice storm of January 1998 ;*

*(8) implement a refundable tax credit for home support for elderly persons ;*

*(9) provide for greater tax assistance to persons having a severe and prolonged physical or mental impairment, particularly by improving the existing tax credit and enhancing the benefit from filing under the simplified tax system ;*

*(10) improve tax assistance to families by increasing the refundable tax credits for adoption expenses and child care expenses ; and*

*(11) simplify the method used to calculate the tax credit relating to tip reporting.*

*The bill amends the Act respecting the Québec sales tax to insert measures that concern*

*(1) the introduction of a specific duty on new tires ;*

*(2) the input tax refund in respect of the extension of 1-877 telephone service and Internet services ;*

*(3) restrictions on input tax refunds being obtained by large businesses ;*

*(4) a rebate of tax paid in respect of an automatic door opener for use by a handicapped person ; and*

*(5) replacement of the reference books used to determine the market value of used motor vehicles.*

*The bill amends the Fuel Tax Act to introduce a measure relating to the reimbursement of tax paid in respect of fuel supplying a propulsion engine that is used for purposes other than propulsion, and a measure pertaining to the issue of a fuel oil colouring permit to establishments pursuing that activity.*

*The bill also amends other legislative provisions to make various technical and consequential amendments and changes in terminology.*

**LEGISLATION AMENDED BY THIS BILL :**

- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5);
- Act respecting property tax refund (R.S.Q., chapter R-20.1);
- Act respecting Québec business investment companies (R.S.Q., chapter S-29.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Fuel Tax Act (R.S.Q., chapter T-1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act to amend the Taxation Act and other legislative provisions of a fiscal nature (1998, chapter 16);
- Act to amend the Taxation Act and other legislative provisions (1999, chapter 83).

## Bill 97

### AN ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS OF A FISCAL NATURE

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

#### TOBACCO TAX ACT

**1.** (1) Section 17.4 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended by replacing, in the fourth paragraph, the words “in the first and second paragraphs are then” by the words “in this section are”.

(2) Subsection 1 has effect from 1 March 1992.

#### TAXATION ACT

**2.** (1) Section 13 of the Taxation Act (R.S.Q., chapter I-3) is amended by replacing, in the English text, the first paragraph by the following :

“**13.** Where a taxpayer carries on business through an employee, agent or mandatary, established in a particular place, who has general authority to contract for the employer or mandator or who has a stock of merchandise owned by such employer or mandator from which the employee, agent or mandatary regularly fills orders which the employee, agent or mandatary receives, the taxpayer is deemed to have an establishment in that place.”

(2) Subsection 1 has effect from 12 June 1998.

**3.** (1) Section 21.21 of the said Act is replaced by the following :

“**21.21.** Two corporations that are associated, or deemed by this section to be associated, with the same corporation at any time and that, but for this section, would not be associated with each other at that time, are deemed, for the purposes of this Part, to be associated with each other at that time.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999. In addition, where section 21.21 of the said Act, replaced by subsection 1, applies from 15 November 2000, it shall be read without reference to “771.0.2,” and with “771.1.5.2” replaced by “771.1.5.1”.

**4.** (1) Section 39.5 of the said Act is replaced by the following :

**“39.5.** An individual who had part-time employment with an employer with whom the individual was dealing at arm’s length is not required to include in computing the individual’s income for a taxation year an amount, not exceeding a reasonable amount, received by the individual in the year from that employer as an allowance for, or reimbursement of, travel expenses other than expenses incurred in the performance of the duties of the individual’s part-time employment, if

(a) the individual’s part-time employment

i. was during a period throughout which the individual had other employment or was carrying on a business, or

ii. was as a teacher in an educational institution referred to in paragraph *a* of section 752.0.18.10;

(b) the duties of the part-time employment were performed at a location not less than 80 kilometres from both the individual’s ordinary place of residence and, where the condition set out in subparagraph ii of paragraph *a* is not met, of the principal place of the individual’s other employment or the principal place of the individual’s business.”

(2) Subsection 1 applies from the taxation year 1999. In addition, it applies to any taxation year of an individual in respect of which the time periods provided for in paragraph *a* of subsection 2 of section 1010 of the said Act had not expired on 9 March 1999.

**5.** (1) Section 42.15 of the said Act is amended by replacing the third paragraph by the following :

“The Minister may determine, for a period in a calendar year, the percentage considered to be appropriate by the Minister having regard to the circumstances.”

(2) Subsection 1 applies from the first pay period of an employer that begins after 31 December 1997.

**6.** Section 77 of the said Act is amended by replacing, in the French text, the word “verse” by the word “paie”.

**7.** (1) The said Act is amended by inserting, after section 85.3, the following section :

**“85.3.1.** Without restricting the generality of this Title, for the purposes of computing the income of a taxpayer derived for a taxation year from a metal recycling business, the cost of a property owned by the taxpayer as is described in the inventory of the business is deemed to be nil, unless the taxpayer,

(a) where the property is acquired by the taxpayer from a person or a partnership who or which is registered for the purposes of the Québec sales tax, obtains from that person or partnership, at the time of the acquisition, the registration number that is assigned to the person or partnership in accordance with the Act respecting the Québec sales tax (chapter T-0.1); or

(b) in any other case, fills out, at the time of the acquisition of the property, a document signed by the individual who delivered the property to the taxpayer and containing the prescribed information in relation to the acquisition.”

(2) Subsection 1 applies in respect of acquisitions of property that occur after 9 March 1999.

**8.** (1) The said Act is amended by inserting, after section 92.5.3, the following section :

**“92.5.4.** Where a taxpayer has deducted an amount under the first paragraph of section 154.2 in computing the taxpayer’s income from a business for a particular taxation year, the taxpayer shall include, in computing that income for one or more of the four taxation years following the particular year, the amount or part of the amount so deducted.

However, in computing the taxpayer’s income from that business for the fourth taxation year following the particular year, the taxpayer must include an amount equal to the amount by which the amount deducted by the taxpayer under the first paragraph of section 154.2 in computing that income for the particular year exceeds the aggregate of all amounts each of which is an amount included by the taxpayer, pursuant to the first paragraph, in computing that income for a taxation year following the particular year in respect of the amount so deducted.

For the purposes of the second paragraph, the taxation year during which a taxpayer ceases to operate a business or, if the taxpayer is an individual, the year in which the taxpayer dies, is deemed to be the fourth taxation year following the particular year.”

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

**9.** (1) Section 96.2 of the said Act is amended by inserting, after the word “conclusively”, “, with the necessary modifications,”.

(2) Subsection 1 has effect from 22 February 1994.

**10.** (1) Section 99 of the said Act, amended by section 34 of chapter 5 of the statutes of 2000, is again amended by adding, after paragraph *e*, the following paragraph :

“(f) where any part of a self-contained domestic establishment, in this paragraph referred to as the “work space”, in which an individual resides is the principal place of business of the individual or a partnership of which the individual is a member, or is used exclusively for the purpose of earning income from a business and on a regular and continuous basis for meeting clients, customers or patients of the individual or partnership in the course of the business, as the case may be, except a work space that relates to the operation of a lodging establishment that is a tourist home, bed and breakfast establishment or participating establishment in a hospitality village within the meaning of the regulations made under the Tourist Establishments Act (chapter E-15.1), where the individual or partnership holds a permit of the appropriate subclass to which the lodging establishment belongs, issued under that Act, or is a participant in a hospitality village covered by such a permit, the following rules apply :

i. the capital cost at any time of the work space to the individual or partnership is deemed to be equal to the aggregate of

(1) 50% of the portion of the capital cost of the work space to the individual or partnership, determined without reference to this subparagraph i, that cannot reasonably be considered to be attributable to the amount of an expenditure of a capital nature relating solely to the work space that the individual or partnership made before that time, and

(2) the portion of the capital cost of the work space to the individual or partnership, determined without reference to this subparagraph i, that may reasonably be considered to be attributable to the amount of an expenditure of a capital nature relating solely to the work space that the individual or partnership made before that time,

ii. the proceeds of disposition of the work space to the individual or partnership, reduced by the total of all expenditures made or incurred by the individual or partnership for the purpose of making the disposition, are deemed to be equal to the aggregate of

(1) 50% of such proportion of the proceeds of disposition to the individual or partnership of the work space so reduced, determined without reference to this subparagraph ii, as the portion of the capital cost of the work space to the individual or partnership immediately before the disposition, determined without reference to this paragraph, that cannot reasonably be considered to be attributable to the amount of an expenditure of a capital nature relating solely to the work space that the individual or partnership made is of the capital cost of the work space to the individual or partnership immediately before the disposition, determined without reference to this paragraph, and

(2) such proportion of the proceeds of disposition to the individual or partnership of the work space so reduced, determined without reference to this subparagraph ii, as the portion of the capital cost of the work space to the individual or partnership immediately before the disposition, determined without reference to this paragraph, that may reasonably be considered to be



attributable to the amount of an expenditure of a capital nature relating solely to the work space that the individual or partnership made is of the capital cost of the work space to the individual or partnership immediately before the disposition, determined without reference to this paragraph, and

iii. each of the amounts that increased or reduced the undepreciated capital cost to an individual or a partnership of the class that includes the work space, for a taxation year or a fiscal period, as the case may be, that begins before 10 May 1996, otherwise than because of subparagraph i or iv of paragraph *e* of section 93, to the extent that it may reasonably be considered that the amount is attributable to an expenditure of a capital nature which does not relate solely to the work space that the individual or partnership made, is deemed, for a taxation year or a fiscal period, as the case may be, that begins after 9 May 1996, to be equal to 50% of that amount.”

(2) Subsection 1 applies to taxation years or fiscal periods that begin after 9 May 1996.

**11.** (1) The said Act is amended by inserting, after section 104.3, the following :

#### **“DIVISION II.2**

#### **“AMOUNT TO BE INCLUDED IN RESPECT OF THE SUPPLEMENTARY DEDUCTION FOR CERTAIN INVESTMENTS**

**“104.4.** A taxpayer, who is an individual or a corporation, shall include in computing the taxpayer’s income for a taxation year from a business the amount referred to in the second paragraph, if

(a) an amount was deducted, in respect of depreciable property of a prescribed class, in computing the taxpayer’s income from a business for a preceding taxation year under section 156.5; and

(b) an amount in respect of the depreciable property, in this section referred to as the “particular amount”, that is an amount of assistance described in section 101 or an amount deducted by the taxpayer in respect of the property under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), is taken into account for the first time for the purpose of determining, at any time in the year, the capital cost to the taxpayer of the property or the undepreciated capital cost of the taxpayer’s property of that class.

The amount referred to in the first paragraph that the taxpayer is required to include in computing the taxpayer’s income for the year is equal to 25% of the amount determined by the formula

$$A \times B/C.$$

In the formula provided for in the second paragraph,

(a) A is the lesser of

i. the aggregate of all amounts each of which is, for the taxpayer, a particular amount in respect of the depreciable property for the year, and

ii. the amount included in computing the taxpayer's income for the year under section 94 in respect of the depreciable property;

(b) B is

i. where the taxpayer is an individual, the aggregate of the individual's income earned in Québec and elsewhere for the year, and

ii. where the taxpayer is a corporation, the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the year; and

(c) C is

i. where the taxpayer is an individual, the individual's income earned in Québec for the year, and

ii. where the taxpayer is a corporation, the business carried on in Québec by the corporation in the year.

**“104.5.** A partnership shall include in computing the partnership's income from a business for a fiscal period, in this section referred to as the “particular period”, the amount referred to in the second paragraph, if

(a) an amount was deducted, in respect of depreciable property of a prescribed class, in computing the partnership's income from a business for a preceding fiscal period under section 156.5.1; and

(b) an amount in respect of the depreciable property, in this section referred to as the “particular amount”, that is an amount of assistance described in section 101 or an amount that is deemed to be such an amount of assistance because of the application of section 101.3 or 101.4, is taken into account for the first time for the purpose of determining, at any time in the particular period, the capital cost to the partnership of the property or the undepreciated capital cost of the partnership's property of that class.

The amount to which the first paragraph refers that the partnership is required to include in computing its income for the particular period is equal to 25% of the amount determined by the formula

$A \times B/C$ .

In the formula provided for in the second paragraph,

(a) A is the lesser of

i. the aggregate of all amounts each of which is, for the partnership, a particular amount in respect of the depreciable property for the particular period, and

ii. the amount included in computing the partnership's income for the particular period under section 94 in respect of the depreciable property ;

(b) B is the aggregate of the business carried on in Canada or in Québec and elsewhere by the partnership in the particular period ; and

(c) C is the business carried on in Québec by the partnership in the particular period.

**“104.6.** For the purposes of sections 104.4 and 104.5, the following rules apply :

(a) the computation of income earned in Québec and of income earned in Québec and elsewhere is made in the manner prescribed in the regulations made pursuant to section 22, with the necessary modifications ; and

(b) the computation of business carried on in Canada, of business carried on in Québec and of business carried on in Québec and elsewhere by a corporation is made in the manner prescribed by the regulations made pursuant to subsection 2 of section 771, with the necessary modifications, and the computation of business carried on in Canada, of business carried on in Québec and of business carried on in Québec and elsewhere by a partnership is made in the manner so prescribed by those regulations, with the necessary modifications, as if the partnership were a corporation and its fiscal period were a taxation year.”

(2) Subsection 1 applies in respect of property acquired by a taxpayer or a partnership after 25 March 1997, other than property acquired by the taxpayer or the partnership pursuant to an agreement in writing entered into before 26 March 1997 or that was under construction by or on behalf of the taxpayer or the partnership on 25 March 1997. However,

(1) where section 104.5 of the said Act, enacted by subsection 1, applies in respect of property acquired before 1 April 1998, it shall be read without reference to the third paragraph and with the second paragraph replaced by the following :

“The amount to which the first paragraph refers that the partnership is required to include in computing its income for the particular period is equal to 25% of the lesser of

(a) the aggregate of all amounts each of which is, for the partnership, a particular amount in respect of the depreciable property for the particular period; and

(b) the amount included in computing the partnership's income for the particular period under section 94 in respect of the depreciable property.”;

(2) where section 104.6 of the said Act, enacted by subsection 1, applies in respect of property acquired before 1 April 1998, it shall be read with “of sections 104.4 and 104.5”, in the portion before paragraph *a*, replaced by “section 104.4” and with paragraph *b* replaced by the following :

“(b) the computation of business carried on in Canada, of business carried on in Québec and of business carried on in Québec and elsewhere is made in the manner prescribed by the regulations made pursuant to subsection 2 of section 771, with the necessary modifications.”

**12.** (1) Section 119.5 of the said Act is amended by replacing, in the portion before paragraph *a*, “except for the purposes of subparagraph i of paragraphs *c*, *d* and *d.1* of subsection 1 of section 771, subparagraph ii of paragraph *e* of that subsection 1, paragraph *b* of sections 771.0.2 and 771.0.2.1 and paragraph *b* of sections 771.8 to 771.8.5” by “except for the purposes of sections 771.8.3 and 771.8.5”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999. In addition, where section 119.5 of the said Act, amended by subsection 1, applies, from 15 November 2000, to taxation years that begin before 1 July 1999, the portion before paragraph *a* thereof shall be read with “except for the purposes of subparagraph i of paragraphs *c*, *d* and *d.1* of subsection 1 of section 771, subparagraph ii of paragraph *e* of that subsection 1, paragraph *b* of sections 771.0.2 and 771.0.2.1 and paragraph *b* of sections 771.8 to 771.8.5” replaced by “except for the purposes of sections 771.0.2.1 and 771.8.1 to 771.8.5”.

**13.** (1) The said Act is amended by inserting, after section 133.4, the following section:

“**133.5.** An individual, other than a performing artist, shall not deduct any amount in computing the individual's income from a business or property, in respect of an outlay or an expense made or incurred by the individual in respect of an article of clothing to be worn by the individual, except where it may reasonably be considered that the article of clothing cannot be worn by the individual otherwise than for the purpose of earning income from a business or property, or of earning income from a business or property and from another source.

For the purposes of the first paragraph, “performing artist” means an individual engaged in activities as a program host or who performs in a creative field such as the theatre, motion pictures, music, dance, variety shows, dubbing or advertising.”

(2) Subsection 1 is declaratory, except in respect of cases pending on 6 November 1998 and notices of objection served on the Minister of Revenue on or before that date, in which one of the matters of dispute, expressly raised on or before that date in the motion for appeal or notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, alleges that an outlay or expense made or incurred in connection with certain articles of clothing is deductible in computing income from a business or property.

**14.** (1) The said Act is amended by inserting, after section 154.1, the following section :

**“154.2.** A taxpayer may deduct, in computing the taxpayer’s income from a timber business for any of the taxation years 1999 to 2002 of the taxpayer, an amount not exceeding 40% of the income otherwise determined for that taxation year from the sale of timber derived from the operation of a woodlot described in the second paragraph in the course of that business.

The woodlot to which the first paragraph refers is a private woodlot in respect of which the taxpayer receives assistance under any of the technical and financial assistance programs implemented by the Ministère des Ressources naturelles or the Ministère de l’Agriculture, des Pêcheries et de l’Alimentation pursuant to Order in Council 1440-98, 1464-98 or 1465-98 dated 27 November 1998.”

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

**15.** (1) Section 156.6 of the said Act, amended by section 41 of chapter 83 of the statutes of 1999, is again amended by replacing, wherever it appears, “1 January 1999” by “1 April 2000”.

(2) Subsection 1 has effect from 1 January 1999.

**16.** (1) Section 175.5 of the said Act, amended by section 48 of chapter 83 of the statutes of 1999 and by section 293 of chapter 5 of the statutes of 2000, is again amended

(1) by replacing subparagraphs i and ii of subparagraph *a* of the first paragraph by the following :

“i. where the individual or the partnership has made an expenditure, other than an expenditure of a capital nature, that may reasonably be considered to relate

(1) both to the part of the establishment, other than the work space, and to the work space, the product obtained by multiplying the amount that would, but for this section, be deductible in computing the income of the individual or partnership from the business for the taxation year or the fiscal period, as the case may be, in respect of the expenditure, by 50%, or

(2) solely to the work space, the amount that would, but for this section, be deductible in computing the income of the individual or partnership from the business for the taxation year or the fiscal period, as the case may be, in respect of the expenditure, and

“ii. the amount deducted by the individual or the partnership in computing the income of the individual or partnership from the business for the taxation year or the fiscal period, as the case may be, under paragraph *a* of section 130, in respect of the work space, and”;

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

“(b) the income of the individual or partnership from the business for the taxation year or the fiscal period, as the case may be, computed before deducting any amount referred to in subparagraphs i and ii of subparagraph *a* and without reference to sections 217.2 to 217.17.”;

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

“For the purposes of subparagraph i of subparagraph *a* of the first paragraph,

(a) an amount paid or payable by the individual or partnership as rent pertaining to the work space is deemed to be an expenditure that may reasonably be considered to relate to both the part of the establishment, other than the work space, and the work space;

(b) an expenditure, other than an expenditure of a capital nature, made by the individual or partnership, that may reasonably be considered to relate to both the work space in connection with the operation of a lodging establishment that is a tourist home, bed and breakfast establishment or participating establishment in a hospitality village, within the meaning of the regulations made under the Tourist Establishments Act (chapter E-15.1), and the part of the establishment, other than the work space, is deemed to be an expenditure relating solely to the work space if the individual or partnership holds a permit of the appropriate subclass to which the lodging establishment belongs, issued under that Act, or is a participant in a hospitality village covered by such a permit.”;

(4) by striking out the third paragraph.

(2) Subsection 1 applies to taxation years or fiscal periods that begin after 9 May 1996.

**17.** (1) Section 175.6 of the said Act is amended by replacing paragraph *b* by the following:

“(b) in applying section 175.5, the excess amount is deemed to be an expenditure, other than an expenditure of a capital nature, that may reasonably be considered to relate solely to the work space and that is deductible in

computing the income of the individual or partnership from the business for the particular taxation year or the particular fiscal period, as the case may be.”

(2) Subsection 1 applies to taxation years or fiscal periods that begin after 9 May 1996. However, where paragraph *b* of section 175.6 of the said Act, enacted by subsection 1, applies to the first taxation year of an individual that begins after that date, it shall be read as follows :

“(b) for the purposes of section 175.5, the excess amount is deemed, for the first taxation year, to be an amount referred to in subparagraph ii of subparagraph *a* of the first paragraph of that section.”

**18.** Section 223.1 of the said Act is replaced by the following :

**“223.1.** Where a taxpayer carries on a business in Canada in a taxation year by reason of an arrangement, a transaction or an event, or of a series of arrangements, transactions or events, and it may reasonably be considered that one of the purposes of the arrangement, transaction or event or of the series of arrangements, transactions or events is to cause the taxpayer to carry on the business so as to allow the taxpayer to deduct an amount in computing the taxpayer’s income from that business for that taxation year, pursuant to sections 222 to 226, the taxpayer is, for the purposes of those sections, deemed not to carry on the business in that year by reason of the arrangement, transaction or event or of the series of arrangements, transactions or events unless the taxpayer is, by reason of the arrangement, transaction or event, or of the series of arrangements, transactions or events, a member of a partnership other than a specified member of that partnership.”

**19.** (1) The said Act is amended by inserting, before Title IV of Book III of Part I, the following :

### **“DIVISION XIII**

#### **“SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT SUPER-DEDUCTION**

**“230.12.** In this division, “excluded corporation” means

(a) a corporation that is exempt from tax under Book VIII, other than an insurer referred to in paragraph *k* of section 998 that is not so exempt from tax on its total taxable income by reason of section 999.0.1 ; or

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

**“230.13.** A corporation, other than an excluded corporation, that carries on a business in Canada or is a member of a partnership that carries on a business in Canada may elect, irrevocably, to deduct for a taxation year the

lesser of the corporation's income for the year from a qualified business, computed without reference to this section, and the proportion determined under the second paragraph of the aggregate of

(a) an amount not exceeding 230% of the aggregate of all amounts each of which is wages or part of a consideration, or the corporation's share of such an amount, in respect of which the corporation would, but for this division and section 1029.8.21.3, be deemed to have paid an amount to the Minister, on account of its tax payable for the year, under Division II of Chapter III.1 of Title III of Book IX;

(b) an amount not exceeding 460% of the aggregate of all amounts each of which is a qualified expenditure, an eligible fee or the corporation's share of such an amount, in respect of which the corporation would, but for this division and section 1029.8.21.3, be deemed to have paid an amount to the Minister, on account of its tax payable for the year, under any of Divisions II.1 to II.3 of Chapter III.1 of Title III of Book IX, as the case may be; and

(c) an amount not exceeding 190% of the aggregate of all amounts each of which is an amount in respect of which the corporation would, but for this division and section 1029.8.21.3, be deemed to have paid an amount to the Minister, on account of its tax payable for the year, under Division II.3.1 of Chapter III.1 of Title III of Book IX.

The proportion to which the first paragraph refers is the proportion that the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the year is of the business carried on in Québec by the corporation in the year.

**“230.14.** Where the corporation referred to in section 230.13 was not, throughout the taxation year, controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets of the corporation shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$50,000,000, the rate of “230%” mentioned in subparagraph *a* of the first paragraph of that section shall be replaced by the rate determined by the following formula, to the extent that it is applied to that part of the aggregate referred to in subparagraph *a* that does not exceed the expenditure limit of the corporation for the year:

$$460\% - \frac{[(A - \$25,000,000) \times 230\%]}{\$25,000,000}$$



In the formula provided for in the first paragraph, A is the greater of \$25,000,000 and the assets of the corporation determined as provided in this division.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph shall be read as if the reference therein to “submitted to the shareholders” were a reference to “submitted to the members”.

**“230.15.** For the purposes of section 230.14, in computing the assets of a corporation at any time, the amount that is the surplus reassessment of its property at that time and the amount of its intangible assets at that time shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of intangible assets consists of shares of the capital stock of the corporation, or, in the case of a cooperative, of shares of the capital stock of the cooperative, all or the part of the expenditure, as the case may be, is deemed to be nil.

**“230.16.** For the purposes of section 230.14, the assets of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the assets of the corporation and of each corporation with which it is associated, determined in accordance with sections 230.14 and 230.15, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

**“230.17.** For the purposes of sections 230.14 to 230.16, where in a taxation year a corporation or a corporation with which it is associated reduces its assets by any transaction and, but for that reduction, section 230.14 would not apply to the corporation, the assets are deemed not to have been so reduced unless the Minister decides otherwise.

**“230.18.** For the purposes of section 230.14, the expenditure limit of a corporation for a taxation year is an amount equal to \$2,000,000, except where the corporation is associated in the year with one or more other corporations that are not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada, in which case, subject to sections 230.19 to 230.21, the expenditure limit for the year is nil.

**“230.19.** Notwithstanding section 230.18, where all of the corporations that are not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and that are associated with each other in a taxation year have filed with the Minister, in prescribed form, an agreement whereby, for the purposes of section 230.14, they allocate an amount to one or more of them for the taxation year and the amount so allocated or the aggregate of the amounts so allocated, as the case may be, is equal to \$2,000,000, the expenditure limit for the year of each of the corporations is equal to the amount so allocated to it.

**“230.20.** If any of the corporations that are not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and that are associated with each other in a taxation year fails to file with the Minister the agreement referred to in section 230.19 within 30 days after notice in writing by the Minister is forwarded to any of them that such an agreement is required for the purpose of any assessment of tax under this Part, the Minister shall, for the purposes of section 230.13, allocate an amount to one or more of them for the taxation year, which amount or the aggregate of which amounts, as the case may be, shall be equal to \$2,000,000, and in any such case, notwithstanding section 230.18, the expenditure limit for the year of each of the corporations is equal to the amount so allocated to it.

**“230.21.** Notwithstanding any other provision of this division, the following rules apply:

(a) where a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada, in this section referred to as “the first corporation”, has more than one taxation year ending in the same calendar year and it is associated in two or more of those taxation years with another such corporation that has a taxation year ending in that calendar year, the expenditure limit of the first corporation for each taxation year in which it is associated with the other corporation and that ends in the calendar year is, subject to paragraph *b*, an amount equal to its expenditure limit for the first such taxation year determined without reference to paragraph *b*; and

(b) where a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada has a taxation year that is less than 51 weeks, its expenditure limit for the year is equal to such proportion of its expenditure limit for the year determined without reference to this paragraph as the number of days in the year is of 365.

**“230.22.** Any election under this division by a corporation for a taxation year shall be made by filing with the Minister the prescribed form containing the prescribed information on or before the day that is 12 months after the corporation’s filing-due date for the year.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**20.** (1) Section 311.1 of the said Act, replaced by section 84 of chapter 5 of the statutes of 2000, is amended by adding the following paragraph:

“However, a social assistance payment referred to in the first paragraph does not include the portion of an amount received under the Act respecting income support, employment assistance and social solidarity (1998, chapter 36) as a last resort financial assistance benefit attributable to a period after 30 September 1999 that relates to

(a) an amount corresponding to the amount of the increase to account for the advance Québec sales tax credit provided for in section 24 or 25 of the Regulation respecting income support made by Order in Council 1011-99 dated 1 September 1999, as it read at the time of its application;

(b) an amount corresponding to the amount of the increase in respect of dependent children provided for in any of sections 34 to 41, 43, 200, 201 and 204 of the Regulation respecting income support; or

(c) an amount received as a special benefit referred to in subdivision 2 of Division III of Chapter III of the Regulation respecting income support.”

(2) Subsection 1 applies in respect of last resort financial assistance benefits received after 30 September 1999 that are attributable to a period after that date.

**21.** (1) Section 336 of the said Act, amended by section 87 of chapter 5 of the statutes of 2000, is again amended by replacing paragraph *d.2* by the following :

“(d.2) an amount repaid by the taxpayer in the year pursuant to section 102 of the Act respecting income support, employment assistance and social solidarity (1998, chapter 36), section 35 of the Act respecting income security (chapter S-3.1.1) or a similar provision of a law of a province, to the extent that the amount has been included in computing the taxpayer’s income under section 311.1 for the year or a preceding taxation year;”.

(2) Subsection 1 applies in respect of amounts repaid after 30 September 1999.

**22.** (1) Section 336.0.8 of the said Act is replaced by the following :

**“336.0.8.** For the purposes of sections 336.0.2 and 336.0.3, where an order or agreement, or any variation thereof, provides for the payment of an amount by a taxpayer to a person or for the benefit of the person, a child in the person’s custody or both the person and a child in the person’s custody, a benefit is paid by the Minister of Employment and Solidarity under Chapter I of Title II of the Act respecting income support, employment assistance and social solidarity (1998, chapter 36) or Chapter II of the Act respecting income security (chapter S-3.1.1) because the taxpayer fails to pay all or part of the amount that the taxpayer is required to pay, and in a taxation year the taxpayer repays all or part of that benefit to the Minister of Employment and Solidarity, the amount so repaid is deemed to have been payable in that year under the order or agreement and to have been paid to and received by the person in that year.”

(2) Subsection 1 applies in respect of last resort financial assistance benefits paid after 30 September 1999 that are attributable to a period after that date.

**23.** (1) Section 363 of the said Act is amended by replacing subparagraphs *h* and *i* of the first paragraph by the following :

“(h) the generation of energy using property referred to in class 43.1 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1); and

“(i) the development of projects for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in each project would be the capital cost of property referred to in class 43.1 of Schedule B to the Regulation respecting the Taxation Act.”

(2) Subsection 1 has effect from 6 December 1996.

**24.** (1) Section 421.2 of the said Act is amended

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

“(f) is an amount that is the cost of a subscription to cultural events that are”;

(2) by striking out subparagraph *v* of subparagraph *f* of the first paragraph ;

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

“For the purposes of subparagraph *f* of the first paragraph and this paragraph,

“performing arts presenter” means a person or an organization whose mission is to present the performing arts and who is responsible for programming professional performances generating box office or subscription income, or a manager or lessee of a venue for cultural events ;

“subscription” means an agreement between a performing arts presenter and a client under which the client acquires a package put together by the performing arts presenter and consisting of a determined number of tickets for a minimum of three different presentations of events referred to in subparagraphs *i* to *iv* of that subparagraph *f* that are held in Québec.”

(2) Subsection 1 applies to purchases of subscriptions made after 9 March 1999.

**25.** (1) Section 518 of the said Act is amended by replacing the words “property owned by the taxpayer which is eligible property” by the words “any of the taxpayer’s property”.

(2) Subsection 1 applies in respect of dispositions of property that occur after 15 November 2000.

**26.** (1) Section 518.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of dispositions of property that occur after 15 November 2000.

**27.** Section 520.1 of the said Act, amended by section 293 of chapter 5 of the statutes of 2000, is again amended

(1) by replacing, in the portion of the third paragraph before subparagraph *a* and wherever it appears in the fourth paragraph, the word “jointly” by the word “solidarily”;

(2) by replacing, in subparagraph *a* of the third paragraph, the words “is sent to the Minister after” by the words “is not sent to the Minister on or before”.

**28.** (1) Section 524 of the said Act is amended by replacing, in the portion of paragraph *c* before subparagraph *i*, “eligible property, within the meaning of section 518.1, because of paragraph *g* or *g.1* of that section,” by “referred to in paragraph *g* or *g.1* of subsection 1.1 of section 85 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement),”.

(2) Subsection 1 applies in respect of dispositions of property that occur after 15 November 2000.

**29.** (1) The heading of Division IV.2 of Chapter IV of Title IX of Book III of Part I of the said Act is replaced by the following :

“WINDING-UP OF THE BUSINESS OF A PARTNERSHIP WITHIN 60 DAYS”.

(2) Subsection 1 has effect from 19 December 1997.

**30.** Section 533 of the said Act is replaced, in the English text, by the following :

“**533.** The proceeds of disposition of the partnership interest of any member of a partnership on its winding-up is deemed to be the cost, to the member, of the property and shares received or receivable by the member as consideration for the disposition of the interest plus the amount of any money received by the member as consideration for the disposition.”

**31.** (1) Section 545 of the said Act is amended

(1) by replacing, in the French text of subsection 2, the words “admissibles en déduction” by the word “déductibles”;

(2) by striking out subsection 3;

(3) by replacing subsection 4 by the following :

“(4) The new corporation is deemed, for the purposes of section 104.1 or 104.4, to have deducted in computing its income the aggregate of all amounts deducted under section 156.1 or 156.5, as the case may be, in computing the income of the predecessor corporations.”;

(4) by replacing, in the French text of the portion of subsection 5 before paragraph *a*, the words “Aux fins” by the words “Pour l’application”;

(5) by replacing, wherever they appear in the French text of paragraph *a* of subsection 5, the words “admissible en déduction” by the word “déductible”.

(2) Paragraph 2 of subsection 1 applies to taxation years that begin after 1 July 1999.

(3) Paragraph 3 of subsection 1 applies in respect of property acquired by a corporation after 25 March 1997, other than property acquired by the corporation pursuant to an agreement in writing entered into before 26 March 1997 or that was under construction by or on behalf of the corporation on 25 March 1997.

**32.** (1) Section 547.2 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 1 July 1999.

**33.** (1) Section 564 of the said Act is amended by striking out “and subsection 3 of that section”.

(2) Subsection 1 applies to taxation years that begin after 1 July 1999.

**34.** (1) Section 564.5 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“**564.5.** For the purposes of sections 563, 564.2 to 564.4.2, 710 to 712, 727, 728.1, 729, 731 and 734 to 735.1, where a parent corporation was incorporated or otherwise formed after the end of a taxation year during which one of its subsidiaries sustained a loss or made a gift, the parent corporation is deemed, for the purpose of computing its taxable income for any taxation year,”.

(2) Subsection 1 applies to taxation years that begin after 1 July 1999.

**35.** (1) Section 564.7 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 1 July 1999.

**36.** (1) The said Act is amended by inserting, after section 598, the following section :

**“598.1.** For the purposes of this Part, an individual resident in Québec who is a shareholder of a corporation described in the second paragraph may agree, with the approval in writing of the Minister and subject to the terms and conditions set out in the approval, to apply the following rules for the period during which the agreement is effective:

(a) the corporation is deemed to be a controlled foreign affiliate of the individual;

(b) the income of the corporation is deemed to be foreign accrual property income of a controlled foreign affiliate of the individual;

(c) for the purposes of section 146, the portion of the income that is included in computing the individual’s income for a taxation year is deemed not to be income from a property; and

(d) the individual shall not include any amount in computing the individual’s income in respect of a dividend paid to the individual on a share of the capital stock of the corporation and shall deduct the amount of the dividend in computing the adjusted cost base to the individual of the share.

The corporation to which the first paragraph refers is an S corporation within the meaning of the United States Internal Revenue Code of 1986.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1995.

**37.** Section 620.1 of the said Act is amended by replacing, in the portion of the second paragraph before subparagraph *a*, the words “is sent to the Minister after” by the words “is not sent to the Minister on or before”.

**38.** (1) Section 693 of the said Act, amended by section 61 of chapter 83 of the statutes of 1999, is again amended by replacing the second paragraph by the following:

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.25 and 737.28.”

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

**39.** (1) Section 725 of the said Act, amended by section 72 of chapter 83 of the statutes of 1999, is again amended by replacing paragraph *c* by the following:

“(c) a social assistance payment made on the basis of a means, needs or income test, other than a payment received under the Act respecting income support, employment assistance and social solidarity (1998, chapter 36), a payment received under the Act respecting income security (chapter S-3.1.1) or a similar payment made under a law of a province, and included in computing the individual’s income by reason of section 311.1 or by reason of section 317 as a supplement or spouse’s allowance received under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9) or any similar payment made under a law of a province;”.

(2) Subsection 1 applies in respect of last resort financial assistance benefits received after 30 September 1999 that are attributable to a period after that date.

**40.** (1) Section 725.6 of the said Act, amended by section 75 of chapter 83 of the statutes of 1999, is again amended, in the portion before paragraph *a*, by inserting, after “737.18,”, “paragraph *g* of section 737.18.13,” and by replacing “and 737.22.0.0.4” by “, 737.22.0.0.4 and 737.22.0.0.8”.

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

**41.** (1) Section 726.22 of the said Act, amended by section 78 of chapter 83 of the statutes of 1999, is again amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**726.22.** Subject to paragraph *f* of section 737.22 and paragraph *h* of sections 737.22.0.0.4, 737.22.0.0.8 and 737.22.0.4, the amounts to which section 726.21 refers are the following :”.

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

**42.** (1) Section 730 of the said Act is amended

(1) by replacing, in the English text, the portion before paragraph *a* by the following :

“**730.** In this Title, the net capital loss of a taxpayer for a taxation year means the amount by which the aggregate of the following amounts exceeds the aggregate of all amounts by which the net capital loss of the taxpayer for the year is required to be reduced because of sections 485 to 485.18 :”;

(2) by replacing, in the English text, the portion of paragraph *b* before subparagraph ii by the following :

“(b) the least of

i. the amount of the allowable business investment losses of the taxpayer for the taxpayer’s seventh preceding taxation year,”;



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

“ii. the amount by which the non-capital loss of the taxpayer for the taxpayer’s seventh preceding taxation year exceeds the aggregate of all amounts relating to that non-capital loss deducted by the taxpayer in computing the taxpayer’s taxable income for the taxation year or for any preceding taxation year or in respect of which the taxpayer has made an election under section 1029.1, as it read for the taxation year in which the non-capital loss was sustained, and”;

(4) by replacing, in the English text of subparagraph iii of paragraph *b*, the word “nil” by the word “zero”.

(2) Paragraph 3 of subsection 1 applies to taxation years that end after 30 June 1999.

**43.** Section 733 of the said Act is amended by replacing, in the French text, the word “disposé” and the words “la disposition” by the word “aliéné” and the words “l’aliénation”, respectively.

**44.** (1) The said Act is amended by inserting, after section 733.0.2, enacted by section 79 of chapter 83 of the statutes of 1999, the following sections :

“**733.0.3.** For the purpose of determining the amount of the non-capital loss, farm loss, net capital loss, restricted farm loss or limited partnership loss for a taxation year of an individual who, for that year, benefited from the deduction provided for in section 737.18.10, any income realized by the individual during the exemption period, within the meaning of section 737.18.6, established in the individual’s respect, and any loss sustained by the individual during that period are deemed to be nil.

“**733.0.4.** For the purpose of determining the amount of the non-capital loss, farm loss, net capital loss or limited partnership loss for a taxation year of a corporation that, in that year, carries on a recognized business, within the meaning of the first paragraph of section 1029.8.36.0.38, or is a member of a partnership that, in a fiscal period of the partnership ending in that year, carries on such a business, the amount determined under subparagraph *a* of the first paragraph of section 737.18.11 in respect of the corporation for the year and the amount determined in respect of the corporation for the year under subparagraph *b* of that paragraph are deemed to be nil.”

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

**45.** (1) Section 735.1 of the said Act is replaced by the following :

“**735.1.** Notwithstanding sections 727 and 728.1, no amount may be deducted by a corporation in computing its taxable income for a taxation year in respect of a non-capital loss or a farm loss, as the case may be, sustained in any preceding taxation year, where an election was made in respect of that loss under section 1029.1, as it read for that preceding taxation year.”

(2) Subsection 1 applies to taxation years that end after 30 June 1999.

**46.** (1) Section 737.18.1 of the said Act, enacted by section 80 of chapter 83 of the statutes of 1999, is amended, in the French text,

(1) by inserting, before the definition of “date de référence”, the following definitions :

“«certificat d’admissibilité» a le sens que lui donne le premier alinéa de l’article 1029.8.36.89;

“«certificat provisoire» a le sens que lui donne le premier alinéa de l’article 1029.8.36.89;”;

(2) by striking out the definition of “visa d’admissibilité” and of “visa provisoire”.

(2) Subsection 1 has effect from 10 March 1999.

**47.** (1) The said Act is amended by inserting, after section 737.18.3, enacted by section 80 of chapter 83 of the statutes of 1999, the following section :

**“737.18.3.1.** For the purpose of computing the amount that may be deducted by a qualified corporation in computing its taxable income under section 737.18.3 for a taxation year for which the Minister of Finance has issued a valid certificate in respect of a qualified investment fund the reference date of which is before 10 March 1999, but in respect of which the first certificate issued to the qualified corporation is dated both after 9 March 1999 and after the qualified corporation’s filing-due date for the year,

(a) if the first certificate is a temporary certificate, the date shown thereon is deemed not to be after the qualified corporation’s filing-due date for the year; and

(b) if the first certificate is a qualification certificate, the following rules apply :

i. a temporary certificate the date of which is not after the qualified corporation’s filing-due date for the year is deemed to have been issued to the qualified corporation, and

ii. the third paragraph of section 737.18.3 shall, in respect of the qualified investment fund, be read as if the reference therein to “or valid temporary certificate, as the case may be, mentioned in subparagraph *a* of the second paragraph” were a reference to “issued to the qualified corporation by the Minister of Finance”.

(2) Subsection 1 has effect from 10 March 1999.

**48.** (1) Section 737.18.5 of the said Act, enacted by section 80 of chapter 83 of the statutes of 1999, is replaced by the following :

**“737.18.5.** For the purposes of section 737.18.4, where a temporary certificate issued to a qualified corporation in respect of a qualified investment fund of the qualified corporation is not replaced by a qualification certificate, on or before the qualified corporation’s filing-due date for its taxation year that includes the last day of the two-year period that begins on the reference date applicable to that fund, that temporary certificate is deemed to be revoked by the Minister of Finance in that taxation year.”

(2) Subsection 1 has effect from 10 March 1999.

**49.** (1) The said Act is amended by inserting, after section 737.18.5, enacted by section 80 of chapter 83 of the statutes of 1999, the following :

**“TITLE VII.2.2**

**“DEDUCTIONS RELATING TO THE CREATION OF  
THE INTERNATIONAL TRADE ZONE AT MIRABEL**

**“CHAPTER I**

**“INTERPRETATION AND GENERAL**

**“737.18.6.** In this Title,

“base period” applicable to a corporation or partnership in respect of eligible activities of a recognized business carried on by the corporation in a taxation year, or by the partnership in a fiscal period, means the period beginning on the day after the effective date of the certificate issued to the corporation or partnership in respect of the recognized business and ending on the earlier of

(a) the day preceding the day when the corporation or partnership ceases to carry on the eligible activities ; and

(b) 31 December 2009 ;

“eligible activities” of a recognized business carried on by a corporation in a taxation year, or by a partnership in a fiscal period, means 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 in the year or by the partnership in the fiscal period ;

“exemption period” in respect of an individual who is a foreign specialist means the period beginning on the particular day when, for the first time after 9 March 1999, the individual satisfies the conditions set out in paragraphs *a*, *b*, *d* and *e* of the definition of “foreign specialist” and ending on the earlier of

(a) the day when the individual ceases to satisfy any of those conditions;  
and

(b) the day that is five years after the particular day;

“foreign specialist” for a taxation year means an individual who

(a) holds employment, at a particular time after 9 March 1999 to any time in the taxation year, with a corporation or partnership that carries on a recognized business;

(b) from the particular time to any time in the taxation year, performs the duties of the individual’s employment with the corporation or partnership exclusively or almost exclusively in the international trade zone;

(c) is not resident in Canada immediately before the particular time;

(d) from the particular time to any time in the taxation year and without interruption, works exclusively or almost exclusively for the corporation or partnership;

(e) performs duties as an employee of the corporation or partnership that consist, from the particular time to any time in the taxation year, exclusively or almost exclusively in carrying out 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 partnership; and

(f) holds, as a result of a written application made to the Minister of Finance by the corporation or partnership on or before the last day of February of the following calendar year, a valid certificate issued by the Minister of Finance, for the taxation year, certifying that the individual is employed by the corporation or partnership, in the carrying on of the recognized business by the corporation or partnership, as an administrator or professional whose expertise is widely recognized in the individual’s community;

“international trade zone” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.0.38.

**“737.18.7.** For the purposes of the definition of “foreign specialist” in section 737.18.6, where the individual is resident in Canada immediately after ceasing to be in the employment of a particular corporation or partnership that carries on a recognized business and in respect of which the individual satisfied the conditions set out in paragraphs *a* to *e* of that definition and immediately before beginning employment, after that time, with another

corporation or partnership that carries on a recognized business, the other corporation or partnership is deemed not to be other than the particular corporation or partnership.

**“737.18.8.** For the purpose of determining, for the purposes of this Title, the income or loss of a corporation for a taxation year, or of a partnership for a fiscal period, from the eligible activities of a recognized business carried on by the corporation or partnership, as the case may be, the income or loss shall be computed as if the activities were the carrying on, by the corporation or partnership, of a separate business.

**“737.18.9.** For the purposes of this Title, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation or partnership in respect of a recognized business, the rules set out in section 1029.8.36.0.48 apply.

## **“CHAPTER II**

### **“DEDUCTIONS**

**“737.18.10.** Subject to the third paragraph, an individual who, for a taxation year, is a foreign specialist may deduct, in computing the individual’s taxable income for the year, an amount not exceeding the part of the individual’s income for the year that may reasonably be considered to be earned during the portion of the exemption period established in respect of the individual that is included in the year.

Where, in a taxation year, the individual is a member of a partnership, the individual’s share of the income or loss of the partnership for a fiscal period ending in the year shall be considered, for the purposes of the first paragraph, to be earned or sustained during the portion of the year referred to therein if that fiscal period ends in that portion of the year, and to be earned or sustained during the other portion of the year if the fiscal period ends in that other portion of the year.

An individual may deduct, under the first paragraph, an amount in computing the individual’s taxable income for a taxation year only if the individual encloses, with the fiscal return the individual is required to file under section 1000 for the year, a copy of the valid certificate issued in respect of the individual for the year and referred to in paragraph *f* of the definition of “foreign specialist” in section 737.18.6.

**“737.18.11.** Subject to the second paragraph, a corporation that, in a taxation year, carries on a recognized business or is a member of a partnership that, in a fiscal period of the partnership ending in that year, carries on a recognized business, may deduct, in computing its taxable income for the year, an amount not exceeding the part of its income for the year that may reasonably be considered to be the amount by which

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

i. the amount obtained by multiplying the corporation's income for the year from the eligible activities of a recognized business carried on by the corporation, by the proportion that the number of days in the year that are within the base period applicable to the corporation in respect of the eligible activities is of the number of days in the year during which the corporation carries on the eligible activities, or

ii. the amount obtained by multiplying the corporation's share of the partnership's income for the fiscal period from the eligible activities of a recognized business carried on by the partnership, by the proportion that the number of days in the fiscal period that are within the base period applicable to the partnership in respect of the eligible activities is of the number of days in the fiscal period during which the partnership carries on the eligible activities; exceeds

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

i. the amount obtained by multiplying the corporation's loss for the year from the eligible activities of a recognized business carried on by the corporation, by the proportion that the number of days in the year that are within the base period applicable to the corporation in respect of the eligible activities is of the number of days in the year during which the corporation carries on the eligible activities, or

ii. the amount obtained by multiplying the corporation's share of the partnership's loss for the fiscal period from the eligible activities of a recognized business carried on by the partnership, by the proportion that the number of days in the fiscal period that are within the base period applicable to the partnership in respect of the eligible activities is of the number of days in the fiscal period during which the partnership carries on the eligible activities.

A corporation may deduct an amount under the first paragraph in computing its taxable income for a taxation year only if it encloses, with its fiscal return it is required to file under section 1000 for the year, the prescribed form containing the prescribed information and, in relation to each recognized business carried on by the corporation or the partnership, a copy of the certificate issued to the corporation or partnership in respect of the recognized business.

### “CHAPTER III

#### “INCLUSION

“**737.18.12.** A corporation that, in a taxation year, carries on a recognized business or is a member of a partnership that, in a fiscal period of the partnership ending in that year, carries on a recognized business, shall include, in computing its taxable income for the year, an amount equal to the lesser of

(a) the amount by which the amount determined in its respect for the year under subparagraph *b* of the first paragraph of section 737.18.11 exceeds the amount determined in its respect for the year under subparagraph *a* of that paragraph; and

(b) its income for the year, computed as if the amount determined in its respect for the year under subparagraph *a* of the first paragraph of section 737.18.11 and the amount determined in its respect for the year under subparagraph *b* of that paragraph were nil.

#### “CHAPTER IV

#### “COMPUTATION OF TAXABLE INCOME

“**737.18.13.** For the purpose of computing the taxable income of a foreign specialist referred to in section 737.18.10 for a taxation year, the following rules apply:

(a) for the purpose of computing the deduction under section 725.2, the amount that is the benefit the foreign specialist is deemed to receive in the year under any of sections 49 and 50 to 52, in respect of the share or the transfer or other disposition of the rights under the agreement referred to in section 48 and which the foreign specialist has included in computing the foreign specialist’s income for the year, shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist’s income for the year;

(b) for the purpose of computing the deduction under section 725.3, the amount that is the benefit the foreign specialist is deemed to receive in the year under section 49, by virtue of section 49.2, in respect of a share acquired by the foreign specialist after 22 May 1985 and which the foreign specialist has included in computing the foreign specialist’s income for the year, shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist’s income for the year;

(c) for the purpose of computing the deduction under section 725.4, the amount included by the foreign specialist under paragraph *b* of section 218 in computing the foreign specialist’s income for the year in respect of a share the foreign specialist has received after 22 May 1985 shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist’s income for the year;

(d) for the purpose of computing the deduction under section 725.5, the amount included by the foreign specialist under section 888.1 in computing the foreign specialist’s income for the year shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist’s income for the year;

(e) for the purpose of computing the deduction under section 725, the amount included by the foreign specialist in computing the foreign specialist's income for the year, which is an amount described in any of paragraphs *a* to *e* of that section, shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist's income for the year;

(f) for the purpose of computing the deduction under section 725.1.2, the amount included by the foreign specialist in computing the foreign specialist's income for the year, which is an amount described in the second paragraph of that section, shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist's income for the year;

(g) paragraph *a*, the portion of paragraph *b* before subparagraph *i* and paragraph *c* of section 725.6 shall be read as follows:

“(a) such portion of the benefit that would be deemed to have been received in the year by the individual under sections 487.1 to 487.6 if those sections applied only in respect of the home relocation loan as may reasonably be attributed to the portion of the year that is not included in the portion, included in the year, of the exemption period, within the meaning of section 737.18.6, established in respect of the individual.”;

“(b) the amount of interest for that portion of the year not included in the portion, included in the year, of the exemption period, within the meaning of section 737.18.6, established in respect of the individual, that would be computed at the prescribed rate referred to in section 487.2 in respect of the home relocation loan of the individual if that loan were in the amount of \$25,000 and were extinguished on the earlier of”;

“(c) such portion of the amount of the benefit the individual is deemed to have received in the year under sections 487.1 to 487.6 in respect of the loan as may reasonably be considered to have been received in the portion of the year not included in the portion, included in the year, of the exemption period, within the meaning of section 737.18.6, established in respect of the individual.”;

(h) for the purpose of computing the deduction under section 725.9, the amount received in the year by the foreign specialist under a registered gain-sharing plan that is part of a quality approach, within the meaning of section 725.8, of a corporation and included by the foreign specialist in computing the foreign specialist's income for the year shall not include the portion of the amount included in the part referred to in the first paragraph of section 737.18.10 of the foreign specialist's income for the year;

(i) every capital gain realized during the exemption period established in respect of the foreign specialist and every capital loss, including allowable business investment losses, for that period are deemed to be nil for the purposes of Titles VI.5 and VI.5.1.”



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

**50.** (1) Section 737.19 of the said Act, amended by section 81 of chapter 83 of the statutes of 1999, by section 99 of chapter 86 of the statutes of 1999 and by section 160 of chapter 5 of the statutes of 2000, is again amended

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

“(a) “foreign researcher” means an individual who, at a particular time after 30 April 1987, takes up employment, as an employee, with an eligible employer pursuant to an employment contract entered into after 30 April 1987 with the eligible employer, in respect of whom the eligible employer obtained from the Minister of Research, Science and Technology, after having applied therefor in writing not later than the later of the last day of February of the calendar year following the calendar year in which the employment contract was entered into and the last day of February of the calendar year following the calendar year in which the individual took up employment, a certificate that has not been revoked, certifying that the individual is specialized in the field of pure or applied science or a related field and holds, or possesses knowledge equivalent to the knowledge acquired by the holder of, a Master’s degree recognized by a Québec university in such a field, and who”;

(2) by replacing, in the English text, subparagraphs i to iii of paragraph *a* and the portion of paragraph *b* before subparagraph ii by the following :

“i. is not resident in Canada immediately before entering into the employment contract or immediately before taking up employment, as an employee, with the eligible employer,

“ii. from the particular time and without interruption, works exclusively or almost exclusively as an employee of the eligible employer, and

“iii. performs duties as an employee of the eligible employer that consist exclusively or almost exclusively in carrying on scientific research and experimental development and that cannot reasonably be considered to be scientific research and experimental development activities carried on in an eligible university entity within the meaning of paragraph *f* of section 1029.8.1 or an eligible public research centre within the meaning of paragraph *a.1* of that section ;

“(b) “eligible employer” means a person or a partnership who or which carries on a business in Canada and undertakes or causes to be undertaken, on the person’s or the partnership’s behalf in Québec, scientific research and experimental development related to a business of the person or partnership, other than

i. a person exempt from tax under section 984 or 985 or that would be exempt from tax under section 985 but for section 192, and”;

(3) by replacing, in the English text, the portion of paragraph *c* before subparagraph ii by the following :

“(c) “research activity period” of a foreign researcher means only the period beginning on the day when, for the first time after 30 April 1987, the foreign researcher takes up employment, as an employee, with an eligible employer and ending on the earlier of

i. the day on which the foreign researcher ceases to satisfy a condition set out in subparagraph ii or iii of paragraph *a*, and”;

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

“ii. the last day of the five-year period that begins on the foreign researcher’s employment starting date;”;

(5) by replacing, in the English text, paragraphs *e* and *f* by the following :

“(e) “eligible income” of a foreign researcher for a taxation year means the aggregate of all such amounts paid to the foreign researcher as wages in the year by the researcher’s eligible employer as may reasonably be considered to be attributable to the researcher’s research activity period and that constitute, for the eligible employer, an expenditure of a current nature referred to in section 222 in respect of scientific research and experimental development undertaken in Québec ;

“(f) “wages” means the income computed under Chapters I and II of Title II of Book III of this Part.”

(2) Paragraph 1 of subsection 1 applies in respect of employment contracts entered into after 30 June 1999 or the taking up of employment after that date.

(3) Paragraph 4 of subsection 1 applies in respect of employees

(1) who take up employment with an employer after 9 March 1999 pursuant to an employment contract entered into after that date ; or

(2) whose research activity periods were underway at any time in the year 1999.

**51.** Section 737.20 of the said Act is amended, in the English text,

(1) by replacing, in the first paragraph, the word “defined” by the words “referred to” ;

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

“The same rule applies where a new employment contract is entered into with another eligible employer if the other eligible employer is one of the following persons, in which case that other eligible employer is deemed not to be other than the eligible employer who entered into the employment contract referred to in paragraph *a* of section 737.19:”;

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

“(b) a corporation that, as a result of a transaction referred to in section 518 or 566, continues to carry on the business of the eligible employer in respect of which the foreign researcher who entered into the employment contract was carrying on scientific research and experimental development;”.

**52.** (1) Section 737.22.0.0.1 of the said Act, enacted by section 83 of chapter 83 of the statutes of 1999, is amended

(1) by replacing, in the definition of “foreign researcher on a post-doctoral internship”, the portion before paragraph *a* by the following :

““foreign researcher on a post-doctoral internship” means an individual who, at a particular time after 31 March 1998, takes up employment, as an employee, with an eligible employer pursuant to an employment contract entered into after 31 March 1998 with the eligible employer, in respect of whom the eligible employer obtained from the Minister of Education, after having applied therefor in writing not later than the later of the last day of February of the calendar year following the calendar year in which the employment contract was entered into and the last day of February of the calendar year following the calendar year in which the individual took up employment, a certificate that has not been revoked, certifying that the individual is specialized in the field of pure or applied science or a related field and holds a doctoral degree in such a field, and who”;

(2) by replacing paragraph *b* of the definition of “research activity period” by the following :

“(b) the last day of the five-year period that begins on the foreign researcher’s employment starting date;”.

(2) Paragraph 1 of subsection 1 applies in respect of employment contracts entered into after 30 June 1999 or the taking up of employment after that date.

(3) Paragraph 2 of subsection 1 applies in respect of employees

(1) who take up employment with an employer after 9 March 1999 pursuant to an employment contract entered into after that date ; or

(2) whose research activity periods were underway at any time in the year 1999.

**53.** (1) The said Act is amended by inserting, after section 737.22.0.0.4, enacted by section 83 of chapter 83 of the statutes of 1999, the following :

**“TITLE VII.3.0.2**

**“DEDUCTION IN RESPECT OF FOREIGN EXPERTS**

**“CHAPTER I**

**“DEFINITIONS**

**“737.22.0.0.5.** In this Title,

“eligible activity period” of a foreign expert means the period beginning on the day when, for the first time after 9 March 1999, the foreign expert takes up employment, as an employee, with an eligible employer and ending on the earlier of

(a) the day on which the foreign expert ceases to satisfy a condition set out in paragraph *b* or *c* of the definition of “foreign expert”; and

(b) the last day of the five-year period that begins on the foreign expert’s employment starting date;

“eligible employer” means a person or a partnership who or which carries on a business in Canada and undertakes or causes to be undertaken on the person’s or partnership’s behalf in Québec scientific research and experimental development related to a business of the person or partnership, but does not include a person mentioned in section 984 or 985 or an eligible university entity within the meaning of paragraph *f* of section 1029.8.1;

“eligible income” of a foreign expert for a taxation year means the aggregate of all amounts paid to the foreign expert as wages in the year by the foreign expert’s eligible employer and that may reasonably be attributed to the foreign expert’s eligible activity period;

“foreign expert” means an individual who, at a particular time after 9 March 1999, takes up employment, as an employee, with an eligible employer pursuant to an employment contract entered into after 9 March 1999 with the eligible employer, in respect of whom the eligible employer obtained from the Minister of Research, Science and Technology, after having applied therefor in writing not later than the later of the last day of February of the calendar year following the calendar year in which the employment contract was entered into and the last day of February of the calendar year following the calendar year in which the individual took up employment, a certificate that has not been revoked, certifying that the individual is specialized in the management or financing of innovative activities or in the foreign marketing or the transfer of advanced technologies, and who

(a) is not resident in Canada immediately before entering into the employment contract or immediately before taking up employment, as an employee, with the eligible employer;

(b) from the particular time and without interruption, works exclusively or almost exclusively as an employee of the eligible employer; and

(c) performs duties as an employee of the eligible employer exclusively or almost exclusively as part of a scientific research and experimental development project;

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

**“737.22.0.0.6.** For the purposes of this Title, any employment contract referred to in the definition of “foreign expert” in section 737.22.0.0.5 that is renewed is deemed not to be a separate employment contract.

The same rule applies where a new employment contract is entered into with another eligible employer if the other eligible employer is one of the following persons, in which case that other eligible employer is deemed not to be other than the eligible employer who entered into the employment contract referred to in the definition of “foreign expert” in section 737.22.0.0.5:

(a) a subsidiary controlled corporation of the eligible employer;

(b) a corporation that, as a result of a transaction referred to in section 518 or 566, continues to carry on the business of the eligible employer in respect of which the foreign expert who entered into the employment contract was performing duties as part of a scientific research and experimental development project; and

(c) a corporation controlling the eligible employer.

## “CHAPTER II

### “DEDUCTION

**“737.22.0.0.7.** A foreign expert may deduct, in computing the foreign expert’s taxable income for a taxation year, any amount not greater than the amount by which the foreign expert’s eligible income for the year as attested in prescribed manner by the eligible employer exceeds the aggregate of the amounts deductible by the foreign expert in computing the foreign expert’s income for the year under Chapter III of Title II of Book III and which may reasonably be attributed to the foreign expert’s employment as a foreign expert during the eligible activity period.

## “CHAPTER III

### “COMPUTATION OF TAXABLE INCOME

“**737.22.0.0.8.** For the purpose of computing the taxable income of a foreign expert referred to in section 737.22.0.0.7 for a taxation year, the following rules apply :

(a) where the foreign expert has included in computing the foreign expert’s income for the year an amount that is the benefit the foreign expert is deemed to receive in the year under any of sections 49 and 50 to 52, in respect of the share or the transfer or other disposition of the rights under the agreement and the amount of the benefit is included in the foreign expert’s eligible income for the year, the amount of the benefit is, for the purpose of computing the deduction provided in section 725.2, deemed to be nil ;

(b) where the foreign expert has included in computing the foreign expert’s income for the year an amount that is the benefit the foreign expert is deemed to receive under section 49, by virtue of section 49.2, in respect of a share acquired by the foreign expert after 22 May 1985 and the amount of the benefit is included in the foreign expert’s eligible income for the year, the amount of the benefit is, for the purpose of computing the deduction provided in section 725.3, deemed to be nil ;

(c) where the foreign expert has included in computing the foreign expert’s income for the year an amount referred to in paragraph *a* or *e* of section 725 and the amount is included in the foreign expert’s eligible income for the year, the amount is, for the purpose of computing the deduction provided in either of those paragraphs, deemed to be nil ;

(d) where the foreign expert has included in computing the foreign expert’s income for the year an amount referred to in subparagraph *a* of the second paragraph of section 725.1.2 and the amount is included in the foreign expert’s eligible income for the year, the amount is, for the purpose of computing the deduction provided in the first paragraph of that section, deemed to be nil ;

(e) paragraph *a*, the portion of paragraph *b* before subparagraph *i* and paragraph *c* of section 725.6 shall be read as follows :

“(a) such part of the benefit that would be deemed to have been received in the year by the individual under sections 487.1 to 487.6 if those sections applied only in respect of the home relocation loan as may reasonably be attributed to the part of the year that is not included in the individual’s eligible activity period within the meaning of section 737.22.0.0.5;” ;

“(b) the amount of interest for that part of the year, not included in the individual’s eligible activity period within the meaning of section 737.22.0.0.5, that would be computed at the prescribed rate referred to in section 487.2 in respect of the home relocation loan of the individual if that loan were in the amount of \$25,000 and were extinguished on the earlier of” ;

“(c) such part of the amount of the benefit that the individual is deemed to have received in the year under sections 487.1 to 487.6 in respect of the loan as may reasonably be considered as having been received in the part of the year not included in the individual’s eligible activity period within the meaning of section 737.22.0.0.5.”;

(f) where the foreign expert has included in computing the foreign expert’s income for the year an amount received by the foreign expert under a registered gain-sharing plan that is part of a quality approach, within the meaning of section 725.8, of a corporation and the amount is included in the foreign expert’s eligible income for the year, the amount is, for the purpose of computing the deduction provided in section 725.9, deemed to be nil;

(g) where the foreign expert has included in computing the foreign expert’s income for the year an amount received, or the value of a benefit received or enjoyed by the foreign expert and such amount or such value is both described in subparagraph *a* of the first paragraph of section 726.22 and included in the foreign expert’s eligible income for the year, the amount or value, as the case may be, is, for the purpose of computing the deduction provided in section 726.21, deemed to be nil; and

(h) subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the first paragraph of section 726.22 shall be read as follows :

“(1) \$7.50 multiplied by the number of days in the year included in the qualifying period in which the taxpayer resided in the particular area, except any day included in the taxpayer’s eligible activity period, within the meaning of section 737.22.0.0.5;

“(2) \$7.50 multiplied by the number of days in the year included in that portion of the qualifying period throughout which the taxpayer maintained and resided in a self-contained domestic establishment in the particular area, except any day included in the taxpayer’s eligible activity period within the meaning of section 737.22.0.0.5 or included in computing an amount deducted under this subparagraph *b* by another person who resided on that day in that establishment.”.

(2) Subsection 1 applies from the taxation year 1999. However, where the definition of “foreign expert” in section 737.22.0.0.5 of the said Act, enacted by subsection 1, applies before 8 June 1999, it shall be read with the words “Research, Science and Technology” replaced by the words “Industry, Trade, Science and Technology”.

**54.** (1) The heading of Title VII.3.1 of Book IV of Part I of the said Act is amended by replacing the word “INSTRUCTOR” by the word “SPECIALIST”.

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

**55.** (1) Section 737.22.0.1 of the said Act, amended by section 99 of chapter 86 of the statutes of 1999, is again amended

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

““eligibility date” of a foreign specialist means any of the following dates:

(a) where the foreign specialist is employed by an eligible employer that is a corporation referred to in subparagraph i of paragraph *a* of section 771.12, 25 March 1997; and

(b) where the foreign specialist is employed by an eligible employer that is a corporation referred to in subparagraph ii of paragraph *a* of section 771.12, 9 March 1999;”;

(2) by striking out the definition of “foreign instructor”;

(3) by replacing the definition of “instruction activity period” by the following:

““specialized activity period” of a foreign specialist means the period beginning on the day when, for the first time after the foreign specialist’s eligibility date, the foreign specialist takes up employment, as an employee, with an eligible employer and ending on the earlier of

(a) the day on which the foreign specialist ceases to satisfy the condition set out in paragraph *c* of the definition of “foreign specialist”, or the revocation of a certificate referred to in paragraph *d* of that definition takes effect; and

(b) the last day of the five-year period that begins on the foreign specialist’s employment starting date;”;

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

““eligible income” of a foreign specialist for a taxation year means the aggregate of all amounts paid to the foreign specialist as wages in the year by the eligible employer and that may reasonably be attributed to the foreign specialist’s specialized activity period;”;

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

““foreign specialist” at any time in a taxation year means an individual in respect of whom the following conditions are met:

(a) at a particular time after the individual’s eligibility date, the individual takes up employment, as an employee, with an eligible employer under an employment contract they have entered into after that date;



(b) the individual is not resident in Canada immediately before entering into the employment contract or immediately before taking up employment, as an employee, with the eligible employer;

(c) from the particular time and without interruption, the individual works almost exclusively for the eligible employer;

(d) the eligible employer obtained in respect of the individual a certificate issued by the Minister of Finance for the taxation year, after having made the application therefor in writing to the Minister of Finance on or before the later of the last day of February of the following calendar year and 29 February 2000, and the certificate that is not revoked at that time certifies that the individual's duties as an employee of the eligible employer consist almost exclusively in carrying on

i. training activities,

ii. research and development,

iii. specialized tasks with respect to innovation management, marketing, transfer of technologies or innovation financing, or

iv. any combination of the activities referred to in subparagraphs i to iii.”

(2) Paragraph 1 of subsection 1 has effect from 10 March 1999.

(3) Paragraphs 2 to 5 of subsection 1 apply from the taxation year 1997. However, where the portion of the definition of “specialized activity period” in section 737.22.0.1 of the said Act before paragraph *a*, enacted by paragraph 3 of subsection 1, and paragraph *a* of the definition of “foreign specialist” in that section, enacted by paragraph 5 of subsection 1, apply before 10 March 1999, they shall be read with “the foreign specialist’s eligibility date” and “the individual’s eligibility date” replaced by “25 March 1997”.

**56.** (1) Section 737.22.0.2 of the said Act is amended

(1) by replacing, in the first paragraph and in the portion of the second paragraph before subparagraph *a*, the word “instructor” by the word “specialist”;

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

“(b) a corporation that, as a result of a transaction referred to in section 518 or 566, continues to carry on the business of the eligible employer in respect of which the foreign specialist who entered into the employment contract was carrying on activities mentioned in subparagraphs i to iv of paragraph *d* of that definition;”.

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

**57.** (1) Section 737.22.0.3 of the said Act is replaced by the following :

**“737.22.0.3.** A foreign specialist may deduct, in computing the foreign specialist’s taxable income for a taxation year, any amount not greater than the amount by which the foreign specialist’s eligible income for the year as attested in prescribed manner by the eligible employer exceeds the aggregate of the amounts deductible by the foreign specialist in computing the foreign specialist’s income for the year under Chapter III of Title II of Book III and which may reasonably be attributed to the foreign specialist’s employment as a foreign specialist during the specialized activity period.”

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

**58.** (1) Section 737.22.0.4 of the said Act is amended

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

**“737.22.0.4.** For the purpose of computing the taxable income of a foreign specialist referred to in section 737.22.0.3 for a taxation year, the following rules apply:”;

(2) by replacing, wherever they appear in the English text of paragraphs *a* to *d*, *f* and *g*, the word “instructor” by the word “specialist” and the word “instructor’s” by the word “specialist’s”;

(3) by replacing the word “instruction” by “specialized”, in the following provisions:

— paragraph *a* of section 725.6 of the said Act, enacted by paragraph *e*;

— the portion of paragraph *b* of section 725.6 of the said Act before subparagraph *i*, enacted by paragraph *e*;

— paragraph *c* of section 725.6 of the said Act, enacted by paragraph *e*;

— subparagraphs 1 and 2 of subparagraph *ii* of subparagraph *b* of the first paragraph of section 726.22 of the said Act, enacted by paragraph *h*.

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

**59.** (1) Section 752.0.10 of the said Act, amended by section 89 of chapter 83 of the statutes of 1999 and by section 99 of chapter 86 of the statutes of 1999, is again amended by replacing paragraph *f* by the following :

“(f) an amount included in the part, referred to in the first paragraph of section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres (1999, chapter 86), of the individual’s income for the year.”

(2) Subsection 1 applies from the taxation year 1999. However, where paragraph *f* of section 752.0.10 of the said Act, enacted by subsection 1, applies to taxation years that begin on or before 20 December 1999, it shall be read with “section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres (1999, chapter 86)” replaced by “section 737.16 or 737.18.10”.

**60.** (1) Section 752.0.11.1 of the said Act, amended by section 164 of chapter 5 of the statutes of 2000, is again amended

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

“(m) as remuneration for one full-time attendant on, or for the full-time care in a nursing home of, a person in respect of whom an amount would, but for paragraph *d* of section 752.0.14, be deductible under section 752.0.14 or 752.0.15 in computing an individual’s tax payable under this Part for the taxation year in which the expense was incurred if, at the time the remuneration is paid, the attendant is neither the individual referred to in section 752.0.11 or that individual’s spouse, nor under 18 years of age;”;

(2) by replacing the portion of paragraph *m.1* before subparagraph *i* by the following :

“(m.1) as remuneration for attendant care provided in Canada to a person in respect of which an amount may be deducted under section 752.0.14 or 752.0.15 in computing an individual’s tax payable under this Part for the taxation year in which the expense was incurred, to the extent that the total of amounts so paid does not exceed \$10,000, or \$20,000 if the individual referred to in section 752.0.11 dies in the year, where”;

(3) by replacing subparagraph *ii* of paragraph *m.1* by the following :

“ii. at the time the remuneration is paid, the attendant is neither the individual referred to in section 752.0.11 or that individual’s spouse, nor under 18 years of age; and”.

(2) Subsection 1 applies from the taxation year 1998.

**61.** (1) Sections 752.0.11.1.1 and 752.0.11.1.2 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 1998.

**62.** (1) Section 752.0.12.1 of the said Act is replaced by the following :

**“752.0.12.1.** For the purposes of subparagraph *b* of the second paragraph of section 752.0.11, the expenses or the expenditure, as the case may be, taken into account in determining an amount that an individual or the individual’s spouse is deemed to have paid to the Minister under section 1029.8.61.5 or 1029.8.63 for a preceding taxation year or has deducted under

section 118.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing the tax payable under that Act by the individual for a preceding taxation year in respect of which the individual was not liable to pay tax under this Part shall not be included as medical expenses of the individual for a taxation year.”

(2) Subsection 1 applies from the taxation year 2000.

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

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

**“752.0.15.** An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part the amount by which 23% of \$2,200 exceeds the tax payable for the year under this Part, computed with reference to the rules in section 752.0.15.1, by any person, other than an excluded person referred to in the second paragraph, who is resident in Canada at any time in the year and in respect of whom the individual has claimed a deduction for the year under section 752.0.1, as a consequence of the application of paragraphs *b* to *g* of that section, or could have claimed such a deduction if the person had had no income for the year, where”;

(2) by adding, at the end, the following paragraph :

“For the purposes of the first paragraph, an excluded person is

(*a*) a person in respect of whom the person’s spouse deducts for the year an amount under Chapter I.0.1 ;

(*b*) a person whose spouse deducts for the year an amount under section 752.0.19 because the person is entitled to deduct for the year an amount under section 752.0.14 ; or

(*c*) a person to whom the rules in Book V.2.1 apply for the year and whose spouse deducts for the year an amount under section 776.78.”

(2) Subsection 1 applies from the taxation year 1998.

**64.** (1) The said Act is amended by inserting, after section 752.0.15, the following section :

**“752.0.15.1.** For the purposes of section 752.0.15, the tax payable for a taxation year under this Part by a person referred to therein shall be computed according to the following rules :

(*a*) where the rules in Book V.2.1 apply to the person for the taxation year, without reference to the deductions under this Book, other than those under any of paragraphs *b* to *g* of section 752.0.1 and under section 752.0.7.4, and with reference to the deduction under section 776.77 ; and

(*b*) in any other case, without reference to the deductions under this Book, other than those under sections 752.0.1, 752.0.7.4, 752.0.13.4, 752.0.18.1, 752.0.18.3 and 752.0.18.8.”

(2) Subsection 1 applies from the taxation year 1998.

**65.** (1) Section 752.0.17 of the said Act is amended, in the first paragraph,

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

“(*b*) an individual’s ability to perform a basic activity of daily living is markedly restricted solely where

i. all or substantially all of the time, even with therapy and the use of appropriate devices and medication, the individual is blind or unable, or requires an inordinate amount of time, to perform a basic activity of daily living, or

ii. because of a chronic disease, the individual must spend several times each week a lengthy period of time on therapy, prescribed by a physician, that is essential to the individual’s vital functions;”;

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

“iii. speaking so as to be understood, in a quiet setting,”;

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

“iv. hearing so as to understand, in a quiet setting,”.

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

**66.** (1) Section 752.0.19 of the said Act is amended by replacing paragraph *b* by the following :

“(*b*) the amount of tax payable for the year by the individual’s spouse under this Part, computed without reference to the deductions under this Book, other than,

i. where the rules set out in Book V.2.1 apply for the year to the spouse, the deduction under section 776.77, and

ii. in any other case, the first deductions provided for in the portion of section 752.0.1 before paragraph *a* and in sections 752.0.13.4, 752.0.18.1, 752.0.18.3 and 752.0.18.8.”

(2) Subsection 1 applies from the taxation year 1998.

**67.** Section 752.5 of the said Act is replaced by the following :

**“752.5.** This chapter does not apply to an individual described in subparagraph *b* of the first paragraph of section 752.2 who was not resident in Québec throughout each of the taxation years referred to in that subparagraph unless the individual’s legal representatives file with the Minister a fiscal return under this Part for each of those taxation years.

The fiscal returns must be in the same form and contain the same information as the returns that the individual or the legal representatives would have been required to file under this Part if the individual had been resident in Québec throughout each of those years and if tax had been payable by the individual or the legal representatives under this Part for each of those years.

The fiscal returns must be filed with the Minister on or before the filing-due date of the individual for the year in which the individual died.”

**68.** (1) Section 767 of the said Act, amended by section 99 of chapter 86 of the statutes of 1999, is again amended

(1) by replacing, in the first paragraph, “44 1/3%” by “54.15%”;

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

“The first paragraph does not apply in respect of an amount deducted under paragraph *e* of section 725 in computing the individual’s taxable income for the year or included in the part, referred to in the first paragraph of section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres (1999, chapter 86), of the individual’s income for the year.”

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

(1) where the first paragraph of section 767 of the said Act, as amended by paragraph 1 of subsection 1, applies to the taxation year 1999, it shall be read with “54.15%” replaced by “49.25%”;

(2) where the third paragraph of section 767 of the said Act, enacted by paragraph 2 of subsection 1, applies to taxation years that begin on or before 20 December 1999, it shall be read with “section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres (1999, chapter 86)” replaced by “section 737.16 or 737.18.10”.

**69.** (1) Section 771 of the said Act, amended by section 101 of chapter 83 of the statutes of 1999, is again amended, in subsection 1,

(1) by striking out paragraphs *b* to *d.1* ;

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

“(d.2) in the case of a corporation other than a corporation referred to in paragraph *a*, to the amount by which 16.25% of its taxable income for the year exceeds the aggregate of

i. 7.35% of the least of

(1) the amount by which its taxable income for the year exceeds the aggregate of the amount determined in respect of the corporation for the year under section 771.0.2.2 and the portion of that income that is not, because of an Act of the Parliament of Québec, subject to tax under this Part,

(2) where the corporation is not a corporation that was, throughout the year, a savings and credit union, the amount by which its income for the year from an eligible business carried on by it exceeds its loss for the year from such a business, and

(3) where the corporation was, throughout the year, a savings and credit union, the greater of the excess amount described in subparagraph 2 and the particular amount determined in its respect for the year under section 771.0.3.1, and

ii. where the corporation was, throughout the year, a savings and credit union, 3.15% of the particular amount determined in its respect for the year under section 771.0.3.1;”;

(3) by striking out paragraphs *e* to *g*;

(4) by replacing the portion of paragraph *h* before subparagraph i by the following :

“(h) notwithstanding paragraph *d.2*, in the case of a corporation other than a corporation referred to in paragraph *a*, for a taxation year for which it is a qualified corporation, to the amount by which 16.25% of its taxable income for the year exceeds the aggregate of”;

(5) by replacing subparagraphs ii and iii of paragraph *h* by the following :

“ii. 7.35% of the amount by which the least of the following amounts exceeds the amount determined in its respect for the year under section 771.8.3:

(1) the amount determined in its respect for the year under subparagraph *b* of the first paragraph of section 771.8.3,

(2) where the corporation is not a corporation that was, throughout the year, a savings and credit union, the amount by which its income for the year from an eligible business carried on by it exceeds its loss for the year from such a business, and

(3) where the corporation was, throughout the year, a savings and credit union, the greater of the excess amount described in subparagraph 2 and the particular amount determined in its respect for the year under section 771.0.3.1, and

“iii. where the corporation was, throughout the year, a savings and credit union, 3.15% of the amount by which the particular amount determined in its respect for the year under section 771.0.3.1 exceeds the amount determined in its respect for the year under section 771.8.3;”;

(6) by striking out paragraph *i*;

(7) by replacing paragraph *j* by the following;

“(j) notwithstanding paragraph *d.2*, in the case of a corporation other than a corporation referred to in paragraph *a*, for a taxation year for which it is an exempt corporation, to the amount by which 16.25% of its taxable income for the year exceeds the aggregate of

i. 16.25% of the amount determined in its respect for the year under section 771.8.5, and

ii. 7.35% of the amount by which the lesser of the following amounts exceeds the amount determined in its respect for the year under section 771.8.5:

(1) the amount determined in its respect for the year under subparagraph *b* of the first paragraph of section 771.8.5, and

(2) the amount by which its income for the year from an eligible business carried on by it exceeds its loss for the year from such a business;”;

(8) by striking out paragraph *k*.

(2) Paragraphs 2 to 8 of subsection 1, except where paragraph 3 of that subsection strikes out paragraphs *e* and *g* of subsection 1 of section 771 of the said Act, apply to taxation years that begin after 30 June 1999.

(3) In addition, where section 771 of the said Act, amended by subsection 1, applies from 15 November 2000, paragraphs *d.2*, *f* and *h* to *k* of subsection 1 of section 771 shall be construed as if the reference therein to a corporation referred to in paragraph *b* of subsection 1 of that section was a reference to a corporation other than a corporation referred to in paragraph *a* of subsection 1 of that section.

**70.** (1) Sections 771.0.1 to 771.0.2.1 of the said Act are repealed.

(2) Subsection 1, where it repeals section 771.0.2.1 of the said Act, applies to taxation years that begin after 30 June 1999.



(3) In addition, where section 771.0.2.1 of the said Act, repealed by subsection 1, applies to a taxation year that begins before 1 July 1999 and includes that date, the portion before paragraph *a* thereof shall be read with “is equal to the least of” replaced by “under this section, is such proportion of the least of the following amounts as the number of days in the year before 1 July 1999 is of the number of days in the year:”.

(4) Furthermore, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 of the said Act in respect of the its tax payable under Part I of that Act for a particular taxation year that ends after 30 June 1999, and of computing the amount of interest, if any, that it is required to pay under the said Act in respect of that payment, the tax payable by the corporation under that Part I for a taxation year that begins before 1 July 1999 and that is the particular year or one of the two preceding taxation years, shall be computed

(1) in the case of a payment that the corporation is required to make before 1 July 1999, without reference to subsection 3;

(2) in the case of a payment that the corporation is required to make after 30 June 1999, as if the lesser of the amounts determined in its respect for the year under paragraphs *a* to *c* of section 771.0.2.1 of the said Act, repealed by subsection 1, were equal to zero.

**71.** (1) Section 771.0.2.2 of the said Act is amended

(1) by replacing, in the first paragraph, “paragraph *b* of sections 771.0.2.1 and 771.8.1 to 771.8.5,” by “sections 771, 771.8.3 and 771.8.5,”;

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

“In the formula provided for in the first paragraph,”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 30 June 1999.

**72.** Section 771.0.3 of the said Act is repealed.

**73.** (1) Section 771.0.3.1 of the said Act is amended by replacing the portion before paragraph *a* by the following:

“**771.0.3.1.** The particular amount that, for the purposes of paragraph *d.2* or *h* of subsection 1 of section 771, shall be determined in respect of a corporation for a taxation year under this section, is the lesser of”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

(3) In addition, where section 771.0.3.1 of the said Act, amended by subsection 1, applies to a taxation year that begins before 1 July 1999 and includes that date, the portion before paragraph *a* thereof shall be read with “the least of the amounts determined under paragraphs *a* to *c* of section 771.0.2.1” replaced by “the amount determined under section 771.0.2.1”.

**74.** (1) Sections 771.0.4 to 771.0.5 of the said Act are repealed.

(2) Subsection 1, except where it repeals section 771.0.4 of the said Act, applies to taxation years that begin after 30 June 1999.

(3) In addition, where section 771.0.4.1 of the said Act, repealed by subsection 1, applies to a taxation year that begins before 1 July 1999 and includes that date, it shall be read with “and section 771.0.3.1” inserted after “section 771”.

**75.** Section 771.0.6 of the said Act is amended by replacing, in the portion before paragraph *a*, “For the purposes of sections 771.0.3 and 771.0.3.1,” by “For the purposes of section 771.0.3.1,”.

**76.** (1) Section 771.1 of the said Act, amended by section 102 of chapter 83 of the statutes of 1999, is again amended

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

““new economy centre” means a group of businesses carried on in one or more buildings within the same region that are designated by the Minister of Finance to constitute a marketplace for the new economy;”;

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

““eligibility date” of a corporation means

(*a*) where the corporation is referred to in subparagraph i of paragraph *a* of section 771.12, 26 March 1997; and

(*b*) where the corporation is referred to in subparagraph ii of paragraph *a* of section 771.12, 10 March 1999;”;

(3) by replacing, in the definition of “eligible business”, “sections 771.8 to 771.8.4” by “the first paragraph of sections 771.8.3 and 771.8.5”;

(4) by inserting the following definitions in alphabetical order:

““member” of a savings and credit union has the meaning assigned by section 798;

““preferred-rate amount” of a corporation, at the end of a taxation year, means an amount equal to the aggregate of its preferred-rate amount at the end of its preceding taxation year and the amount determined in its respect for the year under section 771.0.3.1;”;

(5) by replacing the definition of “eligibility period” by the following :

““eligibility period” of a corporation means the five-year period that begins on the later of the first day of the corporation’s first taxation year and the corporation’s eligibility date, except where the corporation ceases, in a particular taxation year and before the end of the five-year period, to be an exempt corporation, in which case the expression means the portion of that period that ends on the last day of the taxation year preceding the particular year;”;

(6) by striking out, in paragraph *b* of the definition of “exemption period”, “within the meaning of sections 771.5 to 771.7”;

(7) by inserting the following definitions in alphabetical order :

““exempt corporation” has the meaning assigned by sections 771.12 and 771.13;

““maximum cumulative reserve” of a savings and credit union, at the end of a taxation year, means an amount equal to 5% of the aggregate of all amounts each of which is

(a) the amount of any debt owing by the savings and credit union to a member thereof or of any other obligation of the savings and credit union to pay an amount to a member thereof, that was outstanding at the end of the year, including the amount of any deposit standing to the credit of a member of the savings and credit union in the records of the savings and credit union, but excluding any share in the savings and credit union of any member thereof; or

(b) the amount, at the end of the year, of any share in the savings and credit union of any member thereof;

““qualified corporation” has the meaning assigned by sections 771.5 to 771.7;”;

(8) by adding, at the end, the following paragraph :

“For the purposes of the definition of “information technology development centre” in the first paragraph, premises designated by the Minister of Finance are deemed to be part of a building referred to in that definition.”

(2) Paragraphs 1, 2 and 5 of subsection 1 have effect from 10 March 1999. However, where the definition of “eligibility period” in the first paragraph of section 771.1 of the said Act, enacted by paragraph 5 of subsection 1, applies

to taxation years that begin before 1 July 1999, it shall be read with “within the meaning of sections 771.12 and 771.13” added after the words “exempt corporation”.

(3) Paragraphs 3, 4, 6 and 7 of subsection 1 apply to taxation years that begin after 30 June 1999. In addition, where the definition of “eligible business” in the first paragraph of section 771.1 of the said Act, amended by paragraph 3 of subsection 1, applies, from 15 November 2000, to taxation years that begin before 1 July 1999, it shall be read with “771.8 to 771.8.4” replaced by “771.8.1 to 771.8.5”.

(4) Paragraph 8 of subsection 1 has effect from 16 June 1998.

**77.** (1) Section 771.1.1 of the said Act is amended by striking out, in paragraph *a*, “, except for the purposes of subparagraph ii of paragraph *a* of section 771.1.10,”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**78.** (1) Sections 771.1.2 to 771.2.1.1 of the said Act are repealed.

(2) Subsection 1, except where it repeals sections 771.1.5.2 and 771.2.1 of the said Act, applies to taxation years that begin after 30 June 1999.

(3) In addition, where sections 771.1.5, 771.1.5.3, 771.1.6 and 771.1.10 of the said Act, repealed by subsection 1, apply from 15 November 2000,

(1) paragraph *b* of that section 771.1.5 shall be read with “sections 771.1.5.1 and 771.1.5.2” replaced by “section 771.1.5.1”;

(2) the portion of section 771.1.5.3 before paragraph *a* shall be read with “paragraph *g* of subsection 1 of section 771 and sections 771.1.5.1 and 771.1.5.2” replaced by “section 771.1.5.1”, and paragraph *a* of that section shall be read without reference to “of the first paragraph”;

(3) that section 771.1.6 shall be read with “*d.1* or *d.2*, as the case may be,” replaced by “*d.2*”;

(4) subparagraph i of paragraph *b* of that section 771.1.10 shall be read with “771.0.2 or 771.0.2.1, as the case may be” replaced by “771.0.2.1”.

**79.** (1) Section 771.2.2 of the said Act is replaced by the following :

**“771.2.2.** For the purposes of subsection 1 of section 771 and sections 771.8.3 and 771.8.5, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed as if any income or loss of the corporation for the year from the operations of an international financial centre were nil.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

(3) In addition, where section 771.2.2 of the said Act, replaced by subsection 1, applies from 15 November 2000, it shall be read with “For the purposes of subparagraphs i and ii of paragraphs *d.1* and *d.2* of subsection 1 of section 771, subparagraphs ii and iii of paragraphs *e* to *i* of subsection 1 of section 771 and paragraph *d* of sections 771.8 to 771.8.4,” replaced by “For the purposes of subsection 1 of section 771 and sections 771.8.1 to 771.8.5.”.

**80.** (1) Section 771.2.3 of the said Act, enacted by section 105 of chapter 83 of the statutes of 1999, is amended by replacing the portion before paragraph *a* by the following :

**“771.2.3.** For the purposes of paragraphs *d.2* and *h* of subsection 1 of section 771 and section 771.8.3, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**81.** (1) The said Act is amended by inserting, after section 771.2.3, enacted by section 105 of chapter 83 of the statutes of 1999, the following section :

**“771.2.4.** For the purposes of paragraphs *d.2* and *h* of subsection 1 of section 771 and section 771.8.3, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed as if the amount determined under subparagraph *a* of the first paragraph of section 737.18.11 in respect of the corporation for the year and the amount determined in respect of the corporation for the year under subparagraph *b* of that paragraph were nil.”

(2) Subsection 1 applies from the taxation year 1999. However, where section 771.2.4 of the said Act, enacted by subsection 1, applies to taxation years that begin before 1 July 1999, it shall be read with “of paragraphs *d.2* and *h* of subsection 1 of section 771 and section 771.8.3” replaced by “of subparagraphs i and ii of paragraph *d.2* of subsection 1 of section 771, subparagraphs ii and iii of paragraphs *f*, *h* and *i* of subsection 1 of section 771 and paragraph *d* of sections 771.8.1, 771.8.3 and 771.8.4”.

**82.** (1) Section 771.5 of the said Act is amended

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

**“771.5.** Subject to sections 771.6 and 771.7, a corporation is a qualified corporation for a particular taxation year if

(*a*) its first taxation year began after 25 March 1997;”;

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

“(c) the particular year is included, in whole or in part, in the exemption period of the corporation;”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

(3) In addition, where section 771.5 of the said Act, amended by subsection 1, applies, from 15 November 2000, to taxation years that begin before 1 July 1999, the portion before paragraph *a* thereof shall be read with “paragraphs *e* to *i*” replaced by “paragraphs *f*, *h* and *i*”.

**83.** (1) Section 771.5.1 of the said Act is amended

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

**“771.5.1.** For the purposes of paragraph *d* of section 771.5, a return that has not been filed by the corporation within the time prescribed therefor is deemed to have been filed within that time if the return is filed, in prescribed form and along with a payment by the corporation of the penalty determined under the second paragraph, on or before the corporation’s filing-due date for its taxation year in which the five-year period following the beginning of its first taxation year ends.”;

(2) by replacing, in the French text of the second paragraph, “Aux fins” by “Pour l’application” and “600 \$ ou” by “600 \$ et”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 30 June 1999.

**84.** (1) Section 771.6 of the said Act is amended

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

“(b) its paid-up capital determined for the taxation year preceding the year or, where the corporation’s year is its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles, exceeds \$15,000,000.”;

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

“For the purposes of subparagraph *b* of the second paragraph, the paid-up capital of a corporation is

(a) in respect of a corporation referred to in any of paragraphs *a* to *c* of section 1132, its paid-up capital that would be determined in accordance with Book III of Part IV if no reference were made to sections 1138.0.1 and 1141.3;

(b) in respect of an insurance corporation, other than a corporation referred to in subparagraph *a*, its paid-up capital that would be determined in accordance with Title II of Book III of Part IV, if the corporation were a bank, if paragraph *a* of section 1140 were replaced by paragraph *a* of subsection 1 of section 1136 and if no reference were made to section 1141.3; and

(c) in respect of a cooperative, its paid-up capital that would be determined in accordance with Title I of Book III of Part IV if no reference were made to section 1138.0.1.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999. However, where subparagraph *a* of the third paragraph of section 771.6 of the said Act, enacted by paragraph 2 of subsection 1, applies before 15 November 2000, it shall be read with “paragraphs *a* to *c*” replaced by “subparagraphs *a* to *c* of the first paragraph”.

(3) In addition, where subparagraph *b* of the second paragraph of section 771.6 of the said Act, replaced by paragraph 1 of subsection 1, applies after 25 March 1997, the portion before subparagraph *i* thereof shall be read without reference to “that is determined”.

**85.** (1) Sections 771.8 to 771.8.2 of the said Act are repealed.

(2) Subsection 1, where it repeals section 771.8.1 of the said Act, applies to taxation years that begin after 30 June 1999.

**86.** (1) Section 771.8.3 of the said Act is amended

(1) by striking out, in the portion before paragraph *a*, “of subparagraphs *i* to *iii*”;

(2) by adding, at the end, the following paragraph:

“However, the first paragraph shall be read,

(*a*) where the corporation’s taxation year includes the last day of its exemption period, with the words “is the least of”, in the portion before subparagraph *a* thereof, replaced by the words “is such proportion of the least of the following amounts as the number of days in the year that are included in the corporation’s exemption period is of the number of days in the year:”;

(*b*) where the corporation’s taxation year has less than 51 weeks, with the amount of \$200,000, in subparagraph *a* thereof, replaced by such proportion of that amount as the number of days in the year is of 365.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**87.** (1) Section 771.8.4 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**88.** (1) Section 771.8.5 of the said Act is amended

(1) by striking out, in the portion before paragraph *a*, “and subparagraphs i to iii of paragraph *k*”;

(2) by adding, at the end, the following paragraph :

“However, where the corporation’s taxation year includes the last day of its eligibility period, the first paragraph shall be read with the words “is the lesser of”, in the portion of subparagraph *a* thereof, replaced by the words “is such proportion of the lesser of the following amounts as the number of days in the year that are included in the eligibility period of the corporation is of the number of days in the year :”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**89.** (1) Sections 771.8.6 to 771.10 of the said Act are repealed.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

(3) In addition, where sections 771.9 and 771.10 of the said Act, repealed by subsection 1, apply from 15 November 2000,

(1) the portion of that section 771.9 before paragraph *a* shall be read with “paragraphs *e* to *g*” replaced by “paragraph *f*”;

(2) paragraph *b* of that section 771.9 shall be read with “any of sections 771.8 to 771.8.2” replaced by “section 771.8.1”;

(3) that section 771.10 shall be read with “under any of paragraphs *e* to *g*” replaced by “under paragraph *f*”.

**90.** (1) Section 771.11 of the said Act is amended

(1) by replacing, in the first paragraph, “section 771,” by “section 771, as that paragraph read for that year,”;

(2) by striking out, in the first paragraph, “and subparagraph i of subparagraph *a* of the first paragraph of section 1029.2”;

(3) by replacing, in the second paragraph, “section 771” by “section 771, as that paragraph read for that year,”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 1 July 1999.

(3) Paragraph 2 of subsection 1 applies to subsequent taxation years that end after 30 June 1999.



**91.** (1) Section 771.12 of the said Act, amended by section 106 of chapter 83 of the statutes of 1999, is again amended by replacing the portion before paragraph *b* by the following :

“**771.12.** Subject to section 771.13, a corporation is an exempt corporation for a taxation year where

(a) the corporation holds a certificate issued and unrevoked by the Minister of Finance certifying that, as the case may be,

i. the corporation carries on or may carry on a business that is an innovative project in a building housing an information technology development centre, or

ii. the corporation carries on or may carry on a business that is an innovative project in a building housing all or any part of a new economy centre;”.

(2) Subsection 1, where it replaces the portion of section 771.12 of the said Act before paragraph *a*, applies to taxation years that begin after 30 June 1999 and, where it replaces paragraph *a* of that section, has effect from 10 March 1999.

**92.** (1) Section 772.2 of the said Act, amended by section 83 of chapter 86 of the statutes of 1999, is again amended

(1) by replacing the definition of “tax otherwise payable” by the following :

““tax otherwise payable” under this Part by a taxpayer for a taxation year means the tax payable by the taxpayer for the year under this Part, computed without reference to this chapter, sections 752.1 to 752.5, 766.2 to 766.4, 767, 776 to 776.1.6, 776.17, 776.29 to 776.40, 1183 and 1184, subparagraphs i and ii of paragraphs *d.2* and *j* of subsection 1 of section 771 and subparagraphs i to iii of paragraph *h* of that subsection 1;”;

(2) by replacing subparagraph vii of paragraph *d* of the definition of “non-business-income tax” by the following :

“vii. that may reasonably be attributed to an amount included in the portion, referred to in the first paragraph of section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres (1999, chapter 86), of the taxpayer’s income for the year, or”;

(3) by replacing paragraph *b* of the definition of “business-tax income” by the following :

“(b) that may reasonably be attributed to an amount included in the portion, referred to in the first paragraph of section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres, of the taxpayer’s income for the year; or”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 30 June 1999.

(3) Paragraphs 2 and 3 of subsection 1 apply from the taxation year 1999. However, where subparagraph vii of paragraph *d* of the definition of “non-business-income tax” in section 772.2 of the said Act, enacted by paragraph 2 of subsection 1, and paragraph *b* of the definition of “business-tax income” in that section 772.2, enacted by paragraph 3 of subsection 1, apply to taxation years that begin on or before 20 December 1999, they shall be read with “section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres (1999, chapter 86)” in that subparagraph vii, and “section 737.18.10 or the first paragraph of section 65 of the Act respecting international financial centres” in that paragraph *b*, replaced by “section 737.16 or 737.18.10”.

**93.** (1) Section 772.9 of the said Act, amended by section 109 of chapter 83 of the statutes of 1999 and by section 99 of chapter 86 of the statutes of 1999, is again amended, in paragraph *a*,

(1) by replacing, in subparagraph i, “section 726.26 or 737.16” by “any of sections 726.26, 737.16 and 737.18.10”;

(2) by inserting, in subparagraph 2 of subparagraph ii, after “737.16.1,”, “737.18.10,” and after “737.22.0.0.3,”, “737.22.0.0.7,”.

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

**94.** (1) The said Act is amended by inserting, after section 776.54, the following section:

**“776.54.1.** For the purposes of section 776.51, the aggregate of all amounts deductible by the individual in computing the individual’s taxable income for the year under section 726.1, 726.3 or 726.4 shall be determined as if it were equal,

(*a*) in the case of section 726.1, to the aggregate of all amounts each of which is equal to the portion of the amount otherwise deducted by the individual for the year, under that section 726.1, in respect of a share of a corporation described in section 965.11.7.1, that exceeds its cost to the individual;

(*b*) in the case of section 726.3, to the aggregate of all amounts each of which is equal to the portion of the amount otherwise deducted by the individual for the year, under that section 726.3, in respect of the aggregate of the individual’s interest in a qualified investment and the individual’s additional interest in respect of the qualified investment, within the meaning assigned by paragraphs *b.2* and *c* of section 965.29, that exceeds the aggregate of the amount of the individual’s interest in the qualified investment and the individual’s additional interest in respect of the qualified investment; and

(c) in the case of section 726.4, to the aggregate of all amounts each of which is equal to the portion of the amount otherwise deducted by the individual for the year, under that section 726.4, in respect of a qualifying security, within the meaning of paragraph *d* of section 965.35, that exceeds its cost to the individual.”

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

**95.** (1) Section 776.57 of the said Act is amended by replacing, in the portion before paragraph *a*, “, 726.4.9, 726.4.17.1,” by “and”.

(2) Subsection 1 applies from the taxation year 1998.

**96.** (1) Section 776.57.1 of the said Act, enacted by section 179 of chapter 5 of the statutes of 2000, is amended by striking out, in the second paragraph, “,726.4.9, 726.4.17.1”.

(2) Subsection 1 applies from the taxation year 1998.

**97.** (1) Section 776.60 of the said Act is amended by replacing the first paragraph by the following :

“**776.60.** For the purposes of section 776.51, the individual shall not deduct any amount for the year in computing the individual’s taxable income or the individual’s taxable income earned in Canada, as the case may be, under sections 725.4 to 725.6 and 726.0.1.”

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

**98.** (1) Section 776.76 of the said Act is replaced by the following :

“**776.76.** The only amounts that an individual may deduct under Book V in computing the individual’s tax payable under this Part are

(a) the amounts that are deductible for the year under section 752.0.1, as a consequence of the application of any of paragraphs *b* to *g* of that section, and sections 752.0.7.4, 752.0.10.6, 752.0.14, 752.0.15, 776, 776.1.1, 776.1.2 and 776.32; and

(b) the amount that is deductible for the year under section 752.0.19, where the rules in this Book do not apply for the year to the person who is the individual’s spouse for the purposes of this section.

Where the first paragraph applies to an individual referred to in the second paragraph of section 22, the amounts that may be deducted by the individual under Book V, pursuant to the first paragraph, in computing the individual’s tax payable for the year under this Part, shall be determined without reference to the proportion referred to in section 752.0.23 or 776.32.1, as the case may be.”

(2) Subsection 1 applies from the taxation year 1998.

**99.** (1) Section 776.79 of the said Act is replaced by the following :

**“776.79.** For the purpose of computing the tax payable by an individual referred to in section 776.67, the following provisions shall be applied in the following order : sections 776.77 and 752.0.7.4, paragraphs *b* to *g* of section 752.0.1 and sections 752.0.14, 752.0.19, 752.0.15, 752.0.10.6, 776, 776.32, 776.1.1, 776.1.2 and 776.78.”

(2) Subsection 1 applies from the taxation year 1998.

**100.** (1) Section 776.80 of the said Act is replaced by the following :

**“776.80.** Where the individual is referred to in the second paragraph of section 22, each of the amounts that may be deducted by the individual under Book V and under sections 776.77 and 776.78 in computing the individual’s tax payable for the year under this Part shall not exceed the portion of the amount determined by the proportion referred to in that paragraph in respect of the individual for the year.

However, the rule set out in the first paragraph does not apply to an amount deductible by the individual under section 776, 776.1.1 or 776.1.2.”

(2) Subsection 1 applies from the taxation year 1998.

**101.** (1) Section 779 of the said Act, amended by section 119 of chapter 83 of the statutes of 1999 and replaced by section 185 of chapter 5 of the statutes of 2000, is again amended by replacing “II.13” by “II.11.1 and II.13”.

(2) Subsection 1 applies from the taxation year 2000.

**102.** Section 799 of the said Act is repealed.

**103.** Section 844 of the said Act is amended by replacing paragraph *a* by the following :

“(a) the aggregate of all amounts each of which is an amount that the insurer has deducted under paragraph *a*, *a.1* or *d* of section 840 as a reserve in computing the insurer’s income for the preceding taxation year;”.

**104.** The heading of Chapter I of Title V.1 of Book VII of Part I of the said Act is amended by striking out the words “AND REGISTRATION”.

**105.** (1) Section 965.1 of the said Act is amended by replacing paragraph *j* by the following :

“(j) “total income”, in respect of an individual for a year means the amount by which the individual’s income for the year that would be determined under

section 28 but for paragraphs *k.1* to *k.5* of section 311, section 311.1 where that section applies to a social assistance payment that was not received under the Act respecting income support, employment assistance and social solidarity (1998, chapter 36), the Act respecting income security (chapter S-3.1.1) or a law of a province, and paragraph *a* of section 317 where that paragraph refers to a supplement or a spouse's allowance received under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9) or to a payment similar to such a supplement or spouse's allowance made under a law of a province, exceeds the amount the individual deducts for the year in computing the individual's taxable income under Titles VI.5 and VI.5.1 of Book IV;”.

(2) Subsection 1 applies in respect of last resort financial assistance benefits received after 30 September 1999 that are attributable to a period after that date.

**106.** (1) Section 965.5 of the said Act, replaced by section 126 of chapter 83 of the statutes of 1999, is amended by replacing “\$300,000,000” by “\$350,000,000”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

**107.** (1) Section 965.6 of the said Act, amended by section 127 of chapter 83 of the statutes of 1999, is again amended by replacing, in subparagraph ii of paragraph *c.8*, “\$300,000,000” by “\$350,000,000”.

(2) Subsection 1 applies in respect of a public share issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

**108.** (1) Section 965.6.0.5 of the said Act, replaced by section 128 of chapter 83 of the statutes of 1999, is again replaced by the following:

**“965.6.0.5.** The adjusted cost to an individual, an investment group or an investment fund of a qualifying non-guaranteed convertible security issued by a corporation whose assets are under \$350,000,000 is obtained by multiplying the cost of the security to the individual, investment group or investment fund, as the case may be, determined without reference to the borrowing costs, subscription or custody fees or other similar costs related to the security, by 50%.”

(2) Subsection 1 applies in respect of non-guaranteed convertible securities acquired as part of a non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

**109.** (1) Section 965.9.1.0.1 of the said Act, amended by section 129 of chapter 83 of the statutes of 1999, is again amended by replacing, in paragraph *c*, “\$300,000,000” by “\$350,000,000”.

(2) Subsection 1 applies in respect of shares acquired as a result of the exercise of a conversion right conferred on the holder of a convertible security issued as part of a convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

**110.** (1) Section 965.9.1.0.2 of the said Act, amended by sections 130 and 273 of chapter 83 of the statutes of 1999, is again amended, in paragraph *c*, by replacing “\$300,000,000” by “\$350,000,000”.

(2) Subsection 1 applies in respect of shares acquired as a result of the exercise of a conversion right conferred on the holder of a convertible security issued in replacement of a convertible security already issued as part of a convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

**111.** (1) Section 965.10 of the said Act, amended by section 136 of chapter 83 of the statutes of 1999, is again amended

(1) by replacing paragraph *a.1* by the following :

“(a.1) its assets are under \$350,000,000;”;

(2) by replacing the portion of paragraph *e* before subparagraph *i* by the following :

“(e) unless throughout the 12 preceding months, a class of shares of its capital stock was listed on a stock exchange in Canada, it had not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders”.

(2) Paragraph 1 of subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

(3) Paragraph 2 of subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of paragraph *e* of section 965.10 of the said Act before subparagraph *i*, enacted by paragraph 2 of subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

**112.** (1) Section 965.10.2 of the said Act, replaced by section 137 of chapter 83 of the statutes of 1999, is amended by replacing the portion before paragraph *a* by the following :

**“965.10.2.** For the purposes of section 965.10, where a corporation results from an amalgamation within the meaning of section 544 and a period of at least 12 months has not elapsed between the time of the amalgamation and the date of the receipt for the final prospectus or of the exemption from filing a prospectus, the requirement in paragraph *e* of section 965.10 shall be replaced by the requirement to have, throughout the period from the time of the amalgamation to the date of the receipt for the final prospectus or of the exemption from filing a prospectus, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders and, immediately before the time of the amalgamation, unless, throughout the 12 months preceding the time of the amalgamation, a class of shares of its capital stock was listed on a stock exchange in Canada, for one of the predecessor corporations to have had not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons related to such insiders”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of section 965.10.2 of the said Act before paragraph *a*, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

**113.** (1) Section 965.10.3 of the said Act, amended by section 138 of chapter 83 of the statutes of 1999, is again amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

**“965.10.3.** For the purposes of section 965.10.2, where a predecessor corporation referred to in that section is itself a corporation resulting from an amalgamation within the meaning of section 544 and a period of at least 12 months has not elapsed between the time of the amalgamation and the time it became a predecessor corporation, the requirement last provided in its respect in section 965.10.2 concerning the number of employees shall be replaced by the requirement to have had, throughout the period from the time of the amalgamation to the time it became a predecessor corporation, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons to whom they are related and, immediately before the time of the amalgamation, unless, throughout the 12 months preceding the time of the amalgamation, a class of shares of its capital stock was listed on a stock exchange in Canada, for one of the predecessor corporations to have had not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons to whom they are related”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of the first paragraph of section 965.10.3 of the said Act before subparagraph *a*, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

**114.** (1) Section 965.10.3.1 of the said Act, amended by section 139 of chapter 83 of the statutes of 1999, is again amended by replacing the portion of paragraph *b* before subparagraph *i* by the following :

“(b) unless throughout the 12-month period immediately preceding the commencement of its winding-up, a class of shares of its capital stock was listed on a stock exchange in Canada, the subsidiary shall have not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act or persons to whom they are related”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of paragraph *b* of section 965.10.3.1 of the said Act before subparagraph *i*, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

**115.** (1) Section 965.10.3.2 of the said Act, amended by section 140 of chapter 83 of the statutes of 1999, is again amended by replacing the portion of subparagraph *b* before subparagraph *i* by the following :

“(b) unless throughout the 12-month period immediately preceding the commencement of its winding-up, a class of shares of its capital stock was listed on a stock exchange in Canada, the other subsidiary shall have not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act or persons to whom they are related”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of paragraph *b* of section 965.10.3.2 of the said Act before subparagraph *i*, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.



**116.** (1) Section 965.11.5 of the said Act, amended by sections 142 and 273 of chapter 83 of the statutes of 1999, is again amended by replacing the portion of paragraph *d* before subparagraph *i* by the following:

“(d) one of the subsidiary corporations meets the requirements of paragraphs *a* to *d* of section 965.10 and, unless throughout the 12 preceding months, a class of shares of its capital stock was listed on a stock exchange in Canada, had not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons to whom they are related”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of paragraph *d* of section 965.11.5 of the said Act before subparagraph *i*, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

**117.** (1) Section 965.17.2 of the said Act, amended by section 143 of chapter 83 of the statutes of 1999, is again amended

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

“(c) unless throughout the 12 preceding months, a class of shares of its capital stock was listed on a stock exchange in Canada, it is a corporation that had not fewer than five full-time employees who were not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons to whom they were related”;

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

“(d) its assets are under \$350,000,000; and”.

(2) Paragraph 1 of subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 6 November 1998. However, where the portion of paragraph *c* of section 965.17.2 of the said Act before subparagraph *i*, enacted by paragraph 1 of subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

(3) Paragraph 2 of subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 9 March 1999.

**118.** (1) Section 1005 of the said Act is amended by striking out “Divisions II to III of”.

(2) Subsection 1 applies to taxation years that begin after 1 July 1999.

**119.** Section 1010.0.1 of the said Act is amended by replacing, in the English text of the first paragraph, the words “time limits prescribed” by the words “time limits provided for”.

**120.** Section 1028 of the said Act is amended by replacing, in the English text, the word “allocations” by the words “patronage dividends”.

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

(2) Subsection 1 applies to taxation years that begin after 1 July 1999.

(3) In addition, where Division I of Chapter III.1 of Title III of Book IX of Part I of the said Act, repealed by subsection 1, applies to taxation years that end after 30 June 1999, it shall be read

(1) with section 1029.0.1 replaced by the following :

“**1029.0.1.** In this division, “non-capital loss” of a corporation for a taxation year means the aggregate, for the year, of its non-capital loss, within the meaning of section 728, and its farm loss.”;

(2) with section 1029.1 repealed;

(3) with section 1029.2 replaced by the following ;

“**1029.2.** A corporation is deemed to have paid to the Minister on its balance-due day for its first taxation year, referred to in paragraph *b* as the “particular year”, that ends after 30 June 1999, on account of its tax payable for that taxation year under this Part, an amount equal to the aggregate of all amounts each of which is the amount by which

(*a*) the amount that, in respect of a non-capital loss sustained by the corporation during any of its seven preceding taxation years and which has been the subject of an election referred to in section 1029.1, as it read for that preceding taxation year, was determined under subparagraph *i* of paragraph *a* of this section, as it read for that preceding taxation year ; exceeds

(*b*) the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister by the corporation under this section on account of its tax payable for a taxation year preceding the particular year in respect of the loss referred to in paragraph *a*.”;

(4) with section 1029.2.1 repealed;

(5) with sections 1029.4 and 1029.5 replaced by the following :

**“1029.4.** A corporation that is deemed to have paid an amount to the Minister, under section 1029.2, on account of its tax payable for a taxation year under this Part, shall estimate that amount in the fiscal return it is required to file with the Minister, in accordance with section 1000, for that taxation year.

**“1029.5.** The Minister shall, with dispatch, determine the amount deemed by section 1029.2 to have been paid to the Minister by a corporation and transmit to the corporation a notice of refundable tax credit in respect of that amount.”

**122.** (1) The said Act is amended by inserting, after section 1029.6.0.1, the following section :

**“1029.6.0.1.1.** Subject to the special provisions in this chapter, the following rules apply :

(a) where, in respect of a particular expenditure or particular costs, a corporation deducted an amount in computing its income for a taxation year under Division XIII of Chapter V of Title III of Book III, no other amount may be deemed to have been paid to the Minister by the corporation, for any taxation year, under any of Divisions II to II.6.2, II.6.5, II.6.8 and II.6.9 in respect of all or part of a cost, an expenditure or costs included in the particular expenditure or the particular costs ; and

(b) where it may reasonably be considered that all or part of a consideration paid or payable by a corporation or partnership under a particular contract relates to a particular expenditure or to particular costs, and that corporation or a corporation that is a member of that partnership deducted an amount in computing its income for a taxation year under Division XIII of Chapter V of Title III of Book III, in respect of that expenditure or those costs, as the case may be, no amount may be deemed to have been paid to the Minister by another taxpayer, for any taxation year, under any of Divisions II to II.6.2, II.6.5, II.6.8 and II.6.9 in respect of all or part of a cost, an expenditure or costs incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure or particular costs.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**123.** (1) Section 1029.7 of the said Act, amended by section 168 of chapter 83 of the statutes of 1999, is again amended, in the first paragraph,

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

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

(2) by inserting, after subparagraph *b*, the following subparagraph :

“(b.1) where the taxpayer has made an election under subparagraph *c* of the first paragraph of section 230 for the year, that portion of the consideration paid under the contract by the taxpayer in respect of the research and development undertaken on the taxpayer’s behalf in the year to a person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to that portion of an expenditure incurred for salary or wages of employees of an establishment of that person or partnership situated in Québec who are directly engaged in scientific research and experimental development in Canada that can reasonably be considered to relate to such work having regard to the time spent by the employees thereon, and, for this purpose, where the employees spend all or substantially all of their working time on such scientific research and experimental development, that portion of the expenditure is deemed to be equal to the amount of the expenditure, or that could be so attributed if that person or partnership had such employees;”;

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

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

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

“(f) where the taxpayer has not made an election under subparagraph *c* of the first paragraph of section 230 for the year, that portion of the consideration paid under the contract by the taxpayer in respect of the research and development undertaken on the taxpayer’s behalf in the year to a person or

partnership with whom or with which the taxpayer was not dealing at arm's length at the time the contract was entered into, and paid again by that person or partnership, under a particular contract, in respect of that research and development, to another person or partnership with whom or with which the taxpayer was not dealing at arm's length at the time the particular contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to wages paid to employees of an establishment of that other person or partnership situated in Québec, or that could be so attributed if the other person or partnership had such employees;”;

(5) by inserting, after subparagraph *f*, the following subparagraph :

“(f.1) where the taxpayer has made an election under subparagraph *c* of the first paragraph of section 230 for the year, that portion of the consideration paid under the contract by the taxpayer in respect of the research and development undertaken on the taxpayer's behalf in the year to a person or partnership with whom or with which the taxpayer was not dealing at arm's length at the time the contract was entered into, and paid again by that person or partnership, under a particular contract, in respect of that research and development, to another person or partnership with whom or with which the taxpayer was not dealing at arm's length at the time the particular contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to that portion of an expenditure incurred for salary or wages of employees of an establishment of that other person or partnership situated in Québec who are directly engaged in scientific research and experimental development in Canada that can reasonably be considered to relate to such work having regard to the time spent by the employees thereon, and, for this purpose, where the employees spend all or substantially all their working time on such scientific research and experimental development, that portion of the expenditure is deemed to be equal to the amount of the expenditure, or that could be so attributed if the other person or partnership had such employees;”;

(6) by replacing subparagraph *h* by the following :

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

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of expenditures made after 12 May 1994 under a contract entered into after that date.

(3) Paragraphs 4 to 6 of subsection 1 apply in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

**124.** (1) Section 1029.7.2 of the said Act is amended by replacing the second paragraph by the following :

“In the formula provided for in the first paragraph, A is the greater of \$25,000,000 and the assets of the corporation determined as provided in this division.”

(2) Subsection 1 has effect from 9 May 1996.

**125.** (1) Section 1029.8 of the said Act, amended by section 169 of chapter 83 of the statutes of 1999, is again amended, in the first paragraph,

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

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

(2) by inserting, after subparagraph *b*, the following subparagraph :

“(*b.1*) where the partnership has made an election under subparagraph *c* of the first paragraph of section 230 for the fiscal period, that portion of the consideration paid under the contract by the partnership in respect of the research and development undertaken on its behalf in that fiscal period to a person or another partnership with whom or with which a member of the partnership was not dealing at arm’s length at the time the contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to that portion of an expenditure incurred for salary or wages of employees of an establishment of that person or other partnership situated in Québec who are directly engaged in scientific research and experimental development in Canada that can reasonably be considered to relate to such work having regard to the time spent by the employees thereon, and, for this purpose, where the employees spend all or substantially all of their working time on such scientific research and experimental development, that portion of the expenditure is deemed to be

equal to the amount of the expenditure, or that could be so attributed if the person or the other partnership had such employees;”;

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

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

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

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

(5) by inserting, after subparagraph *f*, the following subparagraph :

“(f.1) where the partnership has made an election under subparagraph *c* of the first paragraph of section 230 for the fiscal period, that portion of the consideration paid under the contract by the partnership in respect of the research and development undertaken on its behalf in the fiscal period to a person or partnership with whom or with which a member of the partnership was not dealing at arm’s length at the time the contract was entered into, and paid again by that person or that other partnership, under a particular contract, in respect of that research and development, to another person or partnership with whom or with which a member of the partnership was not dealing at arm’s length at the time the particular contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to that portion of an expenditure incurred for salary or wages of employees of an establishment of that other person or partnership

situated in Québec who are directly engaged in scientific research and experimental development in Canada that can reasonably be considered to relate to such work having regard to the time spent by the employees thereon, and, for this purpose, where the employees spend all or substantially all their working time on such scientific research and experimental development, that portion of the expenditure is deemed to be equal to the amount of the expenditure, or that could be so attributed if the other person or partnership had such employees;”;

(6) by replacing subparagraph *h* by the following :

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

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of expenditures made after 12 May 1994 under a contract entered into after that date.

(3) Paragraphs 4 to 6 of subsection 1 apply in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

**126.** (1) The said Act is amended by adding, after section 1029.8.9.0.1.1, the following section :

“**1029.8.9.0.1.2.** For the purposes of Division II.1, where, in relation to a university research contract or an eligible research contract, part of the scientific research and experimental development provided for in the contract is undertaken by a particular person, other than the eligible university entity, eligible public research centre or eligible research consortium, that is a party to the contract, in this section referred to as “the contractor”, and the application for an advance ruling relating to that contract establishes that the contractor is directly undertaking the scientific research and experimental development and retains general control over the performance of the contract, the scientific research and experimental development undertaken by the particular individual is deemed to be undertaken directly by the contractor.”



(2) Subsection 1 applies in respect of applications for an advance ruling given after 9 March 1999.

**127.** Section 1029.8.16 of the said Act is amended by replacing the portion before paragraph *b* by the following :

**“1029.8.16.** For the purposes of this division, the following rules apply :

(a) a validation certificate that is revoked by the Minister of Research, Science and Technology is null from the time the revocation becomes effective;”.

**128.** (1) The said Act is amended by inserting, after section 1029.8.16.1, the following :

**“DIVISION II.3.1**

**“ADDITIONAL CREDIT IN RESPECT OF SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT**

**“§1. — *Interpretation and general***

**“1029.8.16.2.** In this division,

“base period” of a qualified corporation for a particular taxation year means,

(a) in the case of a corporation having a period of three consecutive taxation years that ends immediately before the particular taxation year, that period; and

(b) in any other case, subject to subparagraph *a* of the first paragraph of section 1029.8.16.3 and paragraph *a* of section 1029.8.16.4, the period commencing on the first day of the first taxation year of the corporation and ending immediately before the particular taxation year;

“eligible amount” of a qualified corporation for a taxation year means the aggregate of all amounts each of which is wages or part of a consideration, a qualified expenditure, an eligible fee or its share of such an amount, as the case may be, in respect of which the corporation is deemed, or would be deemed, but for Division XIII of Chapter V of Title III of Book III and section 1029.8.21.3, to have paid an amount to the Minister on account of its tax payable for the year under any of Divisions II to II.3;

“expenditure base” of a qualified corporation for a particular taxation year means

(a) where the qualified corporation is not associated with another corporation at any time in the particular taxation year, such proportion of the aggregate of all amounts each of which is equal to the eligible amount of the corporation for each taxation year within its base period for the particular taxation year determined in accordance with this section or subparagraph *a* of the first paragraph of section 1029.8.16.3 or paragraph *a* of section 1029.8.16.4, as the case may be, as the number of days in the particular taxation year is of the number of days in that base period, or, where the particular taxation year of the corporation, other than a corporation resulting from an amalgamation, is its first taxation year, an amount equal to zero; and

(b) where the qualified corporation is associated with one or more other corporations at any time in the particular taxation year, the amount determined by the formula

$$\frac{A \times B}{B + C};$$

“qualified corporation” for a taxation year means a corporation that was, throughout the year, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and whose assets as shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$25,000,000.

In the formula provided for in paragraph *b* of the definition of “expenditure base” in the first paragraph,

(a) A is the aggregate of

i. the amount that would be the expenditure base of the qualified corporation for the particular taxation year if the qualified corporation were not associated with another corporation at any time in that year, and

ii. the aggregate of all amounts each of which is equal to the amount that would be the expenditure base of another corporation with which the qualified corporation is associated at any time in the particular taxation year, for the taxation year of the other corporation that ends in the calendar year in which the particular taxation year ended, if the other corporation were not associated with another corporation at any time in the particular taxation year;

(b) B is the eligible amount of the qualified corporation for the particular taxation year; and

(c) C is the aggregate of all amounts each of which is equal to the eligible amount of another corporation with which the qualified corporation is associated at any time in the particular taxation year for its taxation year that ends in the calendar year in which the particular taxation year ended.

**“1029.3.16.3.** For the purposes of this division, the following rules apply to 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 is referred to in this section as a “predecessor corporation”:

(a) if the new corporation has fewer than three taxation years that end before a particular taxation year, its base period, for the particular taxation year, is deemed to be the period commencing on the day that is the earliest of all days each of which is the commencement of a taxation year of a predecessor corporation that is within the three-year period ending immediately before the particular taxation year, and ending immediately before the particular taxation year; and

(b) the new corporation shall include, in computing its eligible amount for its base period, the eligible amount of each predecessor corporation for any taxation year that commenced in that base period.

For the purposes of this section, a predecessor corporation includes any corporation in respect of which the predecessor corporation was a new corporation.

**“1029.3.16.4.** For the purposes of this division, where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of that section 556, the following rules apply:

(a) where the parent corporation, within the meaning of that section 556, has fewer than three taxation years that end before a particular taxation year, its base period for the particular taxation year is deemed to be the period commencing on the day that is the earliest of all days each of which is the commencement of a taxation year of the parent corporation or subsidiary that is within the three-year period ending immediately before the particular taxation year, and ending immediately before the particular taxation year; and

(b) the parent corporation shall include, in computing its eligible amount for its base period, the eligible amount of the subsidiary for any taxation year that commenced in that base period.

**“1029.3.16.5.** For the purposes of this division in respect of a particular corporation for a particular taxation year, where another corporation was not associated with the particular corporation in the particular year but was associated with the particular corporation at any time in a taxation year in the particular corporation’s base period for the particular year, and all or substantially all of the property of that other corporation used by it in carrying on any business during that base period was acquired in any manner whatever

by the particular corporation, or by a corporation associated with the particular corporation at any time in the particular year, the other corporation is deemed, notwithstanding that it may have ceased to exist, to be a corporation associated with the particular corporation in the particular year and to have had taxation years ending on anniversaries of the last day of its taxation year in which it was last associated with the particular corporation.

The first paragraph does not apply if the other corporation is a predecessor corporation, referred to in section 544, in respect of the particular corporation or in respect of a corporation associated with the particular corporation in the particular year or if the other corporation is a subsidiary, referred to in section 556, that was wound up before the particular year, if its parent corporation was the particular corporation or a corporation associated with the particular corporation in the particular year.

“§2. — *Credit*

“**1029.8.16.6.** A qualified corporation for a taxation year beginning after 30 June 1999 and before 1 July 2004, that encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information is deemed 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 15% of the amount by which its eligible amount for the year exceeds its expenditure base for the year.”

(2) Subsection 1 applies to taxation years of a corporation that begin after 30 June 1999.

**129.** (1) Section 1029.8.19.2 of the said Act, amended by section 171 of chapter 83 of the statutes of 1999, is again amended by adding, after the eighth paragraph, the following paragraph:

“Notwithstanding the third paragraph, where, in relation to a university research contract or an eligible research contract, part of the scientific research and experimental development provided for in the contract is carried out by a person other than the eligible university entity, eligible public research centre or eligible research consortium, that is a party to the contract, in this section referred to as the “recognized body”, the part of the scientific research and experimental development is not deemed to be carried out by the recognized body, in accordance with section 1029.8.9.0.1.2, and the recognized body does not directly take part in the financing of the scientific research and experimental development project by making or incurring expenditures to carry out the part of the scientific research and experimental development, the amount of that part of the scientific research and experimental development, to the extent that it would have been a contribution referred to in that third paragraph, but for this paragraph, is deemed not to be a contribution referred to in that third paragraph.”

(2) Subsection 1 applies in respect of scientific research and experimental development carried out after 28 February 1997, under a university research contract or eligible research contract entered into after that date.

**130.** (1) Section 1029.8.19.5 of the said Act, amended by section 173 of chapter 83 of the statutes of 1999, is again amended by replacing, in the first paragraph, the words “respectively in subparagraph *a, b* or *f*”, wherever they appear, by the words “in any of subparagraphs *a, b, b.1, f* and *f.1*”.

(2) Subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

**131.** Section 1029.8.20 of the said Act is replaced by the following :

**“1029.8.20.** Where a taxpayer carries on a business in Canada in a taxation year by reason of an arrangement, a transaction or an event, or of a series of arrangements, transactions or events, and it may reasonably be considered that one of the purposes of the arrangement, transaction or event or of the series of arrangements, transactions or events is to cause the taxpayer to carry on the business so as to allow the taxpayer to be deemed to have paid an amount to the Minister for that taxation year, pursuant to section 1029.7, 1029.8.6, 1029.8.9.0.3 or 1029.8.10, the taxpayer is, for the purposes of those sections, deemed not to carry on the business in that year by reason of the arrangement, transaction or event or of the series of arrangements, transactions or events unless the taxpayer is, by reason of the arrangement, transaction or event or of the series of arrangements, transactions or events, a member of a partnership other than a specified member of that partnership.”

**132.** (1) The said Act is amended by inserting, after section 1029.8.20, the following section :

**“1029.8.20.1.** Section 1029.8.16.6 does not apply to a corporation that, by reason of an arrangement, a transaction or an event, or of a series of arrangements, transactions or events would, but for this section, have been deemed to have paid an amount to the Minister for a taxation year under Division II.3.1, where it may reasonably be considered that one of the main purposes of the arrangement, transaction or event or of the series of arrangements, transactions or events is to enable the corporation to be deemed, for that taxation year, to have paid to the Minister, under that Division II.3.1, an amount greater than the amount that, but for that arrangement, transaction or event, or series of arrangements, transactions or events, would have been so deemed to have been paid to the Minister for that taxation year under Division II.3.1.”

(2) Subsection 1 applies to taxation years of a corporation that begin after 30 June 1999.

**133.** (1) Section 1029.8.21.2 of the said Act is replaced by the following :

**“1029.8.21.2.** For the purposes of this Part and the regulations, the amount that a taxpayer is deemed to have paid to the Minister for a taxation year under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.9.0.4, 1029.8.10, 1029.8.11 and 1029.8.16.6 is deemed not to be assistance or an inducement that the taxpayer or, where the taxpayer is a member of a partnership, the partnership of which the taxpayer is a member has received from a government.”

(2) Subsection 1 applies to taxation years of a corporation that begin after 30 June 1999.

**134.** (1) Section 1029.8.21.3 of the said Act, amended by section 250 of chapter 5 of the statutes of 2000, is replaced by the following :

**“1029.8.21.3.** A taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a particular taxation year or under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.9.0.4, 1029.8.10 and 1029.8.11 in respect of an expenditure that is wages or part of a consideration, a qualified expenditure or an eligible fee, as the case may be, or under section 1029.8.16.6, in respect of an excess amount referred to therein, only if the taxpayer files with the Minister the prescribed form containing the prescribed information on or before the day that is 12 months after the taxpayer’s filing-due date for the particular year.”

(2) Subsection 1 applies to taxation years of a corporation that begin after 30 June 1999.

**135.** (1) The said Act is amended by inserting, after section 1029.8.21.16, the following :

#### **“DIVISION II.4.2**

#### **“CREDIT FOR TECHNOLOGICAL ADAPTATION SERVICES**

**“§1. — *Interpretation and general***

**“1029.8.21.17.** In this division,

“eligible college centre for technology transfer” means a prescribed college centre for technology transfer ;

“eligible competitive intelligence centre” means a prescribed competitive intelligence centre ;

“eligible competitive intelligence service” means a prescribed competitive intelligence product or service ;

“eligible liaison and transfer centre” means a prescribed liaison and transfer centre ;

“eligible liaison and transfer service” means a prescribed liaison and transfer product or service ;

“expenditure in respect of an eligible competitive intelligence service” of a qualified corporation for a taxation year or a qualified partnership for a fiscal period means an amount incurred by the qualified corporation in the year or the qualified partnership in the fiscal period, as the case may be, under a contract entered into with an eligible competitive intelligence centre, that is, to the extent that that amount is paid, the aggregate of

(a) 80% of the fees relating to an eligible competitive intelligence service provided by the eligible competitive intelligence centre ;

(b) the fees relating to a subscription, in respect of an eligible competitive intelligence service, offered by the eligible competitive intelligence centre ;  
and

(c) the fees for training and information activities in relation to an eligible competitive intelligence service, offered by the eligible competitive intelligence centre ;

“expenditure in respect of an eligible liaison and transfer service” of a qualified corporation for a taxation year or a qualified partnership for a fiscal period means an amount incurred by the qualified corporation in the year or the qualified partnership in the fiscal period, as the case may be, under a contract entered into with an eligible liaison and transfer centre or an eligible college centre for technology transfer, that is, to the extent that that amount is paid, the aggregate of

(a) 80% of the fees relating to an eligible liaison and transfer service provided by the eligible liaison and transfer centre or the eligible college centre for technology transfer, as the case may be ;

(b) the fees relating to a subscription, in respect of an eligible liaison and transfer service, offered by the eligible liaison and transfer centre or the eligible college centre for technology transfer, as the case may be ; and

(c) the fees for training and information activities in relation to an eligible liaison and transfer service, offered by the eligible liaison and transfer centre or the eligible college centre for technology transfer, as the case may be ;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“qualified corporation”, for a taxation year, means, subject to section 1029.8.21.18, a corporation that carries on a business in Québec and has an establishment in Québec in the year and all or substantially all of whose gross revenue for the year is derived from the carrying on of a qualified business, 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 all 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;

“qualified expenditure” means an expenditure in respect of an eligible competitive intelligence service or an expenditure in respect of an eligible liaison and transfer service, as the case may be;

“qualified partnership”, for a fiscal period, means a partnership that, if it were a corporation, would be a qualified corporation for that fiscal period.

For the purposes of the definition of “expenditure in respect of an eligible competitive intelligence service” and of “expenditure in respect of an eligible liaison and transfer service” in the first paragraph, the following rules apply:

(*a*) only the fees for occasional appreciation training activities, otherwise than as part of a regular training program, may be taken into account as fees for training activities referred to in paragraph *c* of the definition of those expressions; and

(*b*) the amount of the expenditure referred to in any of paragraphs *a* to *c* of the definition of those expressions shall be reduced by the aggregate of all amounts each of which is the amount of government assistance or non-government assistance, to the extent that the amount of that assistance is attributable to the expenditure to which it relates, 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.

The Minister may obtain the advice of the Minister of Industry and Trade and the Minister of Research, Science and Technology as to whether a particular product or service qualifies as an eligible competitive intelligence service or an eligible liaison and transfer service, as the case may be.



**“1029.8.21.18.** For the purposes of this division, 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 preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, are equal to or greater than \$25,000,000, is not a qualified corporation.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph shall be read as if the reference therein to “submitted to the shareholders” were a reference to “submitted to the members”.

**“1029.8.21.19.** For the purposes of section 1029.8.21.18, in computing the assets of a corporation at any time, the amount that is the surplus reassessment of its property at that time and the amount of its intangible assets at that time shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of intangible assets consists of shares of the corporation’s or cooperative’s capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

**“1029.8.21.20.** For the purposes of section 1029.8.21.18, the assets of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the assets of the corporation and the assets of each corporation with which it is associated, as determined in accordance with sections 1029.8.21.18 and 1029.8.21.19, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

**“1029.8.21.21.** For the purposes of this division, where a particular corporation or a corporation with which it is associated reduces its assets by any transaction in a taxation year and, but for that reduction, the particular corporation would not be a qualified corporation by reason of section 1029.8.21.18, the assets are deemed not to have been so reduced unless the Minister decides otherwise.

“§2. — *Credits*

**“1029.8.21.22.** A qualified corporation that, in a taxation year, incurs a qualified expenditure 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 40% of the qualified expenditure, if it encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the receipt issued by the eligible college

centre for technology transfer, the eligible competitive intelligence centre or the eligible liaison and transfer centre, as the case may be, in respect of the expenditure.

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, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

**“1029.8.21.23.** Where a qualified partnership incurs a qualified expenditure in a fiscal period, each qualified corporation that is a member of the partnership at the end of that fiscal period is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for the corporation’s taxation year in which that fiscal period ends, on account of the corporation’s tax payable for that year under this Part, an amount equal to 40% of the corporation’s share, for that fiscal period, of the expenditure, if it encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the receipt issued by the eligible college centre for technology transfer, the eligible competitive intelligence centre or the eligible liaison and transfer centre, as the case may be, in respect of the expenditure.

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 qualified 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 which that fiscal period ends where that date coincides with the date on or before which the corporation is required to make such a payment or, in any other case, on the first date following the end of that fiscal period which is the date on or before which it is required to make such a payment, the amount determined for the year in its respect under the first paragraph.

**“1029.8.21.24.** For the purposes of section 1029.8.21.23, a qualified corporation’s share of a qualified expenditure incurred in a fiscal period by a qualified partnership of which the qualified corporation is a member is equal to such proportion of that expenditure as the qualified corporation’s share of the income or loss of the partnership for that fiscal period is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.

**“1029.8.21.25.** Where a corporation referred to in section 1029.8.21.23 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 an expenditure included in computing the qualified expenditure incurred by the partnership in that fiscal period, the qualified expenditure shall, for the purpose of computing the amount deemed to have been paid to the Minister by the corporation under that section 1029.8.21.23 for the taxation year referred to therein in relation to the qualified expenditure, be determined as if

(a) the amount of the assistance had been received by the partnership during 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 proportion that the income or loss of the partnership for the fiscal period is of the corporation’s share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for the fiscal period is equal to \$1,000,000.

**“1029.8.21.26.** Where a qualified 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 subparagraph *b* of the second paragraph of section 1029.8.21.17 that was taken into account for the purpose of computing a qualified 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 1029.8.21.22 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 its fiscal return it is required to file for the 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, in respect of the qualified expenditure, under section 1029.8.21.22, 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 determined under that subparagraph *b*, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.21.22 for the particular year, in respect of the qualified 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.

**“1029.8.21.27.** Where a qualified 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 *b* of the second paragraph of section 1029.8.21.17 that was taken into account for the purpose of computing a qualified 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 1029.8.21.23 for the particular taxation year, the corporation is deemed to have paid to the Minister for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000 and meets the conditions set out in the second paragraph, 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 1029.8.21.23 for the particular year, in respect of the qualified expenditure, if

i. any amount of such assistance so repaid at or before the end of the fiscal period of repayment had reduced, for the particular fiscal period, the aggregate determined under subparagraph *b* of the second paragraph of section 1029.8.21.17, and

ii. the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment; exceeds

(*b*) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.23 for the particular year, in respect of the qualified expenditure, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment, and

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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(*a*) the corporation is a member of the partnership at the end of the fiscal period of repayment; and

(*b*) the corporation is not referred to in either of paragraph *a* or *b* of the definition of "qualified corporation" in the first paragraph of section

1029.8.21.17 for its taxation year in which the fiscal period of repayment ends.

**“1029.8.21.28.** Where 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 an expenditure included in computing a qualified expenditure incurred by the partnership in a particular fiscal period, that is referred to in the portion of section 1029.8.21.25 before paragraph *a* and that reduced the qualified expenditure pursuant to subparagraph *b* of the second paragraph of section 1029.8.21.17, in the manner required by that section, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.21.23, in respect of the qualified expenditure, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000 and meets the conditions set out in the second paragraph, 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 1029.8.21.23 for its taxation year in which the particular fiscal period ends, in respect of the qualified expenditure, if

i. the aggregate determined under subparagraph *b* of the second paragraph of section 1029.8.21.17 had been reduced, for the particular fiscal period, by the product obtained by multiplying any amount of such assistance so repaid at or before the end of the fiscal period of repayment by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the corporation’s share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000, and

ii. except for the purposes of section 1029.8.21.25, the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment; exceeds

(*b*) the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.23 for its taxation year in which the particular fiscal period ends, in respect of the qualified expenditure, if, except for the purposes of section 1029.8.21.25, the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment, and

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 1029.8.21.25, the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment ; and

(b) the corporation is not referred to in either of paragraph *a* or *b* of the definition of "qualified corporation" in the first paragraph of section 1029.8.21.17 for its taxation year in which the fiscal period of repayment ends.

**"1029.8.21.29.** For the purposes of sections 1029.8.21.26 to 1029.8.21.28, 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 subparagraph *b* of the second paragraph of section 1029.8.21.17 or because of section 1029.8.21.25, the qualified expenditure referred to in the first paragraph of section 1029.8.21.17, for the purpose of computing the amount that the corporation or a corporation that is a member of the partnership is deemed to have paid to the Minister under section 1029.8.21.22 or 1029.8.21.23 ;

(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 may reasonably expect to receive.

**"1029.8.21.30.** Where, in respect of a qualified expenditure, 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, the following rules apply :

(a) for the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister under section 1029.8.21.22 for a particular taxation year, any amount of assistance referred to in subparagraph *b* of the second paragraph of section 1029.8.21.17 in respect of the qualified corporation for the particular year, in relation to the qualified expenditure, shall, except if it has been increased for a preceding taxation year in respect of the amount of the benefit or advantage, be increased by the amount of the benefit or advantage

that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified 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 1029.8.21.23 by a qualified corporation that is a member of a qualified partnership at the end of a particular fiscal period of the qualified partnership ending in the year, any amount of assistance referred to in subparagraph *b* of the second paragraph of section 1029.8.21.17 in respect of the partnership for that fiscal period, in relation to the qualified expenditure, shall, except if it has been increased for a preceding fiscal period in respect of the amount of the benefit or advantage, be increased by

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

ii. the product obtained by multiplying the amount of the benefit or advantage that the qualified corporation or a person with whom the qualified 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 proportion that the income or loss of the partnership for that fiscal period is of the qualified corporation's share of that income or loss, on the assumption that, if the income and loss of the partnership for the particular fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“1029.8.21.31.** A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under any of sections 1029.8.21.22, 1029.8.21.23 and 1029.8.21.26 to 1029.8.21.28 only if it files with the Minister the prescribed form containing the prescribed information and a copy of the receipt issued by the eligible college centre for technology transfer, the eligible competitive intelligence centre or the eligible liaison and transfer centre, as the case may be, in respect of its qualified expenditure, on or before the day that is 12 months after the qualified corporation's filing-due date for the particular year.”

(2) Subsection 1 applies in respect of qualified expenditures incurred after 9 March 1999 for eligible competitive intelligence services or for eligible liaison and transfer services provided after that date. However, section 1029.8.21.17 of the said Act, enacted by subsection 1, shall be read without reference to the third paragraph thereof where it applies before 15 November 2000.

**136.** Section 1029.8.33.10 of the said Act, amended by section 185 of chapter 83 of the statutes of 1999, is again amended

(1) by replacing the words “an attestation” by the words “a certificate” in the English text of the following provisions :

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

(2) by replacing the word “attestation” by the word “certificate” in the English text of the following provisions :

- subparagraph *b.1* of the first paragraph ;
- the portion of the second paragraph before subparagraph *a*.

**137.** (1) Section 1029.8.33.12 of the said Act, amended by section 186 of chapter 83 of the statutes of 1999, is again amended by replacing paragraph *b* of the definition of “qualified expenditure” by the following :

“(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 *ii* to *iv* of paragraph *a* in respect of that indemnity or compensation;”.

(2) Subsection 1 applies to pay periods that begin after 31 December 1997.

**138.** (1) Section 1029.8.33.13 of the said Act, amended by section 187 of chapter 83 of the statutes of 1999, is again amended, in the third paragraph,

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

“(a) the aggregate of all amounts paid under the provisions mentioned in subparagraphs *ii* and *iii* 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 for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees for such a period ;



“(b) the amount paid under the provision mentioned in subparagraph 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 that provision 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 for a period that is after 24 March 1997 and before 1 January 2001 and to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer’s bill;”;

(2) by replacing subparagraph d by the following :

“(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 for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees for such a period, and of any amount paid or payable in respect of the taxation year, under the provisions mentioned in subparagraphs ii to iv 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; and”.

(2) Subsection 1 applies to pay periods that begin after 31 December 1997.

**139.** (1) Section 1029.8.33.14 of the said Act, amended by section 188 of chapter 83 of the statutes of 1999, is again amended, in the fourth paragraph,

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

“(a) the aggregate of all amounts paid under the provisions mentioned in subparagraphs ii and iii 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 for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or

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

“(b) the amount paid under the provision mentioned in subparagraph 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 that provision 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 for a period that is after 24 March 1997 and before 1 January 2001 and to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill;”;

(2) by replacing subparagraph d by the following :

“(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 for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees for such a period, and of any amount paid or payable in respect of the fiscal period, under the provisions mentioned in subparagraphs ii to iv 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; and”.

(2) Subsection 1 applies to pay periods that begin after 31 December 1997.

**140.** (1) Section 1029.8.33.15 of the said Act is repealed.

(2) Subsection 1 applies to pay periods that begin after 31 December 1997.

**141.** (1) Section 1029.8.33.17 of the said Act is amended by replacing paragraph a by the following :

“(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”.

(2) Subsection 1 applies to pay periods that begin after 31 December 1997.

**142.** (1) Section 1029.8.33.18 of the said Act is amended by replacing paragraph *a* by the following :

“(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”.

(2) Subsection 1 applies to pay periods that begin after 31 December 1997.

**143.** Section 1029.8.34 of the said Act, amended by section 189 of chapter 83 of the statutes of 1999 and by section 255 of chapter 5 of the statutes of 2000, is again amended, in the definition of “qualified labour expenditure” in the first paragraph,

(1) by striking out subparagraph 2.1 of subparagraph *i* of paragraph *a* ;

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

“(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 before the end of which the main filming and taping of the property began and which precedes the year, exceeds 250% of 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” ;

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

“*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 the main filming and taping of the property began and which precedes the year, exceeds 250% of 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 ;”.

**144.** (1) Section 1029.8.35 of the said Act, amended by section 190 of chapter 83 of the statutes of 1999, is again amended

(1) by replacing, in subparagraph *b* of the first paragraph, the words “computer-aided special effects or animation” by the words “computer-aided special effects and animation” ;

(2) by striking out the fourth paragraph.

(2) Paragraph 1 of subsection 1 has effect from 1 April 1998.

**145.** (1) Section 1029.8.35.0.1 of the said Act, enacted by section 191 of chapter 83 of the statutes of 1999, is amended by replacing, in the portion before paragraph *a*, the words “computer-aided special effects or animation” by the words “computer-aided special effects and animation”.

(2) Subsection 1 has effect from 1 April 1998.

**146.** (1) Section 1029.8.36.0.0.5 of the said Act, enacted by section 194 of chapter 83 of the statutes of 1999, is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1029.8.36.0.0.5.** A corporation that, for a taxation year, is a qualified corporation and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the valid certificate issued 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 the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, where the main filming or taping of the property began 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”.

(2) Subsection 1 applies to taxation years that end after 12 February 1998.

**147.** (1) The said Act is amended by inserting, after section 1029.8.36.0.0.6, enacted by section 194 of chapter 83 of the statutes of 1999, the following :

#### “DIVISION II.6.0.0.3

#### “CREDIT FOR THE PRODUCTION OF SOUND RECORDINGS

“**1029.8.36.0.0.7.** In this division,

“eligible employee” of an individual, a corporation or a partnership for a taxation year means, in respect of a property that is a qualified sound recording, an individual resident in Québec at the end of the calendar year preceding the calendar year during which the recording work of the property began ;

“eligible individual” for a taxation year in respect of a property that is a qualified sound recording means an individual resident in Québec at the end of the calendar year preceding the calendar year during which the recording work of the property began ;

“eligible production work” relating to a property that is a qualified sound recording means the work to carry out the stages of production of the property from the initial design to the production of the master, including the design of the cover, but does not include activities relating to pressing, disc or tape duplication, promotion, distribution or dissemination ;

“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;

(b) exempt from tax for the year under Book VIII;

(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; or

(d) governed, in the year, by an Act establishing a labour-sponsored fund;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than any amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the Société de développement des entreprises culturelles, the Canada Council for the Arts, the Fondation Musicaction or the Foundation to Assist Canadian Talent on Records and an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified sound recording means, subject to the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year, to the extent that they relate to services rendered in Québec for eligible production work relating to the property, and paid by it to its eligible employees in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister;

(b) that portion of the remuneration, other than salary or wages, that relates to services rendered in Québec to the corporation for eligible production work relating to the property, that is incurred in the year by the corporation and paid by it in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister,

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, 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 therein, 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 ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than any amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the Société de développement des entreprises culturelles, the Canada Council for the Arts, the Fondation Musicaction or the Foundation to Assist Canadian Talent on Records and an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“qualified corporation” for a taxation year in respect of a property that is a qualified sound recording 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 labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified sound recording 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 by the corporation in the year, pursuant to a legal obligation, of any assistance 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 referred to in subparagraph *a* of the first paragraph of section 1129.4.0.10 in relation to the production of the property not exceeding 300% of the tax under Part III.1.0.3 that the corporation is required to pay in a taxation year preceding the year by reason of that subparagraph *a* 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 300% 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 *a* of the first paragraph of section 1129.4.0.10, in relation to assistance referred to in subparagraph ii, exceeds

ii. 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 *c* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year; and

(*b*) the amount by which

i. 45% of the amount by which the production costs of the corporation for the year or for a preceding taxation year in relation to the production of the property exceed the amount of any government assistance and 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 and that it has not repaid at that time pursuant to a legal obligation, 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 300% 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 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” means the income computed pursuant to Chapters I and II of Title II of Book III.

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 sound recording 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 shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to that 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 year ; 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.

For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the production costs of a corporation, for a taxation year, in relation to the production of a property that is a qualified sound recording are deemed to include

(a) the portion of the production costs, other than the production fees and administration costs, to the extent that they are reasonable in the circumstances and included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, that is incurred in the year to carry out the eligible production work relating to the property ;

(b) an amount relating to the production fees and administration costs in connection with the production of the property that corresponds to 15% of the amount determined in accordance with paragraph *a* ; and

(c) an amount equal to the fair market value of the use by the corporation before the end of the year of property or services as part of the production of the property, for no consideration on the part of the corporation.

For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, and of



subparagraph *i* of paragraph *b* of that definition, an amount of assistance is deemed, in respect of a property that is a qualified sound recording, to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(*a*) reduced, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.8, 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. because of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the production costs of the corporation, in respect of the property, for the year or for a preceding taxation year;

(*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.

For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, an amount of government assistance or non-government assistance that a qualified corporation is entitled to receive in a taxation year in respect of a property that is a qualified sound recording is deemed not to be such an amount where that amount

(*a*) would, but for this paragraph, reduce, because of that subparagraph *i*, the production costs of the corporation for the year in respect of the property, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the taxation year under section 1029.8.36.0.0.8 in respect of the property;

(*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.

**“1029.8.36.0.0.8.** A qualified corporation that, in a taxation year, produces a sound recording and encloses with its fiscal return it is required to file for the year under section 1000 a copy of the valid favourable advance ruling given or valid certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of a property that is a qualified sound recording 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 that year under this Part, an amount equal to 33 1/3% of its qualified labour expenditure for the year in respect of that property.

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 which the first payment is required to be made, the portion, in this paragraph referred to as the "particular portion", of the amount determined under the first paragraph for the year that may reasonably be attributed to a labour expenditure of the corporation for a preceding taxation year and, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.

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 sound recording shall not exceed the amount by which, where the property is co-produced, the amount obtained by applying to \$50,000 its share, expressed as a percentage, of the production costs in relation to the production of the property stipulated in an agreement or, in any other case, \$50,000, exceeds 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.

**"1029.8.36.0.0.9.** Subject to sections 1010 to 1011, for the purposes of section 1029.8.36.0.0.8, where the Société de développement des entreprises culturelles replaces or revokes a favourable advance ruling or a certificate given or issued by it, as the case may be, in respect of a property that is a qualified sound recording, the following rules apply :

(a) the replaced favourable advance ruling is null from the time it was given or deemed given, and the new favourable advance ruling is deemed to have been given at that time ;

(b) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time ; and

(c) a revoked favourable advance ruling or certificate is null from the time the revocation becomes effective.

The revoked advance ruling or certificate referred to in the first paragraph is deemed not to have been given or issued as of the effective date specified in the notice of revocation.

#### **“DIVISION II.6.0.0.4**

#### **“CREDIT FOR THE PRODUCTION OF MUSICAL PERFORMANCES**

**“1029.3.36.0.0.10.** In this division,

“eligible employee” of an individual, a corporation or a partnership for a taxation year means, in respect of a property that is a qualified performance, an individual resident in Québec at the end of the calendar year preceding the calendar year during which the production work of the property began ;

“eligible individual” for a taxation year in respect of a property that is a qualified performance means an individual resident in Québec at the end of the calendar year preceding the calendar year during which the production work of the property began ;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than any amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the Société de développement des entreprises culturelles, the Canada Council for the Arts, the Fondation Musicaction or the Foundation to Assist Canadian Talent on Records and an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“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, to the extent that they are reasonable in the circumstances, but does not include any amount relating to the broadcasting or promotion of the property nor any amount relating to a private performance 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, to the extent that they relate to services rendered in Québec in relation to the stages of production of the property, from the pre-production stage to the performance before an audience, and paid by it to its eligible employees in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister ;

(b) that portion of the remuneration, other than salary or wages, that relates to services rendered in Québec to the corporation in relation to the production of the property and that is related to the stages of production of the property referred to in paragraph a, that is incurred in the year by the corporation and paid by it in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister,

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, 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 therein, 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 ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than any amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the Société de développement des entreprises culturelles, the Canada Council for the Arts, the Fondation Musicaction or the Foundation to Assist Canadian Talent on Records and an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a musical 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 ;

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

(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 ; or

(d) a corporation governed, in the year, by an Act establishing a labour-sponsored fund ;

“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 by the corporation in the year, pursuant to a legal obligation, of any assistance 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 referred to in subparagraph *a* of the first paragraph of section 1129.4.0.14 in relation to the production of the property not exceeding 300% of the tax under Part III.1.0.4 that the corporation is required to pay in a taxation year preceding the year by reason of that subparagraph *a* 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 300% 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 *a* of the first paragraph of section 1129.4.0.14, in relation to assistance referred to in subparagraph ii, exceeds

ii. 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 *d* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year; and

(b) the amount by which

i. 45% of the amount by which the production costs of the corporation for the year or for a preceding taxation year in relation to the production of the property exceed the amount of any government assistance and 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 and that it has not repaid at that time pursuant to a legal obligation, 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 300% 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” of a corporation for a taxation year means a property that is a musical performance 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” means the income computed pursuant to Chapters I and II of Title II of Book III.

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 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 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 before an audience 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 shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to that 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 year ; 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.

For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the production costs of a corporation, for a taxation year, in relation to the production of a property that is a qualified performance are deemed to include the following amounts, but do not include the costs incurred for the broadcasting and promotion of the property nor the costs incurred in relation to a private performance of the property :

(*a*) the portion of the production costs, other than the production fees and administration costs, to the extent that they are reasonable in the circumstances and included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, that is incurred in the year to produce the property, to the extent that the portion of those costs is incurred during a period from the pre-production of the property to the end of a period of three full years beginning on the day of the first performance of the property before an audience ;

(*b*) an amount relating to the production fees and administration costs in connection with the production of the property that corresponds to 15% of the amount determined in accordance with paragraph *a* ; and

(*c*) an amount equal to the fair market value of the use by the corporation before the end of the year of property or services as part of the production of the property, for no consideration on the part of the corporation.

For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, and of subparagraph *i* of paragraph *b* of that definition, an amount of assistance is deemed, in respect of a property that is a qualified performance, to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(*a*) reduced, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.11, 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. because of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the production costs of the corporation, in respect of the property, for the year or for a preceding taxation year ;

(*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.

For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, an amount of government assistance or non-government assistance that a qualified corporation is entitled to receive in a taxation year in respect of a property that is a qualified performance is deemed not to be such an amount where that amount

(a) would, but for this paragraph, reduce, because of that subparagraph *i*, the production costs of the corporation for the year in respect of the property, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the taxation year under section 1029.8.36.0.0.11 in respect of the property ;

(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.

**“1029.8.36.0.0.11.** A qualified corporation that, in a taxation year, produces a musical performance and encloses with its fiscal return it is required to file for the year under section 1000 a copy of the valid favourable advance ruling given or valid certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of a property that is a qualified performance 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 that year under this Part, an amount equal to 33 1/3% of its qualified labour expenditure for the year in respect of that property.

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 which the first payment is required to be made, the portion, in this paragraph referred to as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a labour expenditure of the corporation for a preceding taxation year and, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.

The amount that a corporation is deemed to have paid to the Minister, under this section, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified performance shall not exceed the



amount by which, where the property is co-produced, the amount obtained by applying to \$300,000 its share, expressed as a percentage, of the production costs in relation to the production of the property stipulated in an agreement or, in any other case, \$300,000, 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 property for a preceding taxation year.

**“1029.8.36.0.0.12.** Subject to sections 1010 to 1011, for the purposes of section 1029.8.36.0.0.11, where the Société de développement des entreprises culturelles replaces or revokes a favourable advance ruling or a certificate given or issued by it, as the case may be, in respect of a property that is a qualified performance, the following rules apply :

(a) the replaced favourable advance ruling is null from the time it was given or deemed given, and the new favourable advance ruling is deemed to have been given at that time ;

(b) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time ; and

(c) a revoked favourable advance ruling or certificate is null from the time the revocation becomes effective.

The revoked advance ruling or certificate referred to in the first paragraph is deemed not to have been given or issued as of the effective date specified in the notice of revocation.”

(2) Subsection 1 applies in respect of labour expenditures incurred after 9 March 1999.

**148.** (1) Section 1029.8.36.0.1 of the said Act, amended by section 196 of chapter 83 of the statutes of 1999, is again amended, in the first paragraph,

(1) by replacing the definition of “government assistance” and of “non-government assistance” by the following :

““government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

(a) the amount of any financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles ;

(b) an amount that is deemed to have been paid to the Minister for a taxation year under this division ; and

(c) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) ;” ;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than

(*a*) the amount of any financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles ;

(*b*) an amount that is deemed to have been paid to the Minister for a taxation year under this division ; and

(*c*) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act ;” ;

(2) by replacing the word “preliminary” by the word “temporary”, in the English text of the following provisions :

— the definition of “eligible production costs” ;

— the definition of “labour expenditure” ;

— subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure”.

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 17 April 1997.

**149.** Section 1029.8.36.0.2 of the said Act, amended by section 197 of chapter 83 of the statutes of 1999, is again amended by replacing, in the English text of the portion before paragraph *a*, the word “preliminary” by the word “temporary”.

**150.** (1) Section 1029.8.36.0.3.3 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999 and amended by section 258 of chapter 5 of the statutes of 2000, is again amended by replacing the definition of “government assistance” and of “non-government assistance” in the first paragraph by the following :

““government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

(*a*) the amount of any financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles ;

(*b*) an amount that is deemed to have been paid to the Minister for a taxation year under this division ; and

(c) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);”;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(a) the amount of any financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles ;

(b) an amount that is deemed to have been paid to the Minister for a taxation year under this division; and

(c) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;”.

(2) Subsection 1 applies to taxation years that end after 9 May 1996.

**151.** (1) Section 1029.8.36.0.3.8 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999 and amended by section 259 of chapter 5 of the statutes of 2000, is again amended by replacing the definition of “government assistance” and of “non-government assistance” in the first paragraph by the following :

““government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division; and

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);”;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division; and

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;”.

(2) Subsection 1 applies to taxation years that end after 9 May 1996.

**152.** (1) Section 1029.8.36.0.3.18 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999 and amended by section 260 of chapter 5 of the statutes of 2000, is again amended by replacing the definition of “government assistance” and of “non-government assistance” in the first paragraph by the following:

““government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division; and

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);”;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division; and

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;”.

(2) Subsection 1 applies to taxation years that end after 9 May 1996.

**153.** (1) Section 1029.8.36.0.3.28 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999 and amended by section 261 of chapter 5 of the statutes of 2000, is again amended

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

““eligible activity” of a corporation for a taxation year means an activity that the corporation carries out in the year and in respect of which a certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division, establishing that the activity is in connection with production or services and relates to the multimedia sector, or is in connection with information technologies;”;

(2) by striking out the definition of “eligible transition activity”;

(3) by replacing the definition of “eligible employee” by the following:

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

(4) by replacing paragraph *a* of the definition of “qualified wages” by the following :

“(a) the proportion of the amount determined for the year pursuant to section 1029.8.36.0.3.29, in relation to the eligible employee, that the working time spent by the eligible employee in the year for the carrying out of the eligible activity of the qualified corporation is of the whole of the employee’s working time for the year as an eligible employee of that corporation;”;

(5) by replacing the portion of paragraph *b* before subparagraph i of the definition of “qualified wages” by the following :

“(b) the amount by which the amount of the wages incurred by the corporation after 15 June 1998 and before 1 January 2011 and in the year in respect of the employee while the employee qualified as an eligible 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 by the eligible employee in the year of an eligible activity having regard to the time spent by the employee thereon, exceeds”;

(6) by replacing, in subparagraph ii of paragraph *b* of the definition of “qualified wages”, “or the eligible transition activity of the corporation for the year, as the case may be,” by “of the corporation for the year,”;

(7) by adding the following paragraph :

“For the purposes of the definition of “qualified wages” in the first paragraph, an eligible employee who spends at least 90% of the working time on the carrying out of an eligible activity is deemed to spend all the working time thereon.”

(2) Paragraphs 1 to 3 and 5 to 7 of subsection 1 apply in respect of wages incurred after 15 June 1998.

(3) Paragraph 4 of subsection 1 applies in respect of wages incurred after 15 June 1999.

**154.** (1) Section 1029.8.36.0.3.29 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is amended

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

**“1029.8.36.0.3.29.** The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.28 refers, for a taxation year of a corporation, in relation to an eligible employee means an amount equal,”;

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

“(e) where the taxation year of the corporation includes 31 December 2010, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year before 1 January 2011 during which the employee qualifies as an eligible employee is of 365 ; and”.

(2) Paragraph 1 of subsection 1 applies in respect of wages incurred after 15 June 1998.

**155.** (1) Section 1029.8.36.0.3.30 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is amended

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

**“1029.8.36.0.3.30.** A corporation that holds a valid certificate issued by the Minister of Finance for the purposes of this division, certifying that an eligible activity is carried on by the corporation for a taxation year, and that encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the certificate as well as the documents referred to in the third paragraph is deemed, subject to the second paragraph and section 1029.8.36.0.3.32, 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”;

(2) by replacing subparagraphs *b* and *c* of the third paragraph by the following :

“(b) a copy of the valid certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible activity for the purposes of this division ; and

“(c) a copy of the valid certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible employee for the purposes of this division.”;

(3) by striking out the fourth paragraph.

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**156.** (1) Section 1029.8.36.0.3.31 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is repealed.

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**157.** (1) Section 1029.8.36.0.3.32 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is replaced by the following:

**“1029.8.36.0.3.32.** Where a taxation year of a 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 pursuant to section 1029.8.36.0.3.30, 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 1029.8.36.0.3.28 is the qualified wages for that taxation year, the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 shall be replaced by a rate of 60% applicable in respect of the portion of 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* or *b* of section 1029.8.36.0.3.29 is, by virtue of paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.28, the qualified wages for that taxation year, the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 shall be replaced by a rate of 60% applicable in respect of the qualified wages; and

(c) where the amount determined under paragraph *c* or *d* of section 1029.8.36.0.3.29 is, by virtue of paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.28, the qualified wages for that taxation year, subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 shall be read as follows:

“(a) the aggregate of 60% of the amount determined under subparagraph i of paragraph *c* or *d* of section 1029.8.36.0.3.29 and 40% of the amount determined under subparagraph ii of paragraph *c* or *d* of that section, in respect of the qualified wages incurred by the corporation in the year in respect of an eligible employee; exceeds”.”

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**158.** (1) Section 1029.8.36.0.3.33 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is amended

(1) by replacing, in the portion before subparagraph *a* of the first paragraph, “section 1029.8.36.0.3.30 and of section 1029.8.36.0.3.31” by “section 1029.8.36.0.3.30”;

(2) by striking out, in subparagraph *a* of the first paragraph, “or 1029.8.36.0.3.31, as the case may be”;

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

“(a) 60% of the amount of the wages incurred by the corporation after 15 June 1998 and before 1 January 2011 and in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, to the extent that the amount is paid and that it may reasonably be considered to relate to the carrying out in the year, by the eligible employee, of an eligible activity having regard to the time spent by the employee thereon; and”;

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

“For the purposes of subparagraph *a* of the second paragraph, an eligible employee who spends at least 90% of the working time on the carrying out of an eligible activity is deemed to spend all the working time thereon.”

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**159.** (1) Section 1029.8.36.0.3.34 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is replaced by the following :

“**1029.8.36.0.3.34.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation for a taxation year, the following rules apply :

(a) a replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time for that taxation year; and

(b) a revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.”

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**160.** (1) Section 1029.8.36.0.3.35 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is replaced by the following :



**“1029.8.36.0.3.35.** Where, before 1 January 2012, a qualified 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 by the corporation in a particular taxation year 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 1029.8.36.0.3.30 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 its fiscal return it is required to file for the 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, in respect of the qualified wages, under section 1029.8.36.0.3.30, if any amount of such assistance the corporation 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 1029.8.36.0.3.28, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.30 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.”

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**161.** (1) Section 1029.8.36.0.3.36 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is amended by replacing, in paragraph a, “in section 1029.8.36.0.3.28” by “in the first paragraph of section 1029.8.36.0.3.28” and “section 1029.8.36.0.3.30 or 1029.8.36.0.3.31” by “section 1029.8.36.0.3.30”.

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**162.** (1) Section 1029.8.36.0.3.37 of the said Act, enacted by section 198 of chapter 83 of the statutes of 1999, is replaced by the following:

**“1029.8.36.0.3.37.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.3.30 and 1029.8.36.0.3.35 only if it files with the Minister the prescribed form containing prescribed information and, where applicable, the copy of the certificates described in section 1029.8.36.0.3.30, on or before the day that is 12 months after the corporation’s filing-due date for the year.”

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

**163.** (1) The said Act is amended by inserting, after section 1029.8.36.0.3.37, enacted by section 198 of chapter 83 of the statutes of 1999, the following:

**“DIVISION II.6.0.1.5**

**“CREDIT FOR CORPORATIONS ESTABLISHED AT THE CENTRE NATIONAL DES NOUVELLES TECHNOLOGIES DE QUÉBEC**

**“§1. — *Interpretation and general***

**“1029.8.36.0.3.38.** In this division,

“eligible activity” of a corporation for a taxation year means an activity in connection with information technologies and multimedia that the corporation carries out in the year and in respect of which a certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division;

“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 the Minister of Finance for the purposes of this division, certifying that the individual is an eligible employee for part or all of the year;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

(a) an amount deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(a) an amount deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;

“qualified corporation” for a taxation year means a corporation all or substantially all of whose gross revenue for the year is derived from the carrying on of a qualified business, but does not include a corporation that is exempt from tax for the year under Book VIII or a corporation that would be exempt from tax for the year under section 985, but for section 192;

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

(a) such proportion of the amount determined for the year pursuant to section 1029.8.36.0.3.39 in relation to the eligible employee as the working time spent by the eligible employee on the carrying out of an eligible activity of the qualified corporation in the year is of the aggregate of the eligible employee’s working time for the year as an eligible employee of the corporation; and

(b) the amount by which the amount of the wages incurred by the corporation, after 9 March 1999 and before 1 January 2011, in the year in respect of the employee while the employee qualified as an eligible 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 by the eligible employee of an eligible activity in view of the time spent thereon by the eligible 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 eligible employee in connection with the carrying out of the eligible 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 the 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” means the income computed under Chapters I and II of Title II of Book III.

For the purposes of the definition of “qualified wages” in the first paragraph, an eligible employee who spends 90% or more of the eligible employee’s working time on an eligible activity is deemed to spend all of the eligible employee’s working time thereon.

**“1029.8.36.0.3.39.** The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.38 refers, for a taxation year of a corporation, in relation to an eligible employee means an amount equal,

(a) where the taxation year of the corporation includes 31 December 2010, to the amount obtained by multiplying \$37,500 by the proportion that the

number of days in the taxation year before 1 January 2011 during which the employee qualifies as an eligible employee is of 365 ; and

(b) in any other case, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365.

“§2. — *Credit*

“**1029.8.36.0.3.40.** A corporation that holds a valid certificate issued by the Minister of Finance for the purposes of this division, certifying that an eligible activity is carried on by the corporation for a taxation year, and that encloses with its fiscal return it is required to file for the year under section 1000 a copy of the certificate as well as the documents referred to 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 the year, on account of its tax payable for the year under this Part, an amount equal to the amount by which

(a) 40% of the qualified wages incurred by the corporation in the year in respect of an eligible employee ; exceeds

(b) the amount determined for the year under section 1029.8.36.0.3.41 in relation to the qualified wages.

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 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, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment.

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

(a) the prescribed form containing the prescribed information ;

(b) a copy of the valid certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible activity for the purposes of this division ; and

(c) a copy of the valid certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible employee for the purposes of this division.

“**1029.8.36.0.3.41.** The amount to which subparagraph *b* of the first paragraph of section 1029.8.36.0.3.40 refers in relation to qualified wages incurred in a taxation year by a corporation in respect of an eligible employee,

is equal to the amount by which the aggregate of the following amounts exceeds the amount determined pursuant to the second paragraph in respect of the wages :

(a) the amount determined in relation to the eligible employee for the year under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.40 ; and

(b) the aggregate of all amounts each of which is an amount of government assistance in the form of a grant or deduction from tax relating to such qualified 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.

The amount to which the first paragraph refers in relation to wages incurred in a taxation year by a corporation in respect of an eligible employee is equal to the lesser of

(a) 60% of the amount of the wages incurred by the corporation, after 9 March 1999 and before 1 January 2011, in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, to the extent that the amount is paid and that it may reasonably be considered to relate to the carrying out in the year by the eligible employee of an eligible activity in view of the time spent thereon by the eligible employee ; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee of the corporation is of 365.

For the purposes of subparagraph *a* of the second paragraph, an eligible employee who spends 90% or more of the eligible employee's working time on an eligible activity is deemed to spend all of the eligible employee's working time thereon.

**“1029.8.36.0.3.42.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation for a taxation year, the following rules apply :

(a) a replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time for that taxation year ; and

(b) a revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

**“1029.8.36.0.3.43.** Where, before 1 January 2012, a qualified 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 by the corporation in a particular taxation year 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 1029.8.36.0.3.40 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 its fiscal return it is required to file for the 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, in respect of the qualified wages, under section 1029.8.36.0.3.40, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.38, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.40 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.

**“1029.8.36.0.3.44.** For the purposes of section 1029.8.36.0.3.43, 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 1029.8.36.0.3.38, 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 1029.8.36.0.3.40;

(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.

**“1029.8.36.0.3.45.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under section 1029.8.36.0.3.40 or 1029.8.36.0.3.43 only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, the copy of the certificates referred to in section 1029.8.36.0.3.40, on or before the day that is 12 months after the corporation’s filing-due date for the year.”

(2) Subsection 1 applies in respect of wages incurred after 9 March 1999.

**164.** (1) Section 1029.8.36.0.4 of the said Act, amended by section 199 of chapter 83 of the statutes of 1999, is again amended

(1) by adding, after paragraph *b* of the definition of “government assistance” and of “non-government assistance” in the first paragraph, the following paragraph :

“(c) the amount of a grant relating to wages that is received under the Regulation respecting the Private Investment and Job Creation Promotion Fund made by Order in Council 530-97 dated 23 April 1997, as that regulation read at the time of its application;”;

(2) by replacing, in the French text of paragraph *a.1* of the definition of “bien admissible” in the first paragraph, the word “versés” by the word “payés”;

(3) by replacing paragraphs *c* and *d* of the definition of “qualified property” in the first paragraph by the following :

“(c) that the corporation uses principally in a building housing an information technologies development centre and, exclusively or almost exclusively, to earn income from a business it carries on in such a building; and

“(d) in respect of which the Minister of Finance has issued a certificate for the purposes of this division;”;

(4) by replacing the definition of “eligible employee” in the first paragraph by the following :

““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 and for the purposes of this division by the Minister of Finance, certifying that the individual is an eligible employee for part or all of the year;”;

(5) by replacing the word “versés” by the word “payés”, wherever it appears in the French text of the definition of “rental expenses” in the first paragraph;

(6) by inserting, in the definition of “contract payment” in the first paragraph, after the words “an amount payable”, the words “under a contract”;

(7) by replacing, in paragraph *a* of the definition of “eligibility period” in the first paragraph, “2006” by “2008” and “2008” by “2010”;

(8) by replacing, in the French text of paragraph *b* of the definition of “eligibility period” in the first paragraph, the word “versés” by the word “payés”;

(9) by replacing paragraph *b* of the definition of “qualified wages” in the first paragraph by the following :

“(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 any time in the taxation year that is within the eligibility period of the corporation and that may reasonably be considered as having been paid by the corporation in connection with the carrying on of a business in a building housing an information technologies development centre, exceeds the amount of any contract payment, government assistance and 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 that year;”;

(10) by replacing the definition of “exempt corporation” in the first paragraph by the following :

““exempt corporation” for a taxation year means a corporation referred to in subparagraph *i* of paragraph *a* of section 771.12 that,

(a) for the purposes of section 1029.8.36.0.5, 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; or

(b) in any other case, is an exempt corporation for the year within the meaning of sections 771.12 and 771.13.”;

(11) by replacing, in the fourth paragraph, the words “exclusively in” by the words “principally in”.

(2) Paragraph 1 of subsection 1 applies in respect of wages paid after 15 June 1999.

(3) Paragraphs 2 to 9 and 11 of subsection 1 have effect from 26 March 1997.

(4) Paragraph 10 of subsection 1 has effect from 10 March 1999.

**165.** (1) Section 1029.8.36.0.5 of the said Act, replaced by section 200 of chapter 83 of the statutes of 1999, is amended, in subparagraph *b* of the second paragraph, by inserting the word “valid” before the word “certificate” and by adding the words “for the purposes of this division” after the word “issued”.



(2) Subsection 1 applies in respect of wages incurred after 25 March 1997. However, where section 1029.8.36.0.5 of the said Act, amended by subsection 1, applies to a taxation year that begins before 23 December 1998, it shall be read as follows:

**“1029.8.36.0.5.** A corporation that, for a taxation year, is an exempt corporation is deemed to have paid to the Minister on the corporation’s balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to 40% of the qualified wages paid by it in the year to an eligible employee, if the corporation encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the valid certificate issued to it for the year by the Minister of Finance in respect of the eligible employee for the purposes of this division.”

**166.** (1) Section 1029.8.36.0.5.1 of the said Act, enacted by section 201 of chapter 83 of the statutes of 1999, is amended by replacing subparagraph *b* of the second paragraph by the following:

“(b) a copy of the valid certificate issued for a preceding taxation year and for the purposes of this division by the Minister of Finance to the corporation in respect of the eligible employee.”

(2) Subsection 1 has effect from 26 March 1997.

**167.** (1) Section 1029.8.36.0.5.2 of the said Act, enacted by section 201 of chapter 83 of the statutes of 1999, is amended by replacing the portion of the second paragraph before subparagraph *b* by the following:

“Notwithstanding the first paragraph, where the qualified wages paid by a corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period referred to in the first paragraph, are an amount determined in accordance with any of subparagraphs *a* to *d* of the second paragraph of section 1029.8.36.0.4, 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 1029.8.36.0.5 or 1029.8.36.0.5.1, in respect of the qualified wages paid to the eligible employee in the taxation year:

(a) the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, is replaced by a rate of 60% in respect of the lesser of the qualified wages of the eligible employee for the year and the portion of the qualified wages of the eligible employee for the year that may reasonably be attributed 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 without reference to “the lesser of” in the portion before paragraph *a* and to paragraph *a*; and”.

(2) Subsection 1 has effect from 26 March 1997. However, where subparagraph *a* of the second paragraph of section 1029.8.36.0.5.2 of the said Act, enacted by subsection 1, applies to a taxation year that begins before 23 December 1998, it shall be read with “referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.5 or 1029.8.36.0.5.1” replaced by “referred to in section 1029.8.36.0.5 or in the first paragraph of section 1029.8.36.0.5.1”.

**168.** (1) Section 1029.8.36.0.5.3 of the said Act, enacted by section 201 of chapter 83 of the statutes of 1999, is amended

(1) in the portion of the first paragraph before subparagraph *a*, by replacing “sections 1029.8.36.0.5 and 1029.8.36.0.5.1” by “section 1029.8.36.0.5 or 1029.8.36.0.5.1” and “in respect of” by “to”;

(2) in the portion of the second paragraph before subparagraph *a*, by replacing “in respect of” by “to”;

(3) in subparagraph *a* of the second paragraph, by replacing “qualifies” by “qualified”.

(2) Subsection 1 applies to taxation years that begin after 22 December 1998.

**169.** (1) Section 1029.8.36.0.6 of the said Act, replaced by section 202 of chapter 83 of the statutes of 1999, is again replaced by the following:

**“1029.8.36.0.6.** A corporation that is an exempt corporation for a taxation year is deemed 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 under this section in respect of the qualified property for a preceding taxation year, if it encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and a copy of the valid certificate issued to it by the Minister of Finance for the purposes of this division, in respect of the qualified property.”

(2) Subsection 1 applies in respect of wages or costs incurred after 25 March 1997.

**170.** (1) Section 1029.8.36.0.8 of the said Act, replaced by section 202 of chapter 83 of the statutes of 1999, is again replaced by the following:

**“1029.8.36.0.8.** 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 the year is in whole or in part within its eligibility period.

For the purposes of the first paragraph and notwithstanding the first paragraph of section 1029.8.36.0.4, “eligibility period” of a corporation means the period of three years that begins on the later of the time the corporation’s first taxation year begins and 26 March 1997.”

(2) Subsection 1 applies in respect of wages or costs incurred after 25 March 1997. However, where the first paragraph of section 1029.8.36.0.8 of the said Act, enacted by subsection 1, applies to a taxation year that begins before 2 July 1999, it shall be read with “Divisions II” replaced by “Divisions I, II”.

**171.** (1) Section 1029.8.36.0.10 of the said Act, amended by section 203 of chapter 83 of the statutes of 1999, is replaced by the following :

**“1029.8.36.0.10.** 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 1029.8.36.0.5 or 1029.8.36.0.5.1 for a particular taxation year, the corporation is deemed to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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, in respect of the qualified wages, under section 1029.8.36.0.5 or 1029.8.36.0.5.1, 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 and non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.4, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister for the particular year, under section 1029.8.36.0.5 or 1029.8.36.0.5.1, 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 under this section for a taxation year preceding the repayment year, in respect of an amount of repayment of that assistance.”

(2) Subsection 1 applies in respect of wages incurred after 25 March 1997.

**172.** (1) Section 1029.8.36.0.11 of the said Act, amended by section 204 of chapter 83 of the statutes of 1999, is replaced by the following :

**“1029.8.36.0.11.** 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 1029.8.36.0.9, 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 1029.8.36.0.6, the corporation is deemed to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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 1029.8.36.0.6, 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 1029.8.36.0.9, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.6 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 that assistance.”

(2) Subsection 1 applies in respect of costs incurred after 25 March 1997.

**173.** (1) Section 1029.8.36.0.12 of the said Act, amended by section 205 of chapter 83 of the statutes of 1999, is again amended by replacing paragraph *a* by the following :

“(a) reduced, because of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.4, 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 1029.8.36.0.5 or 1029.8.36.0.5.1;”.

(2) Subsection 1 has effect from 26 March 1997.

**174.** Section 1029.8.36.0.14 of the said Act, replaced by section 207 of chapter 83 of the statutes of 1999, is amended by replacing the words “services supplied” by the words “the provision of services”.

**175.** (1) Section 1029.8.36.0.16 of the said Act, replaced by section 207 of chapter 83 of the statutes of 1999, is again replaced by the following :

**“1029.8.36.0.16.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.5, 1029.8.36.0.5.1, 1029.8.36.0.6, 1029.8.36.0.10 and 1029.8.36.0.11, only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, the copy of the

certificate referred to in any of sections 1029.8.36.0.5, 1029.8.36.0.5.1 and 1029.8.36.0.6, on or before the day that is 12 months after the corporation's filing-due date for the year.”

(2) Subsection 1 has effect from 26 March 1997.

**176.** (1) The said Act is amended by inserting, after section 1029.8.36.0.16, the following :

**“DIVISION II.6.0.3**

**“CREDITS TO FOSTER THE DEVELOPMENT OF  
THE NEW ECONOMY**

**“§1. — *Interpretation and general***

**“1029.8.36.0.17.** In this division,

“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 ;

“contract payment” means an amount payable under a contract by the Government of Canada or of a province, by a municipality or other Canadian public authority 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 or to the payment of qualified wages by a corporation up to the amount incurred in respect of that property or those wages by that corporation ;

“eligibility period” of a corporation means the period that begins at the later of the time the corporation's first taxation year begins and 10 March 1999 and ends, as the case may be,

(a) for the purpose of determining the amount of qualified wages paid by a corporation in a taxation year, where the corporation's first taxation year begins before 1 January 2008, 31 December 2010 ;

(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, the last day of the period of five years that begins at that time or on that date, as the case may be ; and

(c) in any other case, the last day of the period of three years that begins at that time or on that date, as the case may be ;

“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 the Minister of Finance for the purposes of this division, certifying that the individual is an eligible employee for part or all of the year;

“exempt corporation” for a taxation year means a corporation referred to in subparagraph ii of paragraph *a* of section 771.12 that, as the case may be,

(*a*) for the purposes of sections 1029.8.36.0.19 and 1029.8.36.0.22, 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;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

(*a*) an amount deemed to have been paid to the Minister for a taxation year under this division;

(*b*) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); or

(*c*) the amount of a grant relating to wages that is received under the Regulation respecting the Private Investment and Job Creation Promotion Fund made by Order in Council 530-97 dated 23 April 1997, as that regulation read at the time of its application, except for the purposes of the definition of “specified wages” and sections 1029.8.36.0.24 and 1029.8.36.0.31;

“new economy centre” has the meaning assigned by the first paragraph of section 771.1;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(*a*) an amount deemed to have been paid to the Minister for a taxation year under this division;

(*b*) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act; or

(*c*) the amount of a grant relating to wages that is received under the Regulation respecting the Private Investment and Job Creation Promotion Fund, except for the purposes of the definition of “specified wages” and sections 1029.8.36.0.24 and 1029.8.36.0.31;

“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 whatever nor acquired for use for a purpose other than lease to an exempt corporation ;

(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 determined 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 building housing all or any part of a new economy centre and, exclusively or almost exclusively, to earn income from a business it carries on in such a building ; and

(e) in respect of which the Minister of Finance has issued a certificate for the purposes of this division ;

“qualified wages” paid in a taxation year by a corporation to an eligible employee means the lesser of

(a) the amount determined 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 any time in the taxation year that is within the eligibility period of the corporation and that may reasonably be considered as having been paid by the corporation in connection with the carrying on of a business in a building housing all or any part of a new economy centre, exceeds the amount of any contract payment, government assistance and 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 that year ;

“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” of a corporation for a taxation year means an activity that the corporation carries out in the year and in respect of which a certificate certifying that the activity is in connection with the new economy is issued to the corporation for the year by the Minister of Finance for the purposes of this division ;

“specified corporation” for a taxation year means a corporation all or substantially all of whose gross revenue for the year is derived from the carrying on of a qualified business, 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;

“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 the Minister of Finance for the purposes of this division, certifying that the individual is a specified employee for part or all of the year;

“specified wages” incurred by a specified corporation in a taxation year in respect of a specified employee means the lesser of

(a) such proportion of the amount determined for the year pursuant to the second paragraph of section 1029.8.36.0.18 in relation to the specified employee as the working time spent by that employee on the carrying out of a specified activity of the corporation in the year is of the aggregate of the specified 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, after 9 March 1999 and before 1 January 2011, in the year in respect of the employee 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 view of 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” means the income computed under Chapters I and II of Title II of Book III.

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 acquired the property after 9 March 1999;

(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.

For the purposes of paragraph *d* of the definition of “qualified property” in the first paragraph, where, at any time after 9 March 1999, a corporation has acquired or leased property that is used by the corporation in connection with the carrying on of 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 building housing all or any part of a new economy centre and, exclusively or almost exclusively, to earn income from a business it carries on in such a building, throughout the period that begins at that time and that ends on the day the Minister of Finance issues a certificate referred to in paragraph *a* of section 771.12 to the corporation.

For the purposes of the definition of “specified wages” in the first paragraph, a specified employee who spends 90% or more of the specified employee’s working time on a specified activity is deemed to spend all of the specified employee’s working time thereon.

**“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 taxation year of the corporation 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 during which the employee qualifies as an eligible employee is of 365;

(b) where the taxation year of the corporation 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 during which the employee qualifies as an eligible employee 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 during which the employee qualifies as an eligible employee 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 during which the employee qualifies as an eligible employee is of 365.

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 is equal,

(a) where the taxation year of the corporation includes 31 December 2010, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year before 1 January 2011 during which the employee qualifies as a specified employee is of 365; and

(b) in any other case, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year during which the employee qualifies as a specified employee is of 365.

“§2. — *Credits*

“**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 its fiscal return it is required to file for the year under section 1000 is deemed 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

(a) 40% of the qualified wages paid by the corporation in the year to an eligible employee; exceeds

(b) the amount determined for the year under section 1029.8.36.0.23 in relation to the qualified wages.

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 by the Minister of Finance to the corporation for the year in respect of the eligible employee for the purposes of this division.

**“1029.8.36.0.20.** Where a corporation is an exempt corporation for a taxation year and where that taxation year is the first year during which the corporation so qualifies, that corporation, if it encloses the documents referred to in the second paragraph with its fiscal return it is required to file for the year under section 1000, is deemed 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

(a) the aggregate of all amounts each of which is 40% of the qualified wages paid by the corporation in a preceding taxation year to an eligible employee; exceeds

(b) the aggregate of all amounts each of which is an amount determined under section 1029.8.36.0.23 in respect of qualified wages referred to in subparagraph *a*.

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 by the Minister of Finance to the corporation in respect of the eligible employee for a preceding taxation year and for the purposes of this division.

**“1029.8.36.0.21.** Where a taxation year of a 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 to an eligible employee in that taxation year, the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, shall be replaced by a rate of 60% in respect of the portion of the qualified wages of the eligible employee 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.

Notwithstanding the first paragraph, where the qualified wages paid by a corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period referred to in the first paragraph, are an amount determined 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 paid to the eligible employee in the taxation year :

(a) the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, is replaced by a rate of 60% in respect of the lesser of the qualified wages of the eligible

employee for the year and the portion of the qualified wages of the eligible employee for the year that could reasonably be attributed 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*) the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, applies only in respect of the amount by which the qualified wages paid by the corporation to the eligible employee in the year exceed the amount determined in accordance with subparagraph *a* in respect of the qualified wages paid by the corporation in the year.

**“1029.8.36.0.22.** A qualified corporation that, for a taxation year during which it is not an exempt corporation, obtains a valid certificate issued to it by the Minister of Finance for the purposes of this division, certifying that the corporation carries on or may carry on for the year a business in a building housing all or any part of a new economy centre, and that encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the certificate as well as the documents referred to 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 the year under this Part, an amount equal to the amount by which

(*a*) 40% of the specified wages incurred by the corporation in the year in respect of a specified employee; exceeds

(*b*) the amount determined for the year under section 1029.8.36.0.24 in relation to the specified wages.

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, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment.

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

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

(*b*) a copy of the valid certificate issued to the corporation for the year by the Minister of Finance in respect of the specified activity for the purposes of this division; and

(c) a copy of the valid certificate issued to the corporation for the year by the Minister of Finance in respect of the specified employee for the purposes of this division.

**“1029.8.36.0.23.** The amount to which subparagraph *b* of 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 determined pursuant to the second paragraph in respect of the wages :

(a) the amount determined in relation to the eligible employee for the year under subparagraph *a* of the first paragraph of that section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be ; and

(b) the aggregate of all amounts each of which is an amount of government assistance in the form of a grant or deduction from tax relating to such qualified 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 taxation year.

The amount to which the first paragraph refers in relation to qualified wages paid in a taxation year by a corporation to an eligible employee is equal to the lesser of

(a) 60% of the amount paid as wages by the corporation in the year to the employee while the employee qualified as an eligible employee of the corporation ; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee of the corporation is of 365.

**“1029.8.36.0.24.** The amount to which subparagraph *b* of 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, is equal to the amount by which the aggregate of the following amounts exceeds the amount determined pursuant to the second paragraph in respect of the wages :

(a) the amount determined in relation to the specified employee for the year under subparagraph *a* of the first paragraph of section 1029.8.36.0.22 ; and

(b) the aggregate of all amounts each of which is an amount of government assistance in the form of a grant or deduction from tax relating to such specified 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.

The amount to which the first paragraph refers in relation to wages incurred in a taxation year by a corporation in respect of a specified employee is equal to the lesser of

(a) 60% of the amount of the wages incurred by the corporation, after 9 March 1999 and before 1 January 2011, in the year in respect of the employee while the employee qualified as a specified employee of the corporation, to the extent that the amount is paid and that it may reasonably be considered to relate to the carrying out in the year by the specified employee of a specified activity in view of the time spent thereon by the specified employee; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year during which the employee qualifies as a specified employee of the corporation is of 365.

For the purposes of subparagraph *a* of the second paragraph, a specified employee who spends 90% or more of the specified employee's working time on the carrying out of a specified activity is deemed to spend all of the specified employee's working time thereon.

**“1029.8.36.0.25.** A corporation that is an exempt corporation for a taxation year is deemed 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 under this section in respect of the qualified property for a preceding taxation year, if the corporation encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the valid certificate issued to it by the Minister of Finance in respect of the qualified property for the purposes of this division.

**“1029.8.36.0.26.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation for a taxation year, the following rules apply:

(a) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time for that taxation year; and

(b) the revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

**“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.

For the purposes of the first paragraph 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 time the corporation’s first taxation year begins and 10 March 1999.

**“1029.8.36.0.28.** An amount that is deemed to have been paid to the Minister, for a taxation year, by a corporation under section 1029.8.36.0.19, 1029.8.36.0.20 or 1029.8.36.0.22, in respect of particular wages, shall not be deemed, under any other section, to have been paid to the Minister by the corporation, for any taxation year, in respect of all or any part of those wages.

*“§3. — Government assistance, non-government assistance, contract payments and other particulars*

**“1029.8.36.0.29.** For the purpose of computing the amount that is deemed to have been paid to the Minister, for a taxation year, by a corporation under section 1029.8.36.0.25, the amount of the acquisition costs or rental expenses 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.

**“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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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, 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 and any 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.

**“1029.8.36.0.31.** Where, before 1 January 2012, a specified 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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, 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 determined 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.

**“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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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 1029.8.36.0.25 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.

**“1029.8.36.0.33.** For the purposes of sections 1029.8.36.0.30 and 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.

**“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, because of 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 taxation year under section 1029.8.36.0.25;

(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.

**“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.

**“1029.8.36.0.36.** Where, in respect of the acquisition or lease of qualified property, 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 supply or installation of the qualified property, 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 a corporation's acquisition costs or rental expenses in respect of the qualified property for a taxation 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 filing-due date of the corporation for that taxation year.

**“1029.8.36.0.37.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.19, 1029.8.36.0.20, 1029.8.36.0.22, 1029.8.36.0.25, 1029.8.36.0.30, 1029.8.36.0.31 and 1029.8.36.0.32 only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, the copy of any certificate referred to in section 1029.8.36.0.19, 1029.8.36.0.20, 1029.8.36.0.22 or 1029.8.36.0.25, on or before the day that is 12 months after the corporation's filing-due date for the year.

#### **“DIVISION II.6.0.4**

#### **“CREDIT FOR WAGES IN CONNECTION WITH THE CREATION OF THE INTERNATIONAL TRADE ZONE AT MIRABEL**

**“§1. — *Interpretation and general***

**“1029.8.36.0.38.** In this division,

“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 the Minister of Finance, 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” 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 ; and

(c) a corporation governed, in the year, by an Act establishing a labour-sponsored fund ;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“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 ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“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) 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 2010, 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-date 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” 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 the Minister of Finance, certifying that the business activities carried on within the international trade zone relate to activities shown on the certificate; and

(b) the corporation or partnership keeps, from the effective date of the certificate referred to in paragraph *a*, a separate accounting in relation to the business activities carried on within the international trade zone;

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

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%.

**“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 2001, 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 2001 and ends after 31 December 2000, 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 2001

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 2000 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 2009, 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 2010 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.

“§2. — *Credits*

**“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 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.

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.

**“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 2001, 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 2001 and ends after 31 December 2000, 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 2000 and ends before 1 January 2004, 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 2004 and ends after 31 December 2003, 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 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of 365, 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 2003 during which the employee qualifies as an eligible employee in relation to the recognized business is of 365;

(e) where the taxation year of the corporation begins after 31 December 2003 and ends before 1 January 2010, 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 2009, 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.

**“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 2001, 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 2000 and before 1 January 2004, 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 2003 and before 1 January 2010, in respect of the eligible employee.

**“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 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.

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.

**“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 2001, 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 2001 and ends after 31 December 2000, 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 2000 and ends before 1 January 2004, 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 2004 and ends after 31 December 2003, 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 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of 365, 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 2003 during which the employee qualifies as an eligible employee in relation to the recognized business is of 365 ;

(e) where the fiscal period of the partnership begins after 31 December 2003 and ends before 1 January 2010, 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 2009, 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.

**“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 2001, 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 2000 and before 1 January 2004, 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 2003 and before 1 January 2010, in respect of the eligible employee by the corporation's share of the qualified wages.

**“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 such proportion of the qualified wages as the corporation's share of the income or loss of the partnership for the fiscal period is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“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 the assistance otherwise determined by the proportion that the income or loss of the partnership for the fiscal period is of the corporation's share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for the fiscal period is equal \$1,000,000.

**“1029.8.36.0.48.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation or a partnership, the following rules apply:

(a) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time; and

(b) the revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

**“1029.8.36.0.49.** Where, before 1 January 2011, a corporation, other than an excluded 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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, 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.

**“1029.8.36.0.50.** Where, before 1 January 2011, 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 for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for that year under section 1000 and meets the conditions set out in the second paragraph, 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 had reduced, for the particular fiscal period, the aggregate determined under paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38, and

ii. the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment; 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 corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment, and

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 corporation’s share of the income

or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment ; and

(b) the corporation is not an excluded corporation for its taxation year in which the fiscal period of repayment ends.

**“1029.8.36.0.51.** Where, before 1 January 2011, 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, in the manner provided in 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 for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for that year under section 1000 and meets the conditions set out in the second paragraph, 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, had been reduced, for the particular fiscal period, by the product obtained by multiplying any amount of such assistance so repaid at or before the end of the fiscal period of repayment by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the share of the corporation of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000, and

ii. except for the purposes of section 1029.8.36.0.47, the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment ; 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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment, and

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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment ; and

(b) the corporation is not an excluded corporation for its taxation year in which the fiscal period of repayment ends.

**“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.

**“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, except if it has been increased for a preceding taxation year in respect of the amount of the benefit or advantage, be increased by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the 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, except if it has been increased for a preceding fiscal period in respect of the amount of the benefit or advantage, be increased by

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

ii. the product obtained by multiplying the amount of the benefit or advantage that the 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 proportion that the income or loss of the particular partnership for that fiscal period is of the corporation’s share of that income or loss, on the assumption that, if the income and loss of the particular partnership for the particular fiscal period are nil, the particular partnership’s income for that fiscal period is equal to \$1,000,000.

**“1029.8.36.0.54.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.40, 1029.8.36.0.43 and 1029.8.36.0.49 to 1029.8.36.0.51 only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, the copy of the certificate referred to in section 1029.8.36.0.40 or 1029.8.36.0.43, as the case may be, on or before the day that is 12 months after the corporation’s filing-due date for the year.

**“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*

**“1029.8.36.0.55.** In this division,

“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 the Minister of Finance, 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” 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” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 ;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“international trade zone” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“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) the amount by which

i. 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 2010, 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

ii. 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 i, 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” has the meaning assigned by the first paragraph of section 1029.8.36.0.38.

**“1029.8.36.0.56.** The amount to which paragraph *a* of the definition of “qualified brokerage expenditure” in 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 2001, 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 2001 and ends after 31 December 2000, 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 2001 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 2000 is of 365 ;

(c) where the taxation year of the corporation or the fiscal period of the partnership ends after 31 December 2009, 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 2010 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.

“§2. — *Credits*

“**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 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.

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 section 1029.8.36.0.55.

“**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 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 2001, 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 2001 and ends after 31 December 2000, 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 2000 and ends before 1 January 2004, 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 2004 and ends after 31 December 2003, 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 2004 is of 365, 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 2003 is of 365 ;

(*e*) where the taxation year of the corporation begins after 31 December 2003 and ends before 1 January 2010, 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 2009, 20% of the amount determined for the year under paragraph *c* of section 1029.8.36.0.56 in relation to the recognized business.

**“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 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 2001 ;

(*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 2000 and before 1 January 2004 ; 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 2003 and before 1 January 2010.

**“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 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.

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 section 1029.8.36.0.55.

**“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 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 2001, 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 2001 and ends after 31 December 2000, 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 2000 and ends before 1 January 2004, 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 2004 and ends after 31 December 2003, 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 2004 is of 365, 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 2003 is of 365 ;

(*e*) where the fiscal period of the partnership begins after 31 December 2003 and ends before 1 January 2010, 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 2009, 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.

**“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 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 2001, 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 2000 and before 1 January 2004, 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 2003 and before 1 January 2010, by the corporation's share of the qualified brokerage expenditure.

**“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 such proportion of the qualified brokerage expenditure as the corporation's share of the income or loss of the partnership for the fiscal period is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“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 the assistance otherwise determined by the proportion that the income or loss of the partnership for the fiscal period is of the corporation's share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

**“1029.8.36.0.65.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation or a partnership, the following rules apply :

(a) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time ; and

(b) the revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

**“1029.8.36.0.66.** Where, before 1 January 2011, a corporation, other than an excluded corporation, pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation to do so, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in subparagraph ii of paragraph *b* of the definition of “qualified brokerage expenditure” in 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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, 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 ii 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.

**“1029.8.36.0.67.** Where, before 1 January 2011, 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 ii of paragraph *b* of the definition of “qualified brokerage expenditure” in 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 for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000 and meets the conditions set out in the second paragraph, 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 had reduced, for the particular fiscal period, the aggregate determined under subparagraph ii of paragraph *b* of the definition of “qualified brokerage expenditure” in section 1029.8.36.0.55, and

ii. the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment; 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 corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment, and

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 corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment; and

(b) the corporation is not an excluded corporation for its taxation year in which the fiscal period of repayment ends.

**“1029.8.36.0.68.** Where, before 1 January 2011, 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 reduced the qualified brokerage expenditure, as provided under that section, 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 for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000 and meets the conditions set out in the second paragraph, 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 ii of paragraph *b* of the definition of “qualified brokerage expenditure” in section 1029.8.36.0.55 and determined with reference to section 1029.8.36.0.64, had been reduced, for the particular fiscal period, by the product obtained by multiplying any amount of such assistance so repaid at or before the end of the fiscal period of repayment by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the corporation’s share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000, and

ii. except for the purposes of section 1029.8.36.0.64, the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment; 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 corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment, and

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 corporation’s share of the income or loss of the partnership



for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment; and

(b) the corporation is not an excluded corporation for its taxation year in which the fiscal period of repayment ends.

**“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 ii of paragraph *b* of the definition of “qualified brokerage expenditure” in section 1029.8.36.0.55 or because of section 1029.8.36.0.64, the amount of the fees referred to in subparagraph i 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.

**“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 ii of paragraph *b* of the definition of “qualified brokerage expenditure” in 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, except if it has been increased for a preceding taxation year in respect of the amount of the benefit or advantage, be increased by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the 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 ii of paragraph b of the definition of "qualified brokerage expenditure" in 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, except if it has been increased for a preceding fiscal period in respect of the amount of the benefit or advantage, be increased by

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

ii. the product obtained by multiplying the amount of the benefit or advantage that the 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 proportion that the income or loss of the particular partnership for that fiscal period is of the corporation's share of that income or loss, on the assumption that, if the income and loss of the particular partnership for the particular fiscal period are nil, the particular partnership's income for that fiscal period is equal to \$1,000,000.

**"1029.8.36.0.71.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.57, 1029.8.36.0.60 and 1029.8.36.0.66 to 1029.8.36.0.68 only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, the copy of each of the certificates referred to in section 1029.8.36.0.57 or 1029.8.36.0.60, as the case may be, on or before the day that is 12 months after the corporation's filing-due date for the year.

#### **"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**

**"1029.8.36.0.72.** In this division,

"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;

“excluded corporation” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“international trade zone” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“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, property

i. that is depreciable property, other than incorporeal property,

ii. that is acquired, by the corporation or the partnership, before 1 January 2010, 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 the Minister of Finance; or

(b) in the case of property leased by the corporation or the partnership, 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 2010,

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 the Minister of Finance ;

“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” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 ;

“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.

“§2. — *Credits*

“**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 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.

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 section 1029.8.36.0.72.

**“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 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.

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 section 1029.8.36.0.72.

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 such proportion of the costs or expenses as the corporation’s share of the income or loss of the partnership for the fiscal period is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.

**“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.

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 such proportion of that aggregate as the corporation's share of the income or loss of the partnership for that fiscal period is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“1029.8.36.0.76.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister of Finance to a corporation or a partnership, the following rules apply:

(a) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time; and

(b) the revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

**“1029.8.36.0.77.** Where, before 1 January 2011, a corporation, other than an excluded 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, by reason 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the 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, 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.

**“1029.8.36.0.78.** Where, before 1 January 2011, 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, by reason 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 for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for that year under section 1000 and meets the conditions set out in the second paragraph, 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 had 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 corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment ; 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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment, and

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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment; and

(b) the corporation is not an excluded corporation for its taxation year in which the fiscal period of repayment ends.

**“1029.8.36.0.79.** Where, before 1 January 2011, 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, by reason 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 for its taxation year in which the fiscal period of repayment ends, if it encloses the prescribed form with its fiscal return it is required to file for that year under section 1000 and meets the conditions set out in the second paragraph, 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 had 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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment; 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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment, and

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 corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

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

(a) the corporation is a member of the partnership at the end of the fiscal period of repayment; and

(b) the corporation is not an excluded corporation for its taxation year in which the fiscal period of repayment ends.

**“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.

**“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.

**“1029.8.36.0.82.** Where, in respect of a contract entered into by a particular corporation or partnership in connection with the acquisition or lease of 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 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, except if they have been reduced for a preceding taxation year in respect of the amount of the benefit or advantage, 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, except if it has been reduced for a preceding fiscal period in respect of the amount of the benefit or advantage, 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.

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 such proportion of that amount as the corporation's share of the income or loss of the partnership for that fiscal period is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“1029.8.36.0.83.** A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.73, 1029.8.36.0.74 and 1029.8.36.0.77 to 1029.8.36.0.79 only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, the copy of the certificate referred to in section 1029.8.36.0.73 or 1029.8.36.0.74, as the case may be, on or before the day that is 12 months after the corporation's filing-due date for the year.”

(2) Subsection 1, where it enacts Division II.6.0.3 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies in respect of wages or costs incurred after 9 March 1999. However,

(1) where the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17 of the said Act, enacted by subsection 1, applies to taxation years that begin before 1 January 1999, it shall be read with paragraph *b* thereof replaced by the following :

“(b) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of that section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof :

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”;”;

(2) where the first paragraph of section 1029.8.36.0.27 of the said Act, enacted by subsection 1, applies to taxation years that begin before 2 July 1999, it shall be read with “Divisions II” replaced by “Divisions I, II”.

(3) Subsection 1, where it enacts Divisions II.6.0.4 to II.6.0.6 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies from the taxation year 1999.

**177.** Section 1029.8.36.4 of the said Act, amended by section 208 of chapter 83 of the statutes of 1999 and by section 262 of chapter 5 of the statutes of 2000, is again amended by replacing the definition of “contract payment” in the first paragraph by the following :

““contract payment” means an amount payable under a contract by the Government of Canada or of a province, by a municipality or other Canadian public authority 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 a design activity of a qualified corporation or qualified partnership, as the case may be, and up to the amount incurred in respect of that design activity by the qualified corporation or qualified partnership, as the case may be;”.

**178.** Section 1029.8.36.8 of the said Act, amended by section 209 of chapter 83 of the statutes of 1999, is again amended by replacing paragraphs *a* and *b* by the following :

“(a) 20%, where the contract is entered into before 1 January 2002, in respect of a design activity carried out before 1 January 2003 ; and

“(b) 10%, where the contract is entered into either before 1 January 2002, in respect of a design activity carried out after 31 December 2002, or after 31 December 2001.”

**179.** Section 1029.8.36.9 of the said Act, replaced by section 210 of chapter 83 of the statutes of 1999, is again replaced by the following :

“**1029.8.36.9.** The percentage referred to in the first paragraph of section 1029.8.36.7 is 20% where the qualified wages are incurred before 1 January 2002 and 10% where such wages are incurred after 31 December 2001.”

**180.** (1) Section 1029.8.36.10 of the said Act is amended by replacing the second paragraph by the following :

“In the formulas provided for in the first paragraph, A is the greater of \$25,000,000 and the assets of the corporation determined as provided in this subdivision.”

(2) Subsection 1 has effect from 9 May 1996.

**181.** (1) The said Act is amended by inserting, after section 1029.8.36.59, the following :

#### “DIVISION II.6.5.1

#### “CREDIT FOR RAILWAY UNDERTAKINGS

“**1029.8.36.59.1.** In this division,

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than

an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“property taxes” in respect of an immovable that is all the lands forming the road bed of the railway, within the meaning of section 47 of the Act respecting municipal taxation (chapter F-2.1), of a taxpayer for a taxation year or of a partnership for a fiscal period, in relation to a railway undertaking that the taxpayer or partnership operates in the year or fiscal period, as the case may be, means the aggregate of all amounts each of which is an amount deductible in computing the income from the railway undertaking of the taxpayer for the year or of the partnership for the fiscal period under this Part as property tax imposed on the immovable by a local municipality under the Act respecting municipal taxation or by a school board under the Education Act (chapter I-13.3).

**“1029.8.36.59.2.** A taxpayer who, in a taxation year, carries on a railway undertaking in Québec and has an establishment in Québec, 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, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for the year under this Part, an amount equal to 75% of the taxpayer’s property taxes for the year, to the extent that they have been paid.

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, the amount that would be determined under the first paragraph if that paragraph applied only to the period covered by the payment.

**“1029.8.36.59.3.** Where, during a fiscal period, a partnership carries on a railway undertaking in Québec and has an establishment in Québec, each taxpayer who is a member of the partnership at the end of the fiscal period and who encloses the prescribed form containing the prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which the fiscal period of the partnership ends, 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 the year under this Part, an amount equal to 75% of the

taxpayer's share of the partnership's property taxes for the fiscal period, to the extent that they have been paid.

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 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 which the fiscal period ends where that date coincides with the date on or before which the taxpayer is required to make such a payment or, in any other case, on the first date following the end of the fiscal period that is the date on or before which the taxpayer is required to make such a payment, the amount determined for the year in respect of the taxpayer under the first paragraph.

For the purposes of the first paragraph, the taxpayer's share of the property taxes for a fiscal period of a partnership of which the taxpayer is a member is equal to such proportion of the property taxes as the taxpayer's share of the income or loss of the partnership for the fiscal period is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“1029.8.36.59.4.** 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 1029.8.36.59.2 or 1029.8.36.59.3, the following rules apply :

(*a*) the taxpayer's property taxes for the year shall be reduced, where applicable, by the amount of any government assistance or non-government assistance, attributable to the property taxes, that the taxpayer has received, is entitled to receive or may reasonably expect to receive on or before the taxpayer's filing-due date for that year ;

(*b*) the taxpayer's share referred to in the first paragraph of section 1029.8.36.59.3 of the property taxes of a partnership of which the taxpayer is a member, for a fiscal period of that partnership that ends in the taxpayer's taxation year shall be reduced, where applicable,

i. by the taxpayer's share of the amount of any government assistance or non-government assistance, attributable to those property taxes, that the partnership has received, is entitled to receive or may reasonably expect to receive, not later than six months after the end of the partnership's fiscal period, or

ii. by the amount of any government assistance or non-government assistance, attributable to those property taxes, that the taxpayer has received, is entitled to receive or may reasonably expect to receive, not later than six months after the end of the partnership's fiscal period.

For the purposes of subparagraph *i* of subparagraph *b* of the first paragraph, the taxpayer's share of an amount of government assistance or non-government assistance that the partnership has received, is entitled to receive or may reasonably expect to receive, is equal to such proportion of that amount as the taxpayer's share of the income or loss of the partnership for the fiscal period of the partnership ending in the partnership's taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

**“1029.8.36.59.5.** Where, in a taxation year, in this section referred to as the “repayment year”, a taxpayer 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, because of subparagraph *a* of the first paragraph of section 1029.8.36.59.4, the property taxes of the taxpayer for a particular taxation year for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.59.2, the taxpayer is deemed to have paid to the Minister for the repayment year, if the taxpayer encloses the prescribed form with the fiscal return the taxpayer is required to file for the year under section 1000, an amount equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for the particular year under section 1029.8.36.59.2, in respect of the property taxes, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.59.4, exceeds the aggregate of

(*a*) the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.2 for the particular year in respect of the property taxes; and

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

**“1029.8.36.59.6.** Where a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.59.4, the share, for a particular fiscal period of the partnership, of a taxpayer who is a member of the partnership, of the property taxes of the partnership, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.3, for the taxpayer's taxation year in which the particular fiscal period ended, the taxpayer is deemed to have paid to the Minister for the taxpayer's taxation year in which the fiscal period of repayment ends, if the taxpayer encloses the prescribed form with the fiscal return the taxpayer 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 taxpayer would be deemed to have paid to the Minister for the particular year under section 1029.8.36.59.3, in respect of the property taxes, if

i. any amount of such assistance so repaid at or before the end of the fiscal period of repayment had reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph i of subparagraph b of the first paragraph of section 1029.8.36.59.4, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment; exceeds

(b) the aggregate of

i. the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.3 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the property taxes, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment, and

ii. any amount that the taxpayer would be deemed to have paid to the Minister for a taxation year preceding the taxation year in which the fiscal period of repayment ends under this section in respect of an amount of that assistance repaid by the partnership, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment.

**“1029.8.36.59.7.** Where a taxpayer who is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph b of the first paragraph of section 1029.8.36.59.4, the taxpayer's share, for a particular fiscal period of the partnership, of the property taxes of the partnership, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.3 in respect of that share, for the taxpayer's taxation year in which the particular fiscal period ended, the taxpayer is deemed to have paid to the Minister for the taxpayer's taxation year in which the fiscal period of repayment ends, if the taxpayer encloses the prescribed form with the fiscal return the taxpayer 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 taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.3 for the taxpayer's 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, had reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.59.4, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment; exceeds

(b) the aggregate of

i. the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.3 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of that share, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment, and

ii. any amount that the taxpayer would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends in respect of an amount of that assistance repaid by the taxpayer, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the fiscal period of repayment.

**“1029.8.36.59.8.** For the purposes of sections 1029.8.36.59.5 to 1029.8.36.59.7, an amount of assistance is deemed to be repaid, at a particular time, by a taxpayer or a partnership, as the case may be, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.59.4, the property taxes or the share of the taxpayer who is a member of the partnership of the amount of the property taxes, for the purpose of computing the amount that the taxpayer or the taxpayer who is a member of the partnership is deemed to have paid to the Minister for a taxation year under those sections 1029.8.36.59.2 and 1029.8.36.59.3;

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

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

(2) Subsection 1 applies in respect of property taxes of a taxpayer for a taxation year, or of a partnership for a fiscal period, as the case may be, that ends after 23 December 1998. However, where the taxation year of the

taxpayer or the fiscal period of the partnership begins before 24 December 1998 and includes 24 December 1998, the amount of the property taxes shall be determined with reference to the proportion that the number of days in that taxation year or fiscal period, as the case may be, after 23 December 1998 is of 365.

**182.** (1) Section 1029.8.36.73 of the said Act, enacted by section 218 of chapter 83 of the statutes of 1999 and amended by section 266 of chapter 5 of the statutes of 2000, is again amended by replacing the definition of “government assistance” and of “non-government assistance” in the first paragraph by the following:

““government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;”;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;”.

(2) Subsection 1 has effect from 1 January 1998.

**183.** (1) Section 1029.8.36.83 of the said Act, enacted by section 218 of chapter 83 of the statutes of 1999, is amended, in the first paragraph,

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

“*ii.* by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the taxpayer has deducted an amount in computing the taxpayer’s income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter, for any taxation year;”;

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

“*ii.* by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure made by the partnership in respect of which the taxpayer has deducted an amount in computing the taxpayer’s income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter, for any taxation year;”;

(3) by replacing subparagraphs 1 and 2 of subparagraph *ii* of subparagraph *c* by the following:

“(1) where the member of the group of associated employers is a taxpayer, the taxpayer has deducted an amount in computing the taxpayer’s income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter, for any taxation year, and

“(2) where the member of the group of associated employers is a partnership, a taxpayer who is a member of the partnership has deducted an amount in computing the taxpayer’s income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter, for any taxation year.”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**184.** (1) Section 1029.8.36.86 of the said Act, enacted by section 218 of chapter 83 of the statutes of 1999, is amended

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

**“1029.8.36.86.** Where, at a particular time in a particular calendar year, the activities pursued by a person or partnership, in this section referred to as the “vendor”, during the vendor’s initial calendar year in relation to a business of making or manufacturing clothing or footwear, diminish or cease in whole or in part, 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 pursue similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities pursued in the course of carrying on such a business, the following rules apply, subject to the fourth, fifth and sixth paragraphs, for the purpose of determining the amount that a taxpayer is deemed to have paid to the Minister under this division in respect of the particular calendar year or a subsequent calendar year and for the purpose of applying this section :”;

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

“(b) if the purchaser’s initial calendar year is before the calendar year during which the purchaser begins to pursue the similar activities, the purchaser

i. is deemed to have pursued, during the purchaser’s initial calendar year, the portion of the vendor’s activities that diminished or ceased at the particular time,

ii. is deemed to have paid to an employee in a period, included in the calendar year during which the purchaser begins to pursue the similar activities, for which the employee is an eligible employee, an amount equal to the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period, included in the particular calendar year, for which the employee is an eligible employee who may reasonably be considered to have been assigned to the pursuit of the part of the activities that diminished or ceased at the particular time, and

iii. is deemed to have a particular amount, at any time after the particular time, that is equal to the aggregate of

(1) the particular amount of the purchaser, determined under this section, immediately before the particular time,

(2) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period included in the particular calendar year for which the employee is an eligible employee who may reasonably be considered to have been assigned to the pursuit of the part of the activities that diminished or ceased at the particular time, and

(3) the aggregate of all amounts each of which is the salaries or wages paid by the purchaser to an employee in a period of the particular calendar year that extends from the particular time to the subsequent time, for which the employee is an eligible employee who may reasonably be considered to have been assigned to the pursuit of the part of the activities that began or increased at the particular time.”;

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

“In the formula provided for in subparagraph *a* of the first paragraph,”;

(4) by striking out subparagraph *d* of the second paragraph ;

(5) by adding, after the third paragraph, the following paragraphs :

“Where a person or a partnership is, at any time in a calendar year, a purchaser in relation to activities pursued by another 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 the partnership neither as vendor nor as purchaser in respect of the activities and, for the purpose of determining the amount that the person or a person who is a member of the partnership is deemed to have paid to the Minister under this division, the person or partnership 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 eligible employees of the person or partnership assigned to the pursuit of the activities that ceased after the subsequent time.

“Where a person or a partnership is, at a particular time in a calendar year, a purchaser in relation to activities pursued by another person or partnership and, at a subsequent time in the same calendar year, that person or partnership is a vendor in relation to part of the activities, the following rules apply :

(*a*) in applying this section to the person or partnership, the person or partnership is deemed to be a purchaser, at the particular time, only in relation to that part of the activities ;

(b) for the purpose of determining the amount that the person or a person who is a member of the partnership is deemed to have paid to the Minister under this division and in applying subparagraph 3 of subparagraph iii of subparagraph *b* of the first paragraph in respect of the purchaser in relation to that part of the activities, the person or partnership is deemed to have paid, from that time to the subsequent time, only the portion of the salaries or wages so paid that may reasonably be considered to relate to the eligible employees of the person or partnership assigned to the part of the activities that the person or partnership continues to pursue after that time ; and

(c) in applying subparagraph ii of subparagraph *b* of the first paragraph and subparagraph 2 of subparagraph iii of that subparagraph *b*, in respect of the purchaser in relation to that part of the activities, the other person or partnership is deemed to be a vendor only in relation to that part of the activities.

“Where a particular person or partnership is, at any time in a calendar year, a purchaser in relation to certain activities pursued by a person or partnership and that person or partnership has been, at an earlier time in the calendar year, a purchaser in relation to those activities pursued by another person or partnership, in applying this section to the particular person or partnership, subparagraph iii of subparagraph *b* of the first paragraph and subparagraph 2 of subparagraph iii of that subparagraph *b* shall be read as if the reference therein to “the vendor” were a reference to all the persons or partnerships that were, in the calendar year and before the subsequent time, vendors in respect of the activities.”

(2) Subsection 1 has effect from 1 January 1998.

**185.** (1) Section 1029.8.36.88 of the said Act, enacted by section 218 of chapter 83 of the statutes of 1999, is repealed.

(2) Subsection 1 has effect from 1 January 1998.

**186.** (1) Section 1029.8.36.89 of the said Act, enacted by section 218 of chapter 83 of the statutes of 1999 and amended by section 267 of chapter 5 of the statutes of 2000, is again amended, in the first paragraph,

(1) by inserting, in the French text, after the definition of “aide non gouvernementale”, the following definitions :

“« certificat d’admissibilité » délivré à une société admissible à l’égard d’un fonds d’investissement admissible de la société admissible, désigne un certificat délivré à la société admissible par le ministre des Finances attestant, d’après les renseignements qui lui ont été fournis par la société admissible, que les travaux relatifs à la promotion et à la mise en marché du fonds d’investissement admissible, de même que les activités relatives à l’administration et à la gestion de ce fonds, sont effectués au Québec dans une proportion d’au moins 75 % ;

“«certificat provisoire» délivré à une société admissible à l’égard d’un fonds d’investissement admissible de la société admissible, désigne un certificat délivré à la société admissible par le ministre des Finances attestant, d’une part, d’après les renseignements qui lui ont été fournis par la société admissible, qu’au moins 75 % des travaux relatifs à la promotion et à la mise en marché du fonds d’investissement admissible sont effectués au Québec et, d’autre part, que la société admissible s’est engagée à ce qu’au moins 75 % des activités relatives à l’administration et à la gestion de ce fonds soient, au plus tard le dernier jour de la période de deux ans qui commence à la date de référence applicable à ce fonds, effectuées au Québec;”;

(2) by replacing, wherever it appears in the French text of the portion of the definition of “date de référence” before paragraph *a*, the word “visa” by the word “certificat”;

(3) by striking out, at the end of the English text of subparagraph *i* of paragraph *a* of the definition of “qualified start-up expenditure”, the word “and”;

(4) by replacing subparagraph *ii* of paragraph *a* of the definition of “qualified start-up expenditure” by the following:

“ii. it was incurred, after 31 December 1997 and before the 731<sup>st</sup> day following the reference date applicable to the investment fund, by the qualified corporation during the year, and”;

(5) by adding, after subparagraph *ii* of paragraph *a* of the definition of “qualified start-up expenditure”, the following subparagraph:

“iii. where it is an expenditure incurred after 9 March 1999, it is not an expenditure that may reasonably be attributed to activities relating to the administration or management of the fund that are carried out outside Québec; exceeds”;

(6) by replacing, in paragraphs *a* to *c* of the definition of “qualified investment fund”, “2000” by “2001”;

(7) by adding, after paragraph *b* of the definition of “excluded investment fund”, the following paragraph:

“(c) a separate fund, within the meaning of the regulations made under the Act respecting insurance, that would be referred to in paragraph *a* if it were a mutual fund within the meaning of the Securities Act;”;

(8) by replacing, in the English text, the definition of “qualification certificate” and of “temporary certificate” by the following:

““qualification certificate” issued to a qualified corporation in respect of a qualified investment fund of the qualified corporation means a certificate

issued to the qualified corporation by the Minister of Finance certifying, on the basis of the information provided by the qualified corporation, that at least 75% of the work relating to the promotion and marketing of the qualified investment fund, and of the activities relating to the administration and management of the fund, are carried out in Québec;”;

““temporary certificate” issued to a qualified corporation in respect of a qualified investment fund of the qualified corporation means a certificate issued to the qualified corporation by the Minister of Finance certifying, on the basis of the information provided by the qualified corporation, that at least 75% of the work relating to the promotion and marketing of the qualified investment fund is carried out in Québec, and that the qualified corporation has undertaken to ensure that at least 75% of the activities relating to the administration and management of the fund will, on or before the last day of the two-year period that begins on the reference date applicable to the fund, be carried out in Québec.”;

(9) by striking out, in the French text, the definition of “visa d’admissibilité” and of “visa provisoire”.

(2) Paragraphs 1, 2, 8 and 9 of subsection 1 have effect from 10 March 1999.

(3) Paragraphs 3 to 5 and 7 of subsection 1 have effect from 1 January 1998. However, where subparagraph iii of paragraph *a* of the definition of “qualified start-up expenditure” in the first paragraph of section 1029.8.36.89 of the said Act, enacted by paragraph 5 of subsection 1, applies in respect of expenditures incurred in relation to a qualified investment fund in respect of which a qualified corporation would have been entitled to obtain a qualification certificate or a temporary certificate before 10 March 1999 if paragraphs 1 and 8 of subsection 1 had been effective from 1 January 1998, it shall be read without reference to “where it is an expenditure incurred after 9 March 1999,”.

(4) Paragraph 6 of subsection 1 has effect from 1 April 2000.

**187.** (1) The said Act is amended by inserting, after section 1029.8.36.90, enacted by section 218 of chapter 83 of the statutes of 1999, the following section :

**“1029.8.36.90.1.** For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister, for a particular taxation year, under section 1029.8.36.90, a preliminary certificate is deemed to have been issued to the qualified corporation, in respect of a qualified investment fund, before the issuance of the qualification certificate in respect of that fund, if the date of that last certificate is after both 9 March 1999 and the qualified corporation’s filing-due date for the taxation year preceding the particular year and if the reference date of that fund is before 10 March 1999.”

(2) Subsection 1 has effect from 10 March 1999.

**188.** (1) Section 1029.8.36.94 of the said Act, enacted by section 218 of chapter 83 of the statutes of 1999, is replaced by the following :

“**1029.8.36.94.** A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.90 only if it files with the Minister the prescribed form containing the prescribed information, the copy of the qualification certificate referred to therein and, where applicable, the copy of each of the certificates referred to in that section, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.”

(2) Subsection 1 has effect from 10 March 1999.

**189.** (1) Section 1029.8.50.1 of the said Act, enacted by section 219 of chapter 83 of the statutes of 1999, is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1029.8.50.1.** Where an individual is required to reimburse all or part of an amount included by the individual in computing the individual’s income from an office or employment for one or more preceding taxation years, pursuant to an arrangement, other than an arrangement described in paragraph *b* of the definition of “top-up disability payment” in the first paragraph of section 43.0.2, under which the individual is required to reimburse any amount paid to the individual for a period throughout which the individual did not perform the duties of the office or employment, the individual is deemed to have paid to the Minister on the individual’s balance-due day for a particular taxation year in which such an amount is reimbursed by the individual or on behalf of the individual, if the individual is resident in Québec on the last day of that particular taxation year, on account of the individual’s tax payable for the particular year under this Part, an amount equal to the product obtained by multiplying by such proportion as the amount reimbursed by the individual or on the individual’s behalf in the particular year is of the total amount to be reimbursed by the individual, the aggregate of all amounts each of which is the amount by which”.

(2) Subsection 1 applies in respect of reimbursements made from the taxation year 1998.

**190.** (1) The said Act is amended by inserting, after section 1029.8.61, the following :



## “DIVISION II.11.1

### “CREDIT FOR HOME SUPPORT FOR ELDERLY PERSONS

#### “§1. — *Interpretation*

“**1029.8.61.1.** In this division,

“authorized manager” of the authorized payment arrangement means an administrator who has entered into an agreement with the Minister of Finance in relation to the administration of the authorized payment arrangement ;

“authorized payment arrangement” means the arrangement between the authorized manager and an eligible individual whereby the authorized manager, for the purpose of executing a payment order, withdraws from the bank account of the eligible individual the amounts required to pay, on behalf of the eligible individual, the aggregate of the amounts included in an eligible expense of the eligible individual in respect of an eligible service, determined with reference, where applicable, to the amount that the authorized manager pays to the eligible individual under section 1029.8.61.6 at the time the authorized manager pays those amounts ;

“dependant” of an eligible individual, at any time, means a person who is dependent on the eligible individual where, at that time, the person is, in respect of the individual, a person who would be described in paragraph *b* of section 752.0.1, but for subparagraph *v* of that paragraph *b* and if subparagraphs *ii* to *iv* of that paragraph *b* were read without reference to “, during the year,” or “during the year”, or a person who would be described in paragraph *f* of that section if subparagraphs *ii* and *iii* thereof were read, respectively, without reference to “, throughout the year,” and “, during the year,” ;

“eligible expense” made by an eligible individual in a taxation year means, subject to section 1029.8.61.2, the portion of an amount that the authorized manager pays in the year on behalf of the eligible individual, by way of the authorized payment arrangement, and that may reasonably be attributed to an eligible service rendered or to be rendered in respect of the eligible individual after the eligible individual has attained the age of 70 years, and that corresponds

(*a*) in the case of a service rendered or to be rendered by an employee of the eligible individual, to the aggregate of the salary or wages of the employee in respect of the service shown on a payment order, the management charges relating to the use of the authorized payment arrangement and each of the amounts payable in respect of the employee in relation to the amount of salary or wages under any of

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

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

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

(b) in the case of a service rendered or to be rendered by a person, other than a person who is an employee of the eligible individual, or a partnership, each of which is referred to in this division as the “service provider”, to the aggregate of the amount that is the cost of the service shown on a payment order, including, where applicable, the goods and services tax or the Québec sales tax in respect of the service and the management charges relating to the use of the authorized payment arrangement;

“eligible individual” for a taxation year means an individual, other than a trust, who

(a) is resident in Québec and has attained the age of 70 years at the end of the year; and

(b) has applied for registration, in prescribed form containing prescribed information, for the use of the authorized payment arrangement;

“eligible service” in respect of an eligible individual means a home support service that is

(a) a personal support service that is a service described in the first paragraph of section 1029.8.61.3, rendered or to be rendered in Québec to the eligible individual by a person or a service provider who is not

i. the spouse of the eligible individual,

ii. a dependant of the eligible individual, or

iii. a person, or the spouse of that person, who is deemed, in respect of the eligible individual, to have paid an amount on account of the person’s or spouse’s tax payable under section 1029.8.57 for the taxation year in which the service is rendered or is to be rendered to the eligible individual; or

(b) a maintenance or supply service that is a service described in the second paragraph of section 1029.8.61.3, rendered or to be rendered in Québec by a person or a service provider who is neither the eligible individual’s spouse nor a dependant of the eligible individual, in respect of a dwelling that is a self-contained domestic establishment of which the eligible individual or the eligible individual’s spouse is the owner, lessee or sublessee, or in respect of land on which the dwelling is situated;

“management charges” relating to the use of the authorized payment arrangement means the amount paid by the eligible individual to the authorized manager for the use of the authorized payment arrangement in respect of a payment order;

“payment order” means a payment instruction transmitted by an eligible individual to the authorized manager and on which the individual indicates the amount of the salary or wages of one of the eligible individual’s employees in respect of an eligible service or the amount that is the cost of an eligible service, including, where applicable, the goods and services tax or the Québec sales tax in respect of the service ;

“salary or wages” means an amount that an employee receives for an eligible service rendered or to be rendered in respect of an eligible individual who is the employer of the employee.

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

(a) the portion of an amount as rent or charges resulting from co-ownership in respect of a dwelling that is a self-contained domestic establishment of which an eligible individual or the eligible individual’s spouse is the owner, lessee or sublessee, that may reasonably be attributed to an eligible service rendered or to be rendered in respect of the eligible individual, may constitute an eligible expense if it is invoiced separately ;

(b) the amount of an expenditure in respect of an eligible service shall not be greater than the fair market value of the service ; and

(c) the amount of an expenditure in respect of an eligible service includes only the amount that relates to the provision of the service, excluding the cost of the food, beverages, materials or other property acquired for or in connection with the provision of the service.

**“1029.3.61.2.** For the purposes of this division, an eligible expense, in respect of eligible services rendered or to be rendered in respect of an eligible individual, does not include, for a taxation year,

(a) any amount that was deducted in computing the income or taxable income of the eligible individual or the eligible individual’s spouse for the year or a preceding taxation year under this Part ;

(b) any amount that was taken into account in computing an amount deducted, under Chapter I.0.3 of Title I of Book V, in computing the tax payable by the individual or the individual’s spouse under this Part for the year or any other taxation year ; and

(c) any amount for which the individual or the individual’s spouse or, as the case may be, the legal representative of either the individual or the individual’s spouse, has received or is entitled to receive a refund, except to the extent that that amount is required to be included in computing the income of the individual or the individual’s spouse under this Part and is not deductible in computing the income or taxable income of the individual or the individual’s spouse.

**“1029.8.61.3.** The personal support services rendered or to be rendered to an eligible individual and that are essential to the eligible individual’s remaining at home or that enable the eligible individual to remain at home, and to which paragraph *a* of the definition of “eligible expense” in the first paragraph of section 1029.8.61.1 refers are, subject to section 1029.8.61.4, the following services :

(*a*) a non-professional assistance service to enable the individual to perform an activity of daily living ;

(*b*) a meal preparation service ;

(*c*) a non-specialized supervision service ; and

(*d*) a support service to enable the individual to fulfil the individual’s duties or civic obligations.

The maintenance or supply services rendered or to be rendered in respect of a self-contained domestic establishment, that are services required by an eligible individual so that tasks normally performed in respect of a self-contained domestic establishment can be performed and to which paragraph *b* of the definition of “eligible expense” in the first paragraph of section 1029.8.61.1 refers are, subject to section 1029.8.61.4, the following services :

(*a*) a housekeeping service ;

(*b*) a clothing care service ;

(*c*) a maintenance service consisting of minor maintenance work performed outside of a self-contained domestic establishment ; and

(*d*) an everyday necessities supply service.

**“1029.8.61.4.** The services in respect of an eligible individual that are described in section 1029.8.61.3 do not include

(*a*) a service rendered or to be rendered by a person who is a practitioner referred to in section 752.0.18, in respect of a service described in the first paragraph of section 1029.8.61.3 ;

(*b*) a service rendered or to be rendered by a person who is a member of a professional order referred to in the Professional Code (chapter C-26) and whose provision is governed by that professional order ; or

(*c*) a service relating to construction and repair work or which requires a specific certificate of competence issued under the Building Act (chapter B-1.1).

“§2. — *Credit*

“**1029.8.61.5.** An eligible individual who, in a taxation year, makes an eligible expense and encloses with the fiscal return the eligible individual is required to file for the year under section 1000, or would be required to so file if tax were payable by the individual for the year under this Part, the prescribed form containing prescribed information is deemed to have paid to the Minister, on the eligible individual’s balance-due day for that taxation year, on account of the eligible individual’s tax payable for the year under this Part, an amount equal to 23% of the aggregate of all amounts each of which is an eligible expense made by the eligible individual.

However, for the purposes of the first paragraph, the aggregate of all amounts each of which is an eligible expense made by an eligible individual in a taxation year shall not exceed \$12,000.

“**1029.8.61.6.** The authorized manager shall, when executing a payment order, on behalf of an eligible individual in relation to an eligible expense made by the eligible individual in a taxation year, by way of the authorized payment arrangement, pay, as an advance payment, to the eligible individual, on such terms and conditions as are agreed on with the Minister, an amount equal to 23% of the eligible expense, in respect of the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.5 for the year.

However, for the purposes of the first paragraph, the aggregate of the eligible expenses, for a taxation year, in respect of which the authorized manager is required to pay an amount to the eligible individual for that taxation year shall not exceed \$12,000.

“**1029.8.61.7.** An individual shall not be deemed to have paid an amount to the Minister under this division for a taxation year if the individual is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).”

(2) Subsection 1 applies from the taxation year 2000.

**191.** (1) Section 1029.8.63 of the said Act is amended by replacing, in the first paragraph, “\$2,000” by “\$3,000”.

(2) Subsection 1 applies in respect of qualifying certificates given after 31 December 1998 or qualifying judgments rendered after that date.

**192.** (1) Section 1029.8.68 of the said Act is amended by replacing “\$150” and “\$90” by “\$175” and “\$100”, respectively.

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

**193.** (1) Section 1029.8.69 of the said Act is amended

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

“**1029.8.69.** In computing an individual’s qualified child care expenses for a taxation year, the individual may include an amount paid in respect of child care expenses”;

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

“*i.* is not taken into account in computing the amount that is deemed to have been paid to the Minister by another individual, except the individual’s spouse at the end of 31 December of the year who is not living separate and apart from the individual at that time, under section 1029.8.79, and”.

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

**194.** (1) Section 1029.8.70 of the said Act is amended, in the second paragraph, by replacing, in subparagraph *a*, “\$5,000” and “\$3,000” by “\$7,000” and “\$4,000”, respectively, and, in subparagraph *b*, “\$150” and “\$90” by “\$175” and “\$100”, respectively.

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

**195.** (1) Section 1029.8.71 of the said Act is amended

(1) by replacing, in subparagraph *i* of subparagraph *a* of the first paragraph, “\$5,000” and “\$3,000” by “\$7,000” and “\$4,000”, respectively, and, in subparagraph *c* of the second paragraph, “\$150” and “\$90” by “\$175” and “\$100”, respectively ;

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

“*ii.* the aggregate of all amounts taken into account in computing the amount that another individual, in respect of whom section 1029.8.70 applies for the year, would be deemed to have paid to the Minister for the year under section 1029.8.79 in respect of eligible children of the individual who are referred to in subparagraph *i* if, for the purposes of subparagraphs *a* to *c* of the first paragraph of section 1029.8.79 and section 1029.8.80.0.1, that other individual had no spouse at the end of 31 December of that year; and”;

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

“(a) the amount by which the aggregate of all amounts each of which is an amount paid as or on account of child care expenses incurred for services rendered in the year in respect of an eligible child of the individual exceeds the amount that would, but for this section, be taken into account in computing the amount that the individual would be deemed to have paid to the Minister

for the year under section 1029.8.79 if, for the purposes of subparagraphs *a* to *c* of the first paragraph of section 1029.8.79 and section 1029.8.80.0.1, the individual had no spouse at the end of 31 December of that year;”;

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

“(d) the amount by which the total calculated under subparagraph *i* of subparagraph *a* of the first paragraph in respect of eligible children of the individual for the year exceeds the amount that would, but for this section, be taken into account in computing the amount that the individual would be deemed to have paid to the Minister for the year under section 1029.8.79, for the purposes of subparagraphs *a* to *c* of the first paragraph of section 1029.8.79 and section 1029.8.80.0.1, if the individual had no spouse at the end of 31 December of that year; and”.

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

**196.** (1) Section 1029.8.77 of the said Act is replaced by the following :

“**1029.8.77.** For the purposes of this division, a person shall not be considered to be living separate and apart from an individual at the end of 31 December of a taxation year unless the person was living separate and apart from the individual at that time, because of a breakdown of their marriage, for a period of at least 90 days that includes that time.”

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

**197.** (1) Section 1029.8.79 of the said Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following :

“(a) where the individual is resident in Québec on the last day of the taxation year and did not carry on a business in Canada outside Québec at any time in the year, to the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the aggregate of the individual’s qualified child care expenses for the year and, where the individual has a spouse at the end of 31 December of the year and the spouse is not living separate and apart from the individual at that time, the spouse’s qualified child care expenses for the year;

“(b) where the individual is resident in Québec on the last day of the taxation year and carried on a business in Canada outside Québec at any time in the year, to the product obtained by multiplying the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the aggregate of the individual’s qualified child care expenses for the year and, where the individual has a spouse at the end of 31 December of the year and the spouse is not living separate and apart from the individual at that time, the spouse’s qualified child care expenses for the year by the proportion referred to in the second paragraph of section 22; and

“(c) where the individual is resident in Canada outside Québec on the last day of the taxation year and carried on a business in Québec at any time in the year, to the product obtained by multiplying the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the aggregate of the individual’s qualified child care expenses for the year and, where the individual has a spouse at the end of 31 December of the year and the spouse is not living separate and apart from the individual at that time, the spouse’s qualified child care expenses for the year by the proportion referred to in the second paragraph of section 25.”

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

**198.** (1) The said Act is amended by inserting, after section 1029.8.80, the following section:

“**1029.8.80.0.1.** Where, for a taxation year, a particular individual referred to in section 1029.8.79 has a spouse at the end of 31 December of the year who is not living separate and apart from the individual at that time and who is also an individual referred to in that section,

(a) the amount the particular individual is deemed to have paid to the Minister for the year under that section 1029.8.79, determined without reference to this section, shall be reduced by such portion of the amount as is designated in respect of the particular individual by the particular individual and the spouse in prescribed form filed by the particular individual with the particular individual’s fiscal return under this Part for the year;

(b) the amount the spouse is deemed to have paid to the Minister for the year under that section 1029.8.79, determined without reference to this section, shall be reduced by the amount determined for the year under paragraph *a* in respect of the particular individual;

(c) where the particular individual and the spouse cannot agree on the portion of the amount that may be designated for the year in accordance with paragraph *a* in respect of the particular individual, the Minister may designate such portion and, for the purposes of paragraph *a*, the designation is deemed to have been made in prescribed form by the particular individual and the spouse; and

(d) the amount determined for the year under paragraph *a* in respect of the particular individual and the amount determined for the year under paragraph *b* in respect of the spouse are deemed to be the amount the particular individual is deemed to have paid to the Minister for the year under section 1029.8.79 and the amount the spouse is deemed to have so paid to the Minister for the year, respectively.”

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



**199.** (1) The said Act is amended by inserting, after section 1029.8.105, the following section:

**“1029.8.105.1.** The aggregate of all amounts each of which is an amount that an individual is deemed to have paid to the Minister during a month specified for a taxation year under section 1029.8.105 shall be reduced by the aggregate of all amounts each of which is the portion of a last resort financial assistance benefit received in the year by the individual or, as the case may be, the individual’s eligible spouse for the year, under Chapter I of Title II of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001), that is attributable to the amount of the increase to account for the advance Québec sales tax credit prescribed in section 24 or 25 of the Regulation respecting income support made by Order in Council 1011-99 dated 1 September 1999, as it read at the time of its application.”

(2) Subsection 1 applies from the taxation year 1998. However, where section 1029.8.105.1 of the said Act, enacted by subsection 1, applies

(1) to the taxation year 1998, it shall be read as follows:

**“1029.8.105.1.** The aggregate of all amounts each of which is an amount that an individual is deemed to have paid to the Minister during a month specified for a taxation year under section 1029.8.105 shall be reduced by the aggregate of all amounts each of which is the portion of a last resort assistance benefit received in the year by the individual or, as the case may be, the individual’s eligible spouse for the year, under Chapter II of the Act respecting income security (chapter S-3.1.1), that is attributable to the amount of the increase prescribed in section 10.2 or 16.2 of the Regulation respecting Income Security made under section 91 of that Act.”;

(2) to the taxation year 1999, it shall be read as follows:

**“1029.8.105.1.** The aggregate of all amounts each of which is an amount that an individual is deemed to have paid to the Minister during a month specified for a taxation year under section 1029.8.105 shall be reduced by the aggregate of all amounts each of which is

(a) the portion of a last resort financial assistance benefit received in the year by the individual or, as the case may be, the individual’s eligible spouse for the year under Chapter I of Title II of the Act respecting income support, employment assistance and social solidarity (1998, chapter 36), that is attributable to the amount of the increase to account for the advance Québec sales tax credit prescribed in section 24 or 25 of the Regulation respecting income support made by Order in Council 1011-99 dated 1 September 1999, as it read at the time of its application; and

(b) the portion of a last resort assistance benefit received in the year by the individual or, as the case may be, by the individual’s eligible spouse for the

year, under Chapter II of the Act respecting income security (chapter S-3.1.1), that is attributable to the amount of the increase prescribed in section 10.2 or 16.2 of the Regulation respecting Income Security made under section 91 of that Act.”

**200.** (1) Section 1038 of the said Act, amended by section 225 of chapter 83 of the statutes of 1999, is again amended by adding the following paragraph :

“Notwithstanding the first paragraph, a corporation that has made the election under Division XIII of Chapter V of Title III of Book III for a taxation year shall not be liable under this section, in respect of the aggregate of all amounts each of which is a payment it is required to make for the year under section 1027, for an amount of interest that is greater than the amount for which it would be liable for the year, in respect of that aggregate, if it had not made the election under that division.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**201.** Section 1042.2 of the said Act is repealed.

**202.** (1) Section 1049 of the said Act, amended by section 276 of chapter 5 of the statutes of 2000, is again amended

(1) by adding, in the French text of the portion of subparagraph *i* of subparagraph *a* of the first paragraph before subparagraph 1, “, à la fois” after the word “si”;

(2) by replacing subparagraphs 1 and 2 of subparagraph *i* of subparagraph *a* of the first paragraph by the following :

“(1) the person’s taxable income for the year, determined on the basis of the information provided in the return, were computed by adding that portion of the amount determined in the second paragraph that may reasonably be attributed to the false statement or omission, and

“(2) the person’s taxable income for the year were computed by subtracting from the aggregate of all deductions from the tax otherwise payable by the person for the year such portion of any such deduction as may reasonably be attributed to the false statement or omission, and by adding to that aggregate any amount not deducted from the tax otherwise payable by the person for the year and that is deductible under Book V, if the amount that entitles the person to that deduction is wholly applicable to an amount that was not reported by the person in the return and that was required to be included in computing the person’s income for the year, and”;

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

“(a) the amount by which the aggregate of amounts that were not reported by the person in the return and that were required to be included in computing

the person's income for the year exceeds the aggregate of the amounts that were not deducted by the person in computing the person's income for the year reported by the person in the return, were deductible by the person in computing the person's income under this Act, or that would be, were it not for the application of the provisions of Book V.2.1, and were wholly applicable to the amounts that were required to be so included therein;”;

(4) by replacing, in the French text of each of subparagraphs *b* and *c* of the second paragraph, the words “admissibles en déduction” by the word “déductibles”;

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

“For the purposes of the first paragraph, the taxable income of a person for a taxation year, determined on the basis of the information provided in the person's return, is deemed not to be less than nil.”;

(6) by replacing, in each of subparagraphs *a* and *b* of the fourth paragraph, “Book I” by “Book III”.

(2) Paragraphs 1 to 3 of subsection 1 apply from the taxation year 1998. However, where subparagraph 1 of subparagraph *i* of subparagraph *a* of the first paragraph of section 1049 of the said Act, enacted by paragraph 2 of subsection 1, applies before 15 November 2000, it shall be read with the words “determined on the basis of the information provided” replaced by the words “as reported by the person”.

**203.** (1) Section 1049.3 of the said Act is amended by replacing “30%” by “40%”.

(2) Subsection 1 applies in respect of revocations of registration that occur after 6 November 1998.

**204.** (1) Section 1049.4 of the said Act is amended, in the first paragraph, by replacing “30%” by “40%”.

(2) Subsection 1 applies in respect of dispositions of all or part of a qualified investment that occur after 6 November 1998.

**205.** (1) Section 1049.4.1 of the said Act is amended by replacing the portion before paragraph *a* by the following:

**“1049.4.1.** Where a particular share of the capital stock of a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), that forms part of a qualified investment, or a share substituted therefor, may be purchased or redeemed by the qualified legal person as a result of a transaction occurring, after 26 April 1990, during the 60 months following the acquisition of the particular share that forms part of a qualified investment, the qualified legal person is liable to

a penalty, in respect of the particular share or the share substituted therefor, equal to 40% of the lesser of”.

(2) Subsection 1 applies in respect of transactions that occur after 6 November 1998. However, where the portion of section 1049.4.1 of the said Act before paragraph *a*, enacted by subsection 1, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

**206.** (1) Section 1049.5 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“1049.5.** Every qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), that purchases or redeems a particular share of its capital stock that forms part of a qualified investment or a share substituted therefor, after 26 April 1990, during the 60 months following the acquisition of the particular share that forms part of the qualified investment, is liable to a penalty, in respect of the particular share or the share substituted therefor, equal to 40% of the lesser of”.

(2) Subsection 1 applies in respect of purchases or redemptions that occur after 6 November 1998. However, where the portion of section 1049.5 of the said Act before paragraph *a*, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person” replaced by the word “corporation”.

**207.** (1) Section 1049.6 of the said Act is amended by replacing the portion before paragraph *b* by the following :

**“1049.6.** Every qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), is liable to a penalty equal to 40% of the amount of a qualified investment made by a Québec business investment company in the qualified legal person, where the qualified legal person uses funds, during the 24 months following the date of that qualified investment and without the approval of Investissement-Québec, to

(*a*) repay a creditor who is a shareholder of the Québec business investment company or of the qualified legal person or a person with whom the creditor does not deal at arm’s length or a corporation that is associated with the qualified legal person ;”.

(2) Subsection 1 applies in respect of uses of funds that occur after 6 November 1998. However, where the portion of section 1049.6 of the said Act before paragraph *b*, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where the portion of section 1049.6 of the said Act before paragraph *b*, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, the portion of that section 1049.6 before paragraph *a* shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**208.** (1) Section 1049.7 of the said Act is replaced by the following :

“**1049.7.** Every qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), that declares or pays a dividend in respect of shares of its capital stock that form part of a qualified investment during the 24 months following the acquisition of the shares as such is liable to a penalty equal to 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of dividends declared or paid after 6 November 1998. However, where section 1049.7 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person” replaced by the word “corporation”.

**209.** (1) Section 1049.8 of the said Act is replaced by the following :

“**1049.8.** Every qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), that pays an amount referred to in the first paragraph of section 23 of the Québec Business Investment Companies Regulation made under section 16 of that Act, to a Québec business investment company during the 60 months following the acquisition of a share that forms part of a qualified investment by that Québec business investment company is liable to a penalty equal to 40% of the amount so paid but not in excess of 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of payments that occur after 6 November 1998. However, where section 1049.8 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person” replaced by the word “corporation”.

**210.** (1) Section 1049.9 of the said Act is replaced by the following :

“**1049.9.** Where a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), other than a corporation referred to in section 1049.9.1, no longer operates primarily in one of the sectors of activity prescribed in the regulations made under paragraph 4 of section 16 of that Act during the 24 months following the date of a qualified investment, without the approval of Investissement-Québec, the qualified legal person is liable to a penalty equal to 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of qualified legal persons that cease to operate primarily in a sector of activity after 6 November 1998. However, where section 1049.9 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where section 1049.9 of the said Act, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, it shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**211.** (1) Section 1049.9.1 of the said Act is replaced by the following :

**“1049.9.1.** Where a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), ceases, as a consequence of financial problems, to carry on its business during the 24 months following the date of a qualified investment without the approval of Investissement-Québec, the qualified legal person is liable to a penalty of 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of qualified legal persons that cease to carry on business after 6 November 1998. However, where section 1049.9.1 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where section 1049.9.1 of the said Act, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, it shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**212.** (1) Section 1049.10 of the said Act is replaced by the following :

**“1049.10.** Where a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1) makes a considerable cash outflow in favour of one of its shareholders, a shareholder of a Québec business investment company which is not a Québec business investment company referred to in section 4.1 of that Act, or a person related to any such shareholder during the 24 months preceding the date of a qualified investment in the qualified legal person made by the Québec business investment company or during the 60 months following the date of such an investment, without the approval of Investissement-Québec, the qualified legal person is liable to a penalty equal to 40% of the amount of the cash outflow, but not in excess of 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of cash outflows that occur after 6 November 1998. However, where section 1049.10 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where section 1049.10 of the said Act, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, it shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**213.** (1) Section 1049.10.1 of the said Act is replaced by the following :

“**1049.10.1.** Where a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), makes a considerable cash outflow to acquire all or substantially all of the assets of a corporation a shareholder of which is also a shareholder of a Québec business investment company or a person related to any such shareholder during the 24 months preceding the date of a qualified investment in the qualified legal person made by the Québec business investment company or during the 60 months following the date of such an investment, without the approval of Investissement-Québec, the qualified legal person is liable to a penalty equal to 40% of the amount of the cash outflow, but not in excess of 40% of the amount of the investment.”

(2) Subsection 1 applies in respect of cash outflows that occur after 6 November 1998. However, where section 1049.10.1 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where section 1049.10.1 of the said Act, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, it shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**214.** (1) Section 1049.11 of the said Act is replaced by the following :

“**1049.11.** Where a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1) does not deal at arm’s length, within the meaning assigned to that expression for the purposes of section 12 of that Act, with a Québec business investment company during the 24 months following the date of a qualified investment made by the company in the qualified legal person, without the approval of Investissement-Québec, the qualified legal person is liable to a penalty equal to 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of qualified legal persons that do not, after 6 November 1998, deal at arm’s length with a Québec business investment company. However, where section 1049.11 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where section 1049.11 of the said Act, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, it shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**215.** (1) Section 1049.11.1 of the said Act is replaced by the following :

**“1049.11.1.** Every qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), which, in the 12 months preceding the date of a qualified investment or in the 12 months following the date of such an investment, fails to pay to employees of an establishment situated in Québec at least 50% of the salaries paid to its employees, is liable to a penalty equal to 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of investments made after 9 May 1995. However, where section 1049.11.1 of the said Act, enacted thereby, applies

(1) in respect of wages paid before 7 November 1998, it shall be read with “40%” replaced by “30%”; and

(2) before 22 October 1999, it shall be read with the words “legal person” replaced by the word “corporation”.

**216.** (1) Section 1049.11.1.2 of the said Act is replaced by the following :

**“1049.11.1.2.** Where a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), benefits from a qualified investment referred to in section 12.1 of that Act and, at the expiry of the time limit fixed in paragraph 2 of that section 12.1 or, as the case may be, extended by Investissement-Québec under paragraph 2 of section 13.2 of that Act, it does not operate in a sector of activity prescribed in the regulations made under paragraph 4 of section 16 of that Act, the qualified legal person is liable to a penalty equal to 40% of the total amount of the investment.”

(2) Subsection 1 applies in respect of qualified legal persons that cease to operate in a sector of activity after 6 November 1998. However, where section 1049.11.1.2 of the said Act, enacted thereby, applies before 22 October 1999, it shall be read with the words “legal person”, wherever they appear, replaced by the word “corporation”.

(3) In addition, where section 1049.11.1.2 of the said Act, replaced by subsection 1, applies after 20 August 1998 and before 7 November 1998, it shall be read with the words “the Société de développement industriel du Québec” replaced by the words “Investissement-Québec”.

**217.** (1) The said Act is amended by inserting, after section 1055.1, the following section:

**“1055.2.** Notwithstanding any inconsistent provision of any law, a corporation may assign the right to claim any amount payable to it under this Act.



The assignment of an amount referred to in the first paragraph is not binding on the State and, as a result, the following rules apply :

(a) the Minister retains discretion to pay or not to pay the amount to the assignee ;

(b) the assignment does not create any liability of the State to the assignee ;  
and

(c) the rights of the assignee are subject to the rights conferred on the State by section 31 of the Act respecting the Ministère du Revenu (chapter M-31) and any right to compensation of which the State may avail itself.”

(2) Subsection 1 applies in respect of assignments made after 9 March 1999.

**218.** (1) Section 1086.6 of the said Act is replaced by the following :

**“1086.6.** An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is the portion of an advance payment paid to the individual for that year under the second paragraph of section 82 of the Act respecting income support, employment assistance and social solidarity (1998, chapter 36) that is attributable to the increase determined under section 74 of that Act, or under the second paragraph of section 52 of the Act respecting income security (chapter S-3.1.1) that is attributable to the increase determined under section 48.1 of that Act.”

(2) Subsection 1 applies in respect of amounts received after 30 September 1999 that are attributable to a period after that date.

**219.** (1) The said Act is amended by inserting, after section 1086.8, the following :

**“PART I.3**

**“TAX IN RESPECT OF ADVANCE PAYMENTS OF THE CREDIT FOR HOME SUPPORT FOR ELDERLY PERSONS**

**“1086.9.** In this Part,

“authorized manager” has the meaning assigned by the first paragraph of section 1029.8.61.1 ;

“balance-due day” has the meaning assigned by section 1 ;

“individual” has the meaning assigned by section 1 ;

“Minister” means the Minister of Revenue ;

“taxation year” has the meaning assigned by Part I.

**“1086.10.** Every individual to whom an advance payment was made by the authorized manager for a taxation year under section 1029.8.61.6 shall pay for the year a tax equal to the aggregate of all amounts each of which is an amount of the advance payment.

**“1086.11.** An individual shall pay to the Minister, for a taxation year, on or before the individual’s balance-due day for the year, the individual’s tax under this Part as estimated for the year under section 1004.

**“1086.12.** Except where inconsistent with this Part, sections 1000 to 1014 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies from the taxation year 2000.

**220.** (1) Section 1089 of the said Act, amended by section 237 of chapter 83 of the statutes of 1999 and by section 86 of chapter 86 of the statutes of 1999, is again amended

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

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Québec exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”;

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

“(g) the amount by which the income determined under paragraphs *b* and *c* of section 1092 in respect of the individual exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”;

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

“However, in the case of an individual who is

(a) a foreign specialist, within the meaning of section 737.18.6, the individual’s income earned in Québec for a taxation year is the amount by

which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.18.10; or

(b) described in section 66 of the Act respecting international financial centres (1999, chapter 86), the individual's income earned in Québec for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 65 of that Act.”

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 1997. However, where subparagraphs *a* and *g* of the first paragraph of section 1089 of the said Act, enacted respectively by paragraphs 1 and 2 of subsection 1, apply to the taxation years 1997 and 1998, they shall be read as follows :

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Québec exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual's taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual's taxable income were determined under Part I;

“(g) the amount by which the income determined under paragraphs *b* and *c* of section 1092 in respect of the individual exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual's taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual's taxable income were determined under Part I;”.

(3) Paragraph 3 of subsection 1 applies from the taxation year 1999. However, where the second paragraph of section 1089 of the said Act, enacted by paragraph 3 of subsection 1, applies to a taxation year that begins on or before 20 December 1999, subparagraph *b* thereof shall be read as follows :

“(b) described in the second paragraph of section 737.15, the individual's income earned in Québec for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.16.”

**221.** (1) Section 1090 of the said Act, amended by section 238 of chapter 83 of the statutes of 1999 and by section 87 of chapter 86 of the statutes of 1999, is again amended

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

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Canada exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”;

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

“(g) the amount by which the income that would be determined under paragraphs *b* and *c* of section 1092 in respect of the individual if the word “Québec”, in sections 1092 and 1093, were replaced wherever it appears by the word “Canada”, exceeds the amount which, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”;

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

“However, in the case of an individual who is

(a) a foreign specialist, within the meaning of section 737.18.6, the individual’s income earned in Canada for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.18.10; or

(b) described in section 66 of the Act respecting international financial centres (1999, chapter 86), the individual’s income earned in Canada for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 65 of that Act.”

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 1997. However, where subparagraphs *a* and *g* of the first paragraph of section 1089 of the said Act, enacted respectively by paragraphs 1 and 2 of subsection 1, apply to the taxation years 1997 and 1998, they shall be read as follows :

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Québec exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual’s taxable income were determined under Part I;

“(g) the amount by which the income determined under paragraphs *b* and *c* of section 1092 in respect of the individual exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign specialist within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”.

(3) Paragraph 3 of subsection 1 applies from the taxation year 1999. However, where the second paragraph of section 1090 of the said Act, enacted by paragraph 3 of subsection 1, applies to a taxation year that begins on or before 20 December 1999, subparagraph *b* thereof shall be read as follows :

“(b) described in the second paragraph of section 737.15, the individual’s income earned in Canada for a taxation year is the amount by which the amount determined in respect of the individual for the year under the first paragraph exceeds that part of the amount referred to in section 737.16.”

**222.** (1) Section 1129.0.1 of the said Act, enacted by section 240 of chapter 83 of the statutes of 1999, is amended by inserting the following definition in alphabetical order:

““eligible amount” of a corporation for a taxation year has the meaning assigned by the first paragraph of section 1029.8.16.2;”.

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**223.** (1) Section 1129.0.3 of the said Act, enacted by section 240 of chapter 83 of the statutes of 1999, is replaced by the following :

**“1129.0.3.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8, on account of the taxpayer’s tax payable under Part I for a particular taxation year in respect of the taxpayer’s share of an amount of wages or of a part of a consideration paid by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to such wages or to such a

part of a consideration paid is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for the particular year under section 1029.8, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period, exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8 for that particular year, if

i. every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period; and

(b) any amount of tax that the taxpayer should have paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period.”

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

**224.** (1) Section 1129.0.5 of the said Act, enacted by section 240 of chapter 83 of the statutes of 1999, is replaced by the following:

**“1129.0.5.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.7, on account of the taxpayer's tax payable under Part I for a particular taxation year in respect of the taxpayer's share of a qualified expenditure paid by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to such expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for that particular year under section 1029.8.7, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period, exceeds the aggregate of

(a) every amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.7, for that particular year, if

i. every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period; and

(b) any amount of tax that the taxpayer should have paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period."

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

**225.** (1) Section 1129.0.7 of the said Act, enacted by section 240 of chapter 83 of the statutes of 1999, is replaced by the following:

**"1129.0.7.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.9.0.4, on account of the taxpayer's tax payable under Part I for a particular taxation year in respect of the taxpayer's share of an eligible fee paid by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to such fee is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for that particular year under section 1029.8.9.0.4, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period, exceeds the aggregate of

(a) every amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.9.0.4, for that particular year, if

i. every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period; and

(b) any amount of tax that the taxpayer should have paid to the Minister under this section for a preceding taxation year in respect of the amount that

the taxpayer is deemed to have paid to the Minister for the particular year, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period."

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

**226.** (1) Section 1129.0.9 of the said Act, enacted by section 240 of chapter 83 of the statutes of 1999, is replaced by the following:

**"1129.0.9.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.11, on account of the taxpayer's tax payable under Part I for a particular taxation year in respect of the taxpayer's share of the amount of a qualified expenditure made by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to that expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister for that particular year under section 1029.8.11, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period, exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.11 for that particular year, if

i. every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period; and

(b) any amount of tax that the taxpayer should have paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period."

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

**227.** (1) The said Act is amended by inserting, after section 1129.0.9, enacted by section 240 of chapter 83 of the statutes of 1999, the following sections:



**“1129.0.9.1.** Every corporation that is deemed to have paid an amount to the Minister, under Division II.3.1 of Chapter III.1 of Title III of Book IX of Part I, on account of its tax payable under that Part for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to wages or part of a consideration, a qualified expenditure, an eligible fee, or to its share of such wages, part of a consideration, qualified expenditure or eligible fee, as the case may be, that is included in computing an eligible amount of the corporation for the particular taxation year for the purpose of determining the excess amount in respect of which the corporation is so deemed to have paid an amount is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister for that particular year under that Division II.3.1, exceeds the aggregate of

(a) any amount that the corporation would be deemed to have paid to the Minister under that division, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent taxation year had been refunded, paid or allocated in the particular taxation year; and

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

**“1129.0.9.2.** Every corporation that is deemed to have paid an amount to the Minister, under Division II.3.1 of Chapter III.1 of Title III of Book IX of Part I, on account of its tax payable under that Part for a particular taxation year and whose eligible amount for the particular taxation year, computed for the purpose of determining the excess amount in respect of which the corporation is so deemed to have paid an amount for that year, includes its share of wages or part of a consideration, of a qualified expenditure or of an eligible fee, as the case may be, paid or made by a partnership of which the corporation is a member in a particular fiscal period of the partnership ending in that particular taxation year, shall, where, during a subsequent fiscal period of the partnership, an amount relating to those wages or to that part of a consideration, qualified expenditure or eligible fee, as the case may be, is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister for that particular taxation year under that Division II.3.1, if the taxpayer’s share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer’s share for the subsequent fiscal period, exceeds the aggregate of

(a) any amount that the corporation would be deemed to have paid to the Minister under that division, for that particular year, if

i. every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period; and

(b) any amount of tax that the taxpayer would have been required to pay to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period.

**“1129.0.9.3.** For the purposes of sections 1129.0.2 to 1129.0.9.2, a corporation that would, but for Division XIII of Chapter V of Title III of Book III of Part I and section 1029.8.21.3, be deemed to have paid an amount to the Minister, on account of its tax payable for a taxation year, under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.9.0.4, 1029.8.10, 1029.8.11 and 1029.8.16.6, is deemed to have paid the amount to the Minister under that section for that taxation year.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

**228.** (1) The said Act is amended by inserting, after section 1129.0.10, enacted by section 240 of chapter 83 of the statutes of 1999, the following:

**“PART III.0.2**

**“SPECIAL TAX RELATING TO THE CREDIT FOR TECHNOLOGICAL ADAPTATION SERVICES**

**“1129.0.11.** In this Part,

“fiscal period” has the meaning assigned by Part I;

“government assistance” has the meaning assigned by section 1029.8.21.17;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by section 1029.8.21.17;

“qualified expenditure” has the meaning assigned by section 1029.8.21.17;

“taxation year” has the meaning assigned by Part I.

**“1129.0.12.** Every corporation that, in relation to a qualified expenditure incurred in a particular taxation year, is deemed to have paid an amount to the Minister, under section 1029.8.21.22, on account of its tax payable under Part I for that taxation year shall, where, during a subsequent taxation year, an amount relating to an expenditure included in computing the qualified expenditure incurred in the particular year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under section 1029.8.21.22 for the particular year, in relation to the qualified expenditure, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.22 for the particular year, in relation to the qualified expenditure, if every amount that was so refunded, paid or allocated in relation to an expenditure included in computing that qualified expenditure, at or before the end of the subsequent year, had been government assistance or non-government assistance received by the corporation in the particular year and attributable to such an expenditure ; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section, for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to an expenditure included in computing that qualified expenditure.

**“1129.0.13.** Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.21.23, on account of its tax payable under Part I for a particular taxation year in relation to a qualified expenditure incurred by the partnership in a particular fiscal period ending in that particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to an expenditure included in computing the qualified expenditure incurred by the partnership in the particular fiscal period is, directly or indirectly, refunded or otherwise paid to the corporation or partnership or allocated to a payment to be made by the corporation or partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.23 for the particular year, in relation to the qualified expenditure, if the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the subsequent fiscal period, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.23 for the particular year, in relation to the qualified expenditure, if

i. every amount that was, at or before the end of the subsequent fiscal period, so refunded, paid or allocated in relation to an expenditure included in computing the qualified expenditure had been government assistance or non-government

assistance received by the corporation or partnership, as the case may be, in the particular fiscal period and attributable to such an expenditure, and

ii. the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period; and

(b) any amount of tax that the corporation would be required to pay to the Minister under this section for a taxation year preceding the taxation year in which the subsequent fiscal period ends, in respect of an amount so refunded, paid or allocated in relation to an expenditure included in computing the qualified expenditure, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period.

**“1129.0.14.** For the purposes of Part I, except for Division II.4.2 of Chapter III.1 of Title III of Book IX, the following rules apply :

(a) tax paid to the Minister by a corporation at any time, under section 1129.0.12, in relation to a qualified expenditure is deemed to be an amount of assistance repaid by the corporation at that time in respect of that expenditure, pursuant to a legal obligation to do so ; and

(b) tax paid to the Minister by a corporation at any time, under section 1129.0.13, in relation to a qualified expenditure is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of that expenditure, pursuant to a legal obligation to do so.

**“1129.0.15.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 9 March 1999.

**229.** Section 1129.2 of the said Act, amended by section 242 of chapter 83 of the statutes of 1999, is again amended by striking out subparagraph *d* of the first paragraph.

**230.** (1) The said Act is amended by inserting, after section 1129.4.0.8, enacted by section 243 of chapter 83 of the statutes of 1999, the following :

**“PART III.1.0.3**

**“SPECIAL TAX RELATING TO THE CREDIT FOR THE PRODUCTION OF SOUND RECORDINGS**

**“1129.4.0.9.** In this Part,

“filing-due date” has the meaning assigned by section 1 ;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.7 ;

“Minister” has the meaning assigned by section 1 ;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.7 ;

“qualified labour expenditure” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.0.7 ;

“qualified sound recording” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.7 ;

“taxation year” has the meaning assigned by Part I.

**“1129.4.0.10.** Every corporation that, in relation to the production of a property that is a qualified sound recording, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.0.8, on account of its tax payable under Part I for any taxation year shall pay, for a particular taxation year, a tax equal to the amount determined in respect of the corporation under the second paragraph where

(a) in computing the amount determined under subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.0.7, government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the particular year, must be taken into account for the particular year or from that year in respect of the production of the property, and the expenditure to which the assistance is attributable was incurred by the corporation in a taxation year preceding the particular year ; or

(b) an amount relating to an expenditure included in a qualified labour expenditure in respect of the property, other than the amount of an assistance to which paragraph *a* applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The amount to which the first paragraph refers, in relation to a property, is equal, for the corporation, to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.8 in respect of the production of the property for the particular year or a preceding taxation year, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.0.0.8 in respect of the property for the particular year or for a preceding taxation year if

i. where subparagraph *a* of the first paragraph applies, the assistance referred to in that subparagraph *a* had been received by the corporation in the year during which the expenditure to which the assistance is attributable was incurred, and

ii. where subparagraph *b* of the first paragraph applies, any amount referred to in that subparagraph *b* had been refunded, paid or allocated in the year during which the expenditure to which the amount is attributable was incurred; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part in respect of the property for a taxation year preceding the particular year.

Furthermore, where applicable, every corporation that controls, directly or indirectly in any manner whatever, the corporation referred to in the first paragraph is liable, solidarily with that corporation, for payment of the tax under the first paragraph.

**“1129.4.0.11.** For the purposes of Part I, except for Division II.6.0.0.4 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under section 1129.0.10, in relation to an expenditure that is included in a qualified labour expenditure of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property, pursuant to a legal obligation to repay all or any part of that amount of assistance.

**“1129.4.0.12.** Except where inconsistent with this Part, section 21.25, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

**“PART III.1.0.4**

**“SPECIAL TAX RELATING TO THE CREDIT FOR THE PRODUCTION OF MUSICAL PERFORMANCES**

**“1129.4.0.13.** In this Part,

“filing-due date” has the meaning assigned by section 1 ;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.10 ;

“Minister” has the meaning assigned by section 1 ;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.10 ;

“qualified labour expenditure” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.0.10 ;

“qualified performance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.10 ;

“taxation year” has the meaning assigned by Part I.

**“1129.4.0.14.** Every corporation that, in relation to the production of a property that is a qualified performance, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.0.11, on account of its tax payable under Part I for any taxation year shall pay, for a particular taxation year, a tax equal to the amount determined in respect of the corporation under the second paragraph where

(a) in computing the amount determined under subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.0.10, government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the particular year, must be taken into account for the particular year or from that year in respect of the production of the property, and the expenditure to which the assistance is attributable was incurred by the corporation in a taxation year preceding the particular year ; or

(b) an amount relating to an expenditure included in a qualified labour expenditure in respect of the property, other than the amount of an assistance to which paragraph *a* applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The amount to which the first paragraph refers, in relation to a property, is equal, for the corporation, to the amount by which the aggregate of all

amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.11 in respect of the production of the property for the particular year or a preceding taxation year, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.0.0.11 in respect of the property for the particular year or for a preceding taxation year if

i. where subparagraph *a* of the first paragraph applies, the assistance referred to in that subparagraph *a* had been received by the corporation in the year during which the expenditure to which the assistance is attributable was incurred, and

ii. where subparagraph *b* of the first paragraph applies, any amount referred to in that subparagraph *b* had been refunded, paid or allocated in the year during which the expenditure to which the amount is attributable was incurred; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part in respect of the property for a taxation year preceding the particular year.

Furthermore, where applicable, every corporation that controls, directly or indirectly in any manner whatever, the corporation referred to in the first paragraph is liable, solidarily with that corporation, for payment of the tax under the first paragraph.

**“1129.4.0.15.** For the purposes of Part I, except for Division II.6.0.0.4 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under section 1129.4.0.14, in relation to an expenditure that is included in a qualified labour expenditure of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property, pursuant to a legal obligation to do so.

**“1129.4.0.16.** Except where inconsistent with this Part, section 21.25, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 10 March 1999.

**231.** (1) Section 1129.4.3.13 of the said Act, enacted by section 248 of chapter 83 of the statutes of 1999, is amended by replacing, in the definitions of “eligible employee”, “government assistance”, “non-government assistance”, and “wages”, the reference to “section 1029.8.36.0.3.28” by a reference to “the first paragraph of section 1029.8.36.0.3.28”.



(2) Subsection 1 has effect from 16 June 1998.

**232.** (1) Section 1129.4.3.15 of the said Act, enacted by section 248 of chapter 83 of the statutes of 1999, is repealed.

(2) Subsection 1 has effect from 16 June 1998.

**233.** (1) Section 1129.4.3.16 of the said Act, enacted by section 248 of chapter 83 of the statutes of 1999, is amended by replacing “section 1129.4.3.14 or 1129.4.3.15” by “section 1129.4.3.14”.

(2) Subsection 1 has effect from 16 June 1998.

**234.** (1) The said Act is amended by inserting, after section 1129.4.3.17, enacted by section 248 of chapter 83 of the statutes of 1999, the following :

**“PART III.1.1.5**

**“SPECIAL TAX RELATING TO THE CREDIT FOR CORPORATIONS ESTABLISHED AT THE CENTRE NATIONAL DES NOUVELLES TECHNOLOGIES DE QUÉBEC**

**“1129.4.3.18.** In this Part,

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.38 ;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.38 ;

“Minister” means the Minister of Revenue ;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.38 ;

“qualified wages” has the meaning assigned by section 1029.8.36.0.3.38 ;

“taxation year” has the meaning assigned by Part I ;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.38.

**“1129.4.3.19.** Every corporation that, in relation to qualified wages incurred in respect of an eligible employee, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.40, on account of its tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, an amount in relation to wages incurred by the corporation in respect of the eligible employee for the particular taxation year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the subsequent taxation year,

a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.3.40 in relation to the qualified wages incurred in respect of the eligible employee for the particular taxation year, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.0.3.40 in relation to the qualified wages incurred in respect of the eligible employee for the particular taxation year, if every amount that was so refunded, paid or allocated in relation to the wages, at or before the end of the subsequent taxation year, had been government assistance or non-government assistance received by the corporation in the taxation year and attributable to such wages; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this section, for a taxation year preceding the subsequent taxation year, in respect of an amount so refunded, paid or allocated in relation to the wages.

**“1129.4.3.20.** For the purposes of Part I, except Division II.6.0.1.5 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.4.3.19 in relation to qualified wages is deemed to be an amount of assistance repaid at that time by the corporation in respect of the wages, pursuant to a legal obligation.

**“1129.4.3.21.** Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 10 March 1999.

**235.** (1) Section 1129.4.4 of the said Act, replaced by section 249 of chapter 83 of the statutes of 1999, is again replaced by the following:

**“1129.4.4.** In this Part,

“acquisition costs” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“filing-due date” has the meaning assigned by section 1;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“information technology development centre” has the meaning assigned by section 771.1;

“Minister” means the Minister of Revenue ;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.4 ;

“qualified property” has the meaning assigned by the first paragraph of section 1029.8.36.0.4 ;

“qualified wages” has the meaning assigned by section 1029.8.36.0.4 ;

“rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.4 ;

“taxation year” has the meaning assigned by Part I ;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.4.”

(2) Subsection 1 has effect from 26 March 1997.

**236.** (1) Section 1129.4.4.1 of the said Act, enacted by section 250 of chapter 83 of the statutes of 1999, is replaced by the following :

**“1129.4.4.1.** Every corporation that, in relation to qualified wages paid to an eligible employee, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.5 or 1029.8.36.0.5.1, on account of its tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, in this paragraph referred to as the “repayment year”, an amount relating to wages included in computing the qualified wages paid to the eligible employee is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the repayment year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, for the particular year in relation to the qualified wages, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.5 or 1029.8.36.0.5.1, for the particular year in relation to the qualified wages, if every amount that was, at or before the end of the repayment year, so refunded, paid or allocated in relation to wages included in computing the qualified wages, had been refunded, paid or allocated in the taxation year during which the corporation paid the wages to which the amount refunded, paid or allocated relates ; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this paragraph for a taxation year preceding the repayment year, in respect of an amount so refunded, paid or allocated in relation to wages included in computing the qualified wages.

Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6, in relation to acquisition costs incurred in respect of a qualified property, on account of its tax payable under Part I for a particular taxation year shall pay, for a subsequent taxation year, a tax equal to

(a) where, at any time between the corporation's filing-due date for the particular taxation year during which it acquired the property and the day after the earlier of the day that is the end of the three-year period following the beginning of the use of the property by the corporation and the corporation's filing-due date for the subsequent year, the property ceases, otherwise than by reason of the loss or involuntary destruction of the property by fire, theft or water or of a major breakdown of the property, to be used by the corporation principally in a building housing an information technology development centre, the amount by which the aggregate of all amounts that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.6, in respect of the acquisition costs of the property, exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under subparagraph *b* in respect of that property, for a taxation year preceding the subsequent year; and

(b) where subparagraph *a* does not apply to the subsequent year nor has applied to a preceding taxation year in relation to the property and, during the subsequent year, an amount relating to the acquisition costs of the property is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the amount by which the aggregate of all amounts that the corporation is deemed to have paid to the Minister, under that section 1029.8.36.0.6, in respect of those acquisition costs, exceeds the aggregate of

i. the aggregate of all amounts that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.6, in respect of the acquisition costs, if every amount that was, at or before the end of the subsequent year, so refunded, paid or allocated in relation to the acquisition costs, had been refunded, paid or allocated in the particular taxation year during which the corporation incurred the acquisition costs to which the amount refunded, paid or allocated relates, and

ii. the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this subparagraph for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to the acquisition costs.

Every corporation that, in relation to rental expenses paid in respect of a qualified property, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6, on account of its tax payable for a particular taxation year under Part I shall, where, during a subsequent taxation year, an amount relating to those rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the subsequent year, a tax equal to the amount by which the aggregate

of all amounts that the corporation is deemed to have paid to the Minister, under that section 1029.8.36.0.6, in relation to the rental expenses, exceeds the aggregate of

(a) the aggregate of all amounts that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.6, in respect of those rental expenses if every amount that was, at or before the end of the subsequent taxation year, so refunded, paid or allocated in relation to those rental expenses, had been refunded, paid or allocated in the particular taxation year during which the corporation paid the rental expenses to which the amount refunded, paid or allocated relates; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this paragraph for a taxation year preceding the subsequent taxation year, in respect of an amount so refunded, paid or allocated in relation to the rental expenses.”

(2) Subsection 1 has effect from 26 March 1997.

**237.** (1) Section 1129.4.5 of the said Act is replaced by the following :

**“1129.4.5.** For the purposes of Part I, except for Division II.6.0.2 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under section 1129.4.4.1, in relation to an expenditure or property, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenditure or property, pursuant to a legal obligation.”

(2) Subsection 1 has effect from 26 March 1997.

**238.** (1) The said Act is amended by inserting, after section 1129.4.6, the following :

**“PART III.1.3**

**“SPECIAL TAX RELATING TO THE DEVELOPMENT OF THE NEW ECONOMY**

**“1129.4.7.** In this Part,

“acquisition costs” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“filing-due date” has the meaning assigned by section 1;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“Minister” means the Minister of Revenue;

“new economy centre” has the meaning assigned by the first paragraph of section 771.1;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“qualified property” has the meaning assigned by section 1029.8.36.0.17;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“specified employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.17;

“specified wages” has the meaning assigned by section 1029.8.36.0.17;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.17.

**1129.4.8.** Every corporation that, in relation to qualified wages paid to an eligible employee, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.19 or 1029.8.36.0.20, on account of its tax payable under Part I for any particular taxation year shall, where, during a subsequent taxation year, in this section referred to as the “repayment year”, an amount relating to wages included in computing the qualified wages paid to the eligible employee by the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the repayment year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, for the particular year in relation to the qualified wages, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.19 or 1029.8.36.0.20, for the particular year in relation to the qualified wages if every amount that has been, at or before the end of the repayment year, so refunded, paid or allocated in relation to wages included in computing the qualified wages had been refunded, paid or allocated in the taxation year during which the corporation paid the wages to which the amount refunded, paid or allocated relates; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year

preceding the repayment year, in respect of an amount so refunded, paid or allocated in relation to wages included in computing the qualified wages.

**“1129.4.9.** Every corporation that, in relation to specified wages incurred in respect of a specified employee in a particular taxation year, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.22, on account of its tax payable under Part I for that taxation year shall, where, during a subsequent taxation year, in this section referred to as the “repayment year”, an amount relating to wages included in computing the specified wages incurred in respect of the specified employee in the particular year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the repayment year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.22 for the particular year, in relation to the specified wages, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.22 for the particular year in relation to the specified wages if every amount that was so refunded, paid or allocated in relation to wages included in computing the specified wages, at or before the end of the repayment year, were government assistance or non-government assistance received by the corporation in the particular year and attributable to such wages; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount so refunded, paid or allocated in relation to wages included in computing the specified wages.

**“1129.4.10.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.25, in relation to acquisition costs incurred in respect of a qualified property, on account of its tax payable under Part I for a particular taxation year shall pay, for a subsequent taxation year, a tax equal to

(a) the amount by which the aggregate of the amounts that the corporation is deemed to have paid to the Minister, under section 1029.8.36.0.25, in respect of the acquisition costs of the property, where, at any time between the corporation’s filing-due date for the particular taxation year in which it acquired the property and the day after the earlier of the day that is the end of the three-year period following the beginning of the use of the property by the corporation and the corporation’s filing-due date for the subsequent year, the property ceases, otherwise than by reason of the loss or involuntary destruction of the property by fire, theft or water or of a major breakdown of the property, to be used by the corporation principally in a building housing all or part of a new economy centre, exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under subparagraph *b* in respect of that property, for a taxation year preceding the subsequent year; and

(b) where subparagraph *a* does not apply to the subsequent year nor has applied to a preceding taxation year in relation to the property and, during the subsequent year, an amount relating to the acquisition costs of the property is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the amount by which the aggregate of the amounts that the corporation is deemed to have paid to the Minister, under that section 1029.8.36.0.25, in respect of those acquisition costs, exceeds the aggregate of

i. the aggregate of the amounts that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.25, in respect of the acquisition costs, if every amount that was, at or before the end of the subsequent year, so refunded, paid or allocated in relation to the acquisition costs had been refunded, paid or allocated in the particular taxation year during which the corporation incurred the acquisition costs to which the amount refunded, paid or allocated relates, and

ii. the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this subparagraph *b* for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to the acquisition costs.

Every corporation that, in relation to rental expenses paid in respect of a qualified property, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.25, on account of its tax payable for a particular taxation year under Part I shall, where, during a subsequent taxation year, an amount relating to those rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the subsequent year, a tax equal to the amount by which the aggregate of the amounts that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.25, in relation to the rental expenses, exceeds the aggregate of

(a) the aggregate of the amounts that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.25, in respect of those rental expenses if every amount that was, at or before the end of the subsequent taxation year, so refunded, paid or allocated in relation to those rental expenses, had been refunded, paid or allocated in the particular taxation year during which the corporation incurred the rental expenses to which the amount refunded, paid or allocated relates; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this paragraph for a taxation year preceding the subsequent taxation year, in respect of an amount so refunded, paid or allocated in relation to the rental expenses.

**“1129.4.11.** For the purposes of Part I, except for Division II.6.0.3 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under section 1129.4.8, 1129.4.9 or 1129.4.10, in relation to an



expenditure or property, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenditure or property, pursuant to a legal obligation.

**“1129.4.12.** Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

#### **“PART III.1.4**

#### **“SPECIAL TAX RELATING TO THE CREDIT FOR WAGES IN CONNECTION WITH THE CREATION OF THE INTERNATIONAL TRADE ZONE AT MIRABEL**

**“1129.4.13.** In this Part,

“eligible employee” has the meaning assigned by section 1029.8.36.0.38;

“fiscal period” has the meaning assigned by Part I;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.38;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.38.

**“1129.4.14.** Every corporation that, in relation to qualified wages incurred in respect of an eligible employee in a particular taxation year, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.40, on account of its tax payable under Part I for that particular year shall, where, during a subsequent taxation year, an amount relating to wages included in computing the qualified wages incurred in respect of the eligible employee in the particular year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which 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 relation to the qualified wages, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.40 for the particular year in relation to the qualified wages if every amount that was so refunded, paid or allocated in relation to wages included in computing the qualified wages, at or before the end of the subsequent year, had been government assistance or non-government assistance received by the corporation in the particular year and attributable to such wages; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to wages included in computing the qualified wages.

**“1129.4.15.** Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.43, on account of its tax payable under Part I for a particular taxation year in relation to qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period ending in that particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to wages included in computing the qualified wages incurred by the partnership in respect of the eligible employee in the particular fiscal period is, directly or indirectly, refunded or otherwise paid to the corporation or partnership or allocated to a payment to be made by the corporation or partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which 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 relation to the qualified wages, if the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the subsequent fiscal period, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.43 in relation to the qualified wages for the particular year, if

i. every amount that was, at or before the end of the subsequent fiscal period, so refunded, paid or allocated in relation to wages included in computing the qualified wages had been government assistance or non-government assistance received by the corporation or partnership, as the case may be, in the particular fiscal period and attributable to such wages, and

ii. the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the subsequent fiscal period; and

(b) any amount of tax that the corporation would be required to pay to the Minister under this section for a taxation year preceding the taxation year in which the subsequent fiscal period ends, in respect of an amount so refunded, paid or allocated in relation to wages included in computing the qualified wages, if the corporation’s share of the income or loss of the partnership for

the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period.

**“1129.4.16.** For the purposes of Part I, except for Division II.6.0.4 of Chapter III.1 of Title III of Book IX, the following rules apply :

(a) tax paid to the Minister by a corporation at any time, under section 1129.4.14, in relation to qualified wages is deemed to be an amount of assistance repaid by the corporation at that time in respect of the wages, pursuant to a legal obligation ; and

(b) tax paid to the Minister by a corporation at any time, under section 1129.4.15, in relation to qualified wages is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of the wages, pursuant to a legal obligation.

**“1129.4.17.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

#### **“PART III.1.5**

#### **“SPECIAL TAX RELATING TO THE CREDIT FOR CUSTOMS BROKERAGE SERVICES IN CONNECTION WITH THE CREATION OF THE INTERNATIONAL TRADE ZONE AT MIRABEL**

**“1129.4.18.** In this Part,

“fiscal period” has the meaning assigned by Part I;

“government assistance” has the meaning assigned by section 1029.8.36.0.55 ;

“Minister” means the Minister of Revenue ;

“non-government assistance” has the meaning assigned by section 1029.8.36.0.55 ;

“qualified brokerage expenditure” has the meaning assigned by section 1029.8.36.0.55 ;

“taxation year” has the meaning assigned by Part I.

**“1129.4.19.** Every corporation that, in relation to a qualified brokerage expenditure incurred in a particular taxation year, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.57, on account of its tax payable under Part I for that particular year shall, where, during a subsequent

taxation year, an amount relating to fees included in computing the qualified brokerage expenditure incurred in the particular year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which 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 relation to the qualified brokerage expenditure, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.57 for the particular year in relation to the qualified brokerage expenditure if every amount that was so refunded, paid or allocated in relation to fees included in computing the qualified brokerage expenditure, at or before the end of the subsequent year, had been government assistance or non-government assistance received by the corporation in the particular year and attributable to such fees; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to fees included in computing the qualified brokerage expenditure.

**“1129.4.20.** Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.60, on account of its tax payable under Part I for a particular taxation year in relation to a qualified brokerage expenditure incurred by the partnership in a particular fiscal period ending in that particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to fees included in computing the qualified brokerage expenditure incurred by the partnership in the particular fiscal period is, directly or indirectly, refunded or otherwise paid to the corporation or partnership or allocated to a payment to be made by the corporation or partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which 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 relation to the qualified brokerage expenditure, if the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the subsequent fiscal period, exceeds the aggregate of

(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 relation to the qualified brokerage expenditure, if

i. every amount that was, at or before the end of the subsequent fiscal period, so refunded, paid or allocated in relation to fees included in computing the qualified brokerage expenditure had been government assistance or non-government assistance received by the corporation or partnership, as the case may be, in the particular fiscal period and attributable to such fees, and

ii. the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period, and

(b) any amount of tax that the corporation would be required to pay to the Minister under this section for a taxation year preceding the taxation year in which the subsequent fiscal period ends, in respect of an amount so refunded, paid or allocated in relation to fees included in computing the qualified brokerage expenditure, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period.

**“1129.4.21.** For the purposes of Part I, except for Division II.6.0.5 of Chapter III.1 of Title III of Book IX, the following rules apply:

(a) tax paid to the Minister by a corporation at any time, under section 1129.4.19, in relation to a qualified brokerage expenditure is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenditure, pursuant to a legal obligation; and

(b) tax paid to the Minister by a corporation at any time, under section 1129.4.20, in relation to a qualified brokerage expenditure is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of the expenditure, pursuant to a legal obligation.

**“1129.4.22.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

#### **“PART III.1.6**

**“SPECIAL TAX RELATING TO THE CREDIT FOR ACQUISITION COSTS OR RENTAL EXPENSES IN CONNECTION WITH THE CREATION OF THE INTERNATIONAL TRADE ZONE AT MIRABEL**

**“1129.4.23.** In this Part,

“acquisition costs” has the meaning assigned by section 1029.8.36.0.72;

“fiscal period” has the meaning assigned by Part I;

“government assistance” has the meaning assigned by section 1029.8.36.0.72;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by section 1029.8.36.0.72;

“qualified property” has the meaning assigned by section 1029.8.36.0.72;

“rental expenses” has the meaning assigned by section 1029.8.36.0.72;

“taxation year” has the meaning assigned by Part I.

**“1129.4.24.** Every corporation that, in relation to acquisition costs incurred or rental expenses paid, in respect of qualified property, in a particular taxation year, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.73, on account of its tax payable under Part I for that particular year shall, where, during a subsequent taxation year, an amount relating to those costs or expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which 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 relation to the costs or expenses, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.73 for the particular year in relation to the costs or expenses, if every amount that was so refunded, paid or allocated in relation to the costs or expenses, at or before the end of the subsequent year, had been government assistance or non-government assistance received by the corporation in the particular year and attributable to the costs or expenses; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to the costs or expenses.

**“1129.4.25.** Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.74, on account of its tax payable under Part I for a particular taxation year in relation to acquisition costs incurred or rental expenses paid by the partnership, in respect of qualified property, in a particular fiscal period ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to the costs or expenses is, directly or indirectly, refunded or otherwise paid to the corporation or partnership or allocated to a payment to be made by the corporation or partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.74 for the particular year, in relation to the costs or expenses, if the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the subsequent fiscal period, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.74 for the particular year, in relation to the costs or expenses, if

i. every amount that was, at or before the end of the subsequent fiscal period, so refunded, paid or allocated in relation to the costs or expenses had been government assistance or non-government assistance received by the corporation or partnership, as the case may be, in the particular fiscal period and attributable to the costs or expenses, and

ii. the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period; and

(b) any amount of tax that the corporation would be required to pay to the Minister under this section for a taxation year preceding the taxation year in which the subsequent fiscal period ends, in respect of an amount so refunded, paid or allocated in relation to the costs or expenses, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the subsequent fiscal period.

**“1129.4.26.** For the purposes of Part I, except for Division II.6.0.6 of Chapter III.1 of Title III of Book IX, the following rules apply :

(a) tax paid to the Minister by a corporation at any time, under section 1129.4.24, in relation to acquisition costs or rental expenses is deemed to be an amount of assistance repaid by the corporation at that time in respect of the costs or expenses, pursuant to a legal obligation ; and

(b) tax paid to the Minister by a corporation at any time, under section 1129.4.25, in relation to acquisition costs or rental expenses is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of the costs or expenses, pursuant to a legal obligation.

**“1129.4.27.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, where it enacts Part III.1.3 of the said Act, has effect from 10 March 1999.

(3) Subsection 1, where it enacts Parts III.1.4 to III.1.6 of the said Act, has effect from 1 January 1999.

**239.** Section 1129.24 of the said Act is amended by striking out, in the definition of “Fund”, “, within the meaning of section 1,”.

**240.** (1) Sections 1129.41.2 and 1129.41.3 of the said Act are replaced by the following :

**“1129.41.2.** Every taxpayer who, in relation to a qualified expenditure, is deemed to have paid an amount to the Minister, under section 1029.8.33.13 or 1029.8.33.14, on account of the taxpayer’s tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to a qualified expenditure or to the taxpayer’s share of an aggregate of qualified expenditures, in respect of which the taxpayer is so deemed to have paid an amount is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, pay, for that subsequent year, a tax equal to the amount so refunded, paid or allocated.

**“1129.41.3.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.33.14, on account of the taxpayer’s tax payable under Part I for a particular taxation year in respect of the taxpayer’s share of an aggregate of qualified expenditures determined in respect of the partnership for a fiscal period of the partnership shall, where, during a subsequent fiscal period of the partnership, an amount relating to such expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the taxpayer’s share of the amount so refunded, paid or allocated, for that subsequent fiscal period.

For the purposes of the first paragraph, the taxpayer’s share of an amount refunded, otherwise paid or allocated is equal to the proportion of that amount that the taxpayer’s share of the income or loss of the partnership for the fiscal period of the partnership ending in the particular taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.”

(2) Subsection 1 has effect from 25 March 1997.

**241.** (1) The said Act is amended by inserting, after section 1129.41.3, the following sections :

**“1129.41.3.1.** Every taxpayer who, in relation to a qualified expenditure referred to in subparagraph *d* of the third paragraph of section 1029.8.33.13, is deemed to have paid an amount to the Minister, under that section, on account of the eligible taxpayer’s tax payable under Part I for a particular taxation year shall, where, on or before the day that is 12 months after the eligible taxpayer’s filing-due date for that particular year, part or all of the aggregate of the indemnities pertaining to the annual leave which constitutes the qualified expenditure has not been paid to the employees, pay, for the taxation year in which the 12-month period following the eligible taxpayer’s filing-due date for the particular taxation year ends, a tax equal to the aggregate of part or all of the indemnities that have not been paid and the amount payable under the provisions mentioned in subparagraphs *ii* to *iv* of paragraph *a* of the definition of “qualified expenditure” in section 1029.8.33.12 in relation to the indemnities.



**“1129.41.3.2.** Every taxpayer who is a member of a partnership and who, in relation to the taxpayer’s share of a qualified expenditure referred to in subparagraph *d* of the fourth paragraph of section 1029.8.33.14, is deemed to have paid an amount to the Minister, under that section, on account of the taxpayer’s tax payable under Part I for a particular taxation year in which the fiscal period of the partnership ended shall, where, on or before the day that is 18 months after the end of the particular fiscal period, part or all of the aggregate of the indemnities pertaining to the annual leave which constitutes the qualified expenditure has not been paid to the employees, pay, for the taxation year in which the 18-month period following the end of the particular fiscal period ends, a tax equal to the taxpayer’s share of the aggregate of part or all of the indemnities that have not been paid and the amount payable under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of “qualified expenditure” in section 1029.8.33.12 in relation to the indemnities.

For the purposes of the first paragraph, the taxpayer’s share of an amount that is part or all of the indemnities pertaining to the annual leave is equal to such proportion of that amount as the taxpayer’s share of the income or loss of the partnership for the fiscal period of that partnership ending in the particular taxation year is of the income or loss of that partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for the fiscal period is equal to \$1,000,000.”

(2) Subsection 1 has effect from 25 March 1997.

**242.** (1) Section 1129.41.4 of the said Act is amended by replacing paragraphs *a* and *b* by the following :

“(a) the tax paid to the Minister by a taxpayer at any time, under section 1129.41.2 or 1129.41.3.1, in relation to a qualified expenditure is deemed to be an amount of assistance repaid by the taxpayer at that time in respect of that expenditure, pursuant to a legal obligation ; and

“(b) the tax paid to the Minister by a taxpayer at any time, under section 1129.41.3 or 1129.41.3.2, in relation to a qualified expenditure is deemed to be an amount of assistance repaid by the partnership referred to in that section at that time in respect of that expenditure, pursuant to a legal obligation.”

(2) Subsection 1 has effect from 25 March 1997.

**243.** (1) The said Act is amended by inserting, after section 1129.45.3, the following :

**“PART III.10.1.1**

**“SPECIAL TAX RELATING TO THE CREDIT FOR RAILWAY UNDERTAKINGS**

**“1129.45.3.1.** In this Part,

“fiscal period” has the meaning assigned by Part I;

“government assistance” has the meaning assigned by section 1029.8.36.59.1;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by section 1029.8.36.59.1;

“property taxes” has the meaning assigned by section 1029.8.36.59.1;

“taxation year” has the meaning assigned by Part I;

“taxpayer” has the meaning assigned by section 1.

**“1129.45.3.2.** Every taxpayer who, in relation to the taxpayer’s property taxes for a particular taxation year, is deemed to have paid an amount to the Minister, under section 1029.8.36.59.2, on account of the taxpayer’s tax payable under Part I for that particular year shall, where, during a subsequent taxation year, an amount relating to the property taxes is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, pay, for that subsequent year, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for the particular year under that section 1029.8.36.59.2, in relation to those property taxes, exceeds the aggregate of

(a) the amount that the taxpayer would be deemed to have paid to the Minister under that section 1029.8.36.59.2 for the particular year, in relation to those property taxes, if every amount that was so refunded, paid or allocated in relation to those property taxes at or before the end of the subsequent year had been government assistance or non-government assistance received by the taxpayer in the particular year and attributable to those property taxes; and

(b) any amount of tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the subsequent year, in respect of an amount so refunded, paid or allocated in relation to those property taxes.

**“1129.45.3.3.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.36.59.3, on account of the taxpayer’s tax payable under Part I for a particular taxation year in relation to property taxes of the partnership for a particular fiscal period ending in the particular year shall, where, during a

subsequent fiscal period of the partnership, an amount relating to the property taxes is, directly or indirectly, refunded or otherwise paid to the taxpayer or partnership or allocated to a payment to be made by the taxpayer or partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.3 for the particular year, in relation to the property taxes, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period were the same as the taxpayer's share for the subsequent fiscal period, exceeds the aggregate of

(a) the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.3 for the particular year, in relation to those property taxes, if

i. any amount that was, at or before the end of the subsequent fiscal period, so refunded, paid or allocated in relation to the property taxes had been government assistance or non-government assistance received by the taxpayer or partnership, as the case may be, in the particular fiscal period and attributable to the property taxes, and

ii. the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period; and

(b) any amount of tax that the taxpayer would be required to pay to the Minister under this section for a taxation year preceding the taxation year in which the subsequent fiscal period ends, in respect of an amount so refunded, paid or allocated in relation to the property taxes, if the taxpayer's share of the income or loss of the partnership for the particular fiscal period had been the same as the taxpayer's share for the subsequent fiscal period.

**“1129.45.3.4.** For the purposes of Part I, except Division II.6.5.1 of Chapter III.1 of Title III of Book IX, the following rules apply :

(a) the tax that a taxpayer pays to the Minister at any time under section 1129.45.3.2 in relation to property taxes is deemed to be an amount of assistance repaid by the taxpayer at that time in respect of the property taxes pursuant to a legal obligation ; and

(b) the tax that a taxpayer pays to the Minister at any time under section 1129.45.3.3 in relation to property taxes is deemed to be an amount of assistance repaid at that time by the partnership referred to in that section in respect of the property taxes pursuant to a legal obligation.

**“1129.45.3.5.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 23 December 1998.

**244.** (1) Section 1130 of the said Act, amended by section 255 of chapter 83 of the statutes of 1999, is again amended

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

““eligible activities” means eligible activities within the meaning of section 737.18.6;”;

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

““recognized business” means a recognized business within the meaning assigned by section 1029.8.36.0.38;”;

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

““base period” means a base period within the meaning assigned by section 737.18.6;”;

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

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

(a) in the taxation year, carries on a recognized business all or any part of whose activities are eligible activities carried on in the base period applicable to the corporation in respect of those eligible activities, or is a member of a partnership that, in a fiscal period of the partnership ending in the taxation year, carries on a recognized business all or any part of whose activities are eligible activities carried on in the base period applicable to the partnership in respect of those eligible activities; and

(b) encloses with its fiscal return it is required to file for the taxation year under section 1000 a copy of the certificate issued in respect of each recognized business carried on by it or carried on by a partnership of which it is a member;”.

(2) Subsection 1 applies to taxation years that end after 9 March 1999.

**245.** Section 1132 of the said Act, amended by section 256 of chapter 83 of the statutes of 1999, is again amended by striking out the second paragraph.

**246.** Sections 1132.1 to 1132.3 of the said Act are repealed.

**247.** (1) Section 1135 of the said Act, amended by section 90 of chapter 86 of the statutes of 1999, is replaced by the following:

“**1135.** In no case may the tax payable by a farming corporation or a corporation whose activities consist principally in carrying on a fishing business

be less than \$125, and the tax payable by a corporation other than the following corporations be less than \$250:

(a) a farming corporation;

(b) a corporation whose activities consist principally in carrying on a fishing business;

(c) a corporation referred to in section 61 of the Act respecting international financial centres (1999, chapter 86);

(d) a corporation whose activities in the taxation year, and those of any partnership of which the corporation is a member, in the fiscal period of that partnership that ends in the taxation year, consist solely in carrying out eligible activities of a recognized business carried on by the corporation in the taxation year or by the partnership in the fiscal period, during the base period applicable to the corporation or partnership, as the case may be, in respect of those eligible activities; and

(e) a tax-exempt corporation under sections 1143 and 1144.”

(2) Subsection 1 applies to taxation years that end after 9 March 1999. However, where section 1135 of the said Act, enacted by that subsection, applies to such a taxation year that ends on or before 20 December 1999, it shall be read with paragraph *c* replaced by the following:

“(c) a corporation whose transactions consist solely in operating, directly or through a partnership, an international financial centre;”.

**248.** (1) Section 1136 of the said Act, amended by section 91 of chapter 86 of the statutes of 1999, is again amended, in subsection 1,

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

“(b) the surpluses, provisions and reserves, except those for amortization or depletion, those permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a corporation carrying on lease or leasing activities cannot deduct in computing its income under that Part;”;

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

“(b.0.1) the deferred tax credit or the future tax liabilities, depending on the method followed by the corporation;”;

(3) by inserting, after paragraph *b.1*, the following paragraph:

“(b.2) where the corporation is a qualified corporation for the taxation year and the amount of the corporation’s deficit would be nil, but for the eligible

activities of any recognized business carried on by the corporation or by any partnership of which the corporation is a member, that are carried on during the base period applicable to the corporation or partnership, as the case may be, in respect of the eligible activities, or the amount of the corporation's surpluses is less than the amount that would be those surpluses, but for the eligible activities, an amount equal to the lesser of

i. the amount that would be the corporation's deficit if only the eligible activities were taken into account, and

ii. the amount by which the amount that would be the corporation's surpluses if no reference were made to the eligible activities, exceeds the amount of the surpluses that are included in computing the corporation's paid-up capital for the taxation year under paragraph *b*;"

(2) Paragraph 1 of subsection 1 applies to taxation years of a corporation in respect of which the time limits provided for in paragraphs *a* and *a.0.1* of subsection 2 of section 1010 of the said Act had not expired on 23 June 1998. However, where paragraph *b* of subsection 1 of section 1136 of the said Act, enacted by paragraph 1 of subsection 1, applies to a taxation year that ends before 1 January 1998, it shall be read as follows:

"(*b*) the surpluses, provisions and reserves, including the deferred tax credit, except those for amortization or depletion, those permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a corporation carrying on lease or leasing activities cannot deduct in computing its income under that Part;"

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 31 December 1997.

(4) Paragraph 3 of subsection 1 applies to taxation years that end after 9 March 1999.

**249.** (1) Section 1137 of the said Act, amended by section 257 of chapter 83 of the statutes of 1999 and by section 92 of chapter 86 of the statutes of 1999, is again amended

(1) by replacing paragraph *b.1* by the following :

"(*b.1*) the amount of its deferred tax debit or the amount of its future tax assets, depending on the method followed by the corporation that is shown in its financial statements;"

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

"(*d*) where the corporation is a qualified corporation for the taxation year, any amount included by the corporation in that computation for the taxation year otherwise than under paragraph *b.2* of subsection 1 of section 1136, to

the extent that that amount is not otherwise deducted in that computation and is attributable to the eligible activities of a recognized business carried on by the corporation or by any partnership of which the corporation is a member, that are carried on during the base period applicable to the corporation or partnership, as the case may be, in respect of the eligible activities;

“(e) where the corporation is a qualified corporation for the taxation year and the amount of the corporation’s deficit is less than the amount that would be the corporation’s deficit, but for the eligible activities of any recognized business carried on by the corporation or by any partnership of which the corporation is a member, that are carried on during the base period applicable to the corporation or partnership, as the case may be, in respect of the eligible activities, an amount equal to the amount by which the amount that would be the corporation’s deficit, if no reference were made to the eligible activities, exceeds the amount deducted by the corporation in computing its paid-up capital for the taxation year under paragraph *a*.”

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 31 December 1997.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 9 March 1999.

**250.** (1) Section 1137.0.0.1 of the said Act, enacted by section 93 of chapter 86 of the statutes of 1999, is replaced by the following:

“**1137.0.0.1.** An amount that a corporation may deduct in computing its paid-up capital under section 1137, otherwise than because of any of paragraphs *c* to *e* of that section, does not include the portion of that amount

(*a*) determined under section 60 of the Act respecting international financial centres (1999, chapter 86); or

(*b*) attributable to eligible activities of a recognized business carried on by the corporation or any partnership of which the corporation is a member, carried out during the base period applicable to the corporation or the partnership, as the case may be, in respect of those eligible activities.”

(2) Subsection 1 applies to taxation years that end after 9 March 1999. However, where section 1137.0.0.1 of the said Act, enacted by that subsection, applies to such a taxation year that begins on or before 20 December 1999, it shall be read as follows:

“**1137.0.0.1.** An amount that a corporation may deduct in computing its paid-up capital under section 1137, otherwise than because of paragraph *d* or *e* of that section, does not include the portion of that amount that is attributable to eligible activities of a recognized business carried on by the corporation or any partnership of which the corporation is a member, carried out during the base period applicable to the corporation or the partnership, as the case may be, in respect of those eligible activities.”

**251.** (1) Section 1137.5 of the said Act, amended by section 262 of chapter 83 of the statutes of 1999, is again amended, in the first paragraph,

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

“**1137.5.** The property to which paragraphs *b.3* and *b.4* of section 1137 refer is any property acquired after 25 March 1997 and before 1 April 2000, other than property acquired pursuant to an obligation in writing entered into before 26 March 1997 or, where applicable, the construction of which, by or on behalf of the purchaser, had begun by 25 March 1997, or after 31 March 2000 and before 1 April 2001 if the property is acquired pursuant to an obligation in writing entered into before 1 April 2000 or, where applicable, if the construction of the property, by or on behalf of the purchaser, had begun before 1 April 2000, and that is”;

(2) by replacing subparagraphs *b* to *c* by the following :

“(b) a building situated in Québec or part of such a building in respect of which an amount would be included, but for section 93.6, in computing the undepreciated capital cost of the depreciable property of a prescribed class, if the building or the part of the building, before its acquisition, was not used for any purpose or acquired to be used or leased for any purpose whatever, and

i. is used by the purchaser, directly or indirectly, mainly to manufacture or process items for sale or lease, or is intended to be so used, or

ii. is leased in the normal course of carrying on the business of the purchaser to a lessee who may reasonably be considered to be using, or who may reasonably be expected to use, the building or the part of the building, directly or indirectly, mainly to manufacture or process items for sale or lease ;

“(b.1) a building situated in Québec or part of such a building, in respect of which an amount would be included, but for section 93.6, in computing the undepreciated capital cost of the depreciable property of a prescribed class, if the building or the part of the building, before its acquisition, was not used for any purpose or acquired to be used or leased for any purpose whatever, and

i. is used by the purchaser, directly or indirectly, mainly in the processing of mineral ores recovered from a mineral resource that is located in a country other than Canada, or is intended to be so used, or

ii. is leased in the normal course of carrying on the business of the purchaser to a lessee who may reasonably be considered to be using, or who may reasonably be expected to use, the building or the part of the building, directly or indirectly, mainly in the processing of mineral ores recovered from a mineral resource that is located in a country other than Canada ;

“(c) equipment or a building situated in Québec or part of such a building, in respect of which an amount would be included, but for section 93.6, in



computing the undepreciated capital cost of the depreciable property of a prescribed class, if the equipment or building or the part of the building, before its acquisition, was not used for any purpose or acquired to be used or leased for any purpose whatever, and

i. is used by the purchaser, directly or indirectly, mainly as part of an activity described in the second paragraph, or is intended to be so used, or

ii. is leased in the normal course of carrying on the business of the purchaser to a lessee who may reasonably be considered to be using, or who may reasonably be expected to use, the equipment or building or the part of the building, directly or indirectly, mainly as part of an activity described in the second paragraph.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 1999.

(3) Paragraph 2 of subsection 1 has effect from 26 March 1997.

**252.** (1) Section 1138 of the said Act, amended by section 263 of chapter 83 of the statutes of 1999, is again amended

(1) by inserting, after paragraph *d* of subsection 1, the following paragraph :

“(d.1) the amount of debts resulting from the selling of property or the provision of services to another corporation where those debts are secured, in whole or in part, by a property of that other corporation;”;

(2) by replacing, in the English text of paragraph *c* of subsection 2, the words “a lease of credit” by “leasing”;

(3) by replacing subsection 2.1.2 by the following :

“(2.1.2) Properties that are investments in bonds of other corporations, investments in permanent shares of a savings and credit union and any participating interest in the nature of a permanent share of a savings and credit union, loans and advances to other corporations, to a partnership or to a joint venture that are commercial paper, debts resulting from the selling of property or the provision of services to another corporation where those debts are secured, in whole or in part, by a property of that other corporation, or banker’s acceptances and other similar securities accepted by a bank or other person, other than those held without interruption by the corporation throughout a 120-day period that includes the date of the end of its taxation year, are deemed not to be properties so described.”;

(4) by inserting, after subsection 2.1.2, the following subsection :

“(2.1.3) For the purposes of paragraph *d.1* of subsection 1, debts resulting from the selling of property or the provision of services to another corporation are deemed not to be such debts where that other corporation is a corporation

authorized to receive deposits of money or the parent corporation of the corporation, and the parent corporation's head office is outside Canada.”

(2) Paragraphs 1 and 4 of subsection 1 apply in respect of taxation years that end after 9 March 1999.

(3) Paragraph 3 of subsection 1 applies to taxation years that begin after 31 March 1998. However, where subsection 2.1.2 of section 1138 of the said Act, enacted by paragraph 3 of subsection 1, applies to a taxation year that ends before 10 March 1999, it shall be read without reference to “, debts resulting from the selling of property or the provision of services to another corporation where those debts are secured, in whole or in part, by a property of that other corporation”.

**253.** (1) Section 1138.0.1 of the said Act is replaced by the following :

**“1138.0.1.** A qualified corporation, within the meaning of sections 771.5 to 771.7, for a taxation year may deduct \$3,000,000 in computing its paid-up capital for that year, after the application of section 1138.

Notwithstanding the first paragraph, the amount deductible by such a corporation in computing its paid-up capital under this section, for its taxation year that includes the last day of its exemption period, within the meaning of the first paragraph of section 771.1, is equal to such proportion of \$3,000,000 as the number of days in the year included in that exemption period is of the number of days in the year.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

(3) In addition, where section 1138.0.1 of the said Act, replaced by subsection 1, applies to a taxation year that begins before 1 July 1999 and includes that date, the first and third paragraphs thereof shall be read with the amount of \$2,000,000 replaced by an amount equal to the total of \$2,000,000 and such proportion of \$1,000,000 as the number of days in the year after 30 June 1999 is of the number of days in the year.

**254.** (1) Section 1138.2.1 of the said Act, replaced by section 266 of chapter 83 of the statutes of 1999, is amended

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

“Notwithstanding the first paragraph, the amount deductible by such a corporation in computing its paid-up capital, for a taxation year that includes its eligibility date or the last day of its eligibility period is equal to such proportion of its paid-up capital for that year computed before the application of this section as the number of days in the year included in that eligibility period is of the number of days in the year”;

(2) by adding, at the end, the following paragraph :

“In this section, “eligibility date” and “eligibility period” have the meaning assigned by the first paragraph of section 771.1.”

(2) Subsection 1 has effect from 10 March 1999.

**255.** (1) Section 1140 of the said Act is amended

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

“(b) the general reserve and the other reserves and provisions, except those for amortization or depletion, those that are permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a bank carrying on lease or leasing activities cannot deduct in computing its income under that Part;”;

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

“(b.1) the deferred tax credit or the future tax liabilities, depending on the method followed by the bank;”.

(2) Paragraph 1 of subsection 1 applies to taxation years of a bank in respect of which the time limits provided for in paragraphs *a* and *a.0.1* of subsection 2 of section 1010 of the said Act had not expired on 23 June 1998. However, where paragraph *b* of section 1140 of the said Act, enacted by paragraph 1 of subsection 1, applies to a taxation year that ends before 1 January 1998, it shall be read as follows :

“(b) the general reserve and the other reserves and provisions, including the deferred tax credit, except those for amortization or depletion, those that are permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a bank carrying on lease or leasing activities cannot deduct in computing its income under that Part;”.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 31 December 1997.

**256.** (1) Section 1141 of the said Act is amended

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

“(b) the general reserve and the other reserves and provisions, except those for amortization or depletion, those that are permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a loan company or a trust company carrying on lease or leasing activities cannot deduct in computing its income under that Part;”;

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

“(b.1) the deferred tax credit or the future tax liabilities, depending on the method followed by the loan company or the trust company;”.

(2) Paragraph 1 of subsection 1 applies to taxation years of a loan company or a trust company in respect of which the time limits provided for in paragraphs *a* and *a.0.1* of subsection 2 of section 1010 of the said Act had not expired on 23 June 1998. However, where paragraph *b* of section 1141 of the said Act, enacted by paragraph 1 of subsection 1, applies to a taxation year that ends before 1 January 1998, it shall be read as follows :

“(b) the provisions and reserves, including the deferred tax credit, except those for amortization or depletion, those that are permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a loan company or a trust company carrying on lease or leasing activities cannot deduct in computing its income under that Part;”.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 31 December 1997.

**257.** (1) Section 1141.1 of the said Act is amended

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

“(b) the general reserve and the other reserves and provisions, except those for amortization or depletion, those that are permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a corporation trading in securities carrying on lease or leasing activities cannot deduct in computing its income under that Part;”;

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

“(b.1) the deferred tax credit or the future tax liabilities, depending on the method followed by the corporation trading in securities;”.

(2) Paragraph 1 of subsection 1 applies to taxation years of a corporation trading in securities in respect of which the time limits provided for in paragraphs *a* and *a.0.1* of subsection 2 of section 1010 of the said Act had not expired on 23 June 1998. However, where paragraph *b* of section 1141.1 of the said Act, enacted by paragraph 1 of subsection 1, applies to a taxation year that ends before 1 January 1998, it shall be read as follows :

“(b) the provisions and reserves, including the deferred tax credit, except those for amortization or depletion, those that are permitted by Part I to the extent that they were deducted in computing income under that Part and those for losses, in respect of a contract of lease or of leasing, that a corporation

trading in securities carrying on lease or leasing activities cannot deduct in computing its income under that Part;”.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 31 December 1997.

**258.** (1) Section 1141.2.1 of the said Act is amended by replacing subparagraph *a* of the first paragraph by the following :

“(a) the amount of its deferred tax debit or the amount of its future tax assets, depending on the method followed by the corporation, as shown in its financial statements for the year;”.

(2) Subsection 1 applies to taxation years that end after 31 December 1997.

**259.** (1) Section 1141.3 of the said Act is replaced by the following :

“**1141.3.** A corporation referred to in this Title that is a qualified corporation, within the meaning of sections 771.5 to 771.7, for a taxation year may deduct \$3,000,000 in computing its paid-up capital for that year.

Notwithstanding the first paragraph, the amount deductible by such a corporation in computing its paid-up capital under this section, for its taxation year that includes the last day of its exemption period, within the meaning of the first paragraph of section 771.1, is equal to such proportion of \$3,000,000 as the number of days in the year included in that exemption period is of the number of days in the year.”

(2) Subsection 1 applies to taxation years that begin after 30 June 1999.

(3) In addition, where section 1141.3 of the said Act, replaced by subsection 1, applies to a taxation year that begins before 1 July 1999 and includes that date, the first and third paragraphs thereof shall be read with the amount of \$2,000,000 replaced by an amount equal to the total of \$2,000,000 and such proportion of \$1,000,000 as the number of days in the year after 30 June 1999 is of the number of days in the year.

**260.** (1) Section 1175.1 of the said Act is amended by replacing the definition of “reserves” by the following :

““reserves”, in respect of a life insurer for a taxation year, means the amount at the end of the year of all of the life insurer’s

(a) reserves, provisions and allowances, other than those in respect of depreciation or depletion and those for losses, in respect of a contract of lease or of leasing, that a life insurer carrying lease or leasing activities cannot deduct in computing its income under Part I; and

(b) deferred taxes or future taxes, depending on the method followed by the life insurer;”.

(2) Subsection 1 applies to taxation years of a life insurer in respect of which the time limits provided for in paragraphs *a* and *a.0.1* of subsection 2 of section 1010 of the said Act had not expired on 23 June 1998. However, where the definition of “reserves” in section 1175.1 of the said Act, enacted by subsection 1, applies to a taxation year of a life insurer that ends before 1 January 1998, it shall be read as follows:

““reserves”, in respect of a life insurer for a taxation year, means the amount at the end of the year of all of the life insurer’s reserves, provisions and allowances, including those for deferred taxes, other than those in respect of depreciation or depletion and those for losses, in respect of a contract of lease or of leasing, that a life insurer carrying on lease or leasing activities cannot deduct in computing its income under Part I;”.

**261.** (1) Section 1175.8 of the said Act is amended by replacing the portion before paragraph *a* by the following:

**“1175.8.** In this Part, the capital of a life insurer that is resident in Canada at any time in a taxation year is the amount by which the aggregate of the following amounts exceeds the aggregate at the end of the year of the amount of its deferred tax debit balance or the amount of its future tax assets balance, depending on the method followed by the life insurer, and the amount of any deficit deducted in computing its net shareholders’ equity:”.

(2) Subsection 1 applies to taxation years of a life insurer that end after 31 December 1997.

**262.** Section 1186.1 of the said Act is amended by replacing the definition of “financial institution” by the following:

““financial institution” means a corporation referred to in paragraph *a* of section 1132;”.

**263.** Section 1186.6 of the said Act, enacted by section 14 of chapter 14 of the statutes of 2000, is amended by replacing the definition of “financial institution” by the following:

““financial institution” means a corporation referred to in paragraph *a* of section 1132;”.

**264.** (1) The said Act, amended by chapters 36, 65, 83 and 86 of the statutes of 1999 and by chapters 5, 8, 14, 25 and 29 of the statutes of 2000, is again amended

(1) by inserting “, 737.22.0.0.7” after “737.0.0.3” in the following provisions:

- the second paragraph of section 25;
- paragraph *a* of section 752.0.18.2;
- section 752.0.18.7;
- subparagraph ii of subparagraph *b* of the first paragraph of section 772.7;
- subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph of section 772.11;
- paragraph *c* of section 1091;

(2) by inserting “737.18.10,” after “737.16.1,” in the following provisions:

- the second paragraph of section 25;
- subparagraph ii of subparagraph *b* of the first paragraph of section 772.7;
- subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph of section 772.11;
- paragraph *c* of section 1091;

(3) by replacing the word “visa” by the word “certificat” wherever it appears in the French text of the following provisions:

- subparagraph *a* of the second paragraph of section 737.18.3;
- the third paragraph of section 737.18.3;
- the first paragraph of section 737.18.4;
- the portion of the first paragraph of section 1029.8.36.90 before subparagraph *a*;
- subparagraph iii of subparagraph *a* of the first paragraph of section 1029.8.36.90;
- the portion of the first paragraph of section 1029.8.36.91 before subparagraph *b*;

(4) by inserting “737.18.10,” after “737.16,” in the following provisions:

- paragraph *a* of section 752.0.18.2;
- section 752.0.18.7;

— subparagraph ii of subparagraph *a* of the first paragraph of section 772.7;

(5) by replacing “725 or 737.16” by “725, 737.16 or 737.18.10” in the following provisions:

— paragraph *b* of section 752.0.18.2;

— section 752.0.18.9;

(6) by striking out “in whole or in part,” in the following provisions:

— paragraph *b* of section 1129.33.2;

— subparagraphs *b* and *c* of the first paragraph of section 1129.33.3;

— section 1129.35;

— the first paragraph of section 1129.36;

— the first paragraph of section 1129.39;

— the first paragraph of section 1129.40;

— section 1129.43;

— the first paragraph of section 1129.44;

— subparagraphs *b* and *c* of the first paragraph of section 1175.21.

(2) Paragraphs 1, 2, 4 and 5 of subsection 1 apply from the taxation year 1999.

(3) Paragraph 3 of subsection 1 has effect from 10 March 1999.

#### ACT RESPECTING THE MINISTÈRE DU REVENU

**265.** (1) The Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by inserting the following section after section 86:

**“86.1.** Every document made out under a fiscal law and that is issued and transmitted to a partnership, in the name it has declared, is deemed, where it concerns the obligations of a person in relation to the deduction at source provided for in section 1015 of the Taxation Act (chapter I-3) or where it concerns the obligations of a person as an employer, to be issued in the name of the members of the partnership acting under the name declared by the partnership, and to be transmitted to each member.”



(2) Subsection 1 is declaratory, except in respect of cases pending on 9 March 1999 and notices of objection served on the Minister of Revenue on or before that date, in which one of the matters of dispute on that date concerns the obligations incumbent upon a partnership or its members in relation to the deduction at source provided for in section 1015 of the Taxation Act (R.S.Q., chapter I-3) or as an employer and the ground for which, expressly raised on or before that date in the motion for appeal or notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, alleges that a partnership, not having legal personality, cannot be issued a notice of assessment.

**266.** (1) Section 93.11 of the said Act is amended by replacing the second paragraph by the following :

“In the case of an allocation of payment, the individual may bring a summary appeal within the four years following the date of the allocation.”

(2) Subsection 1 has effect from 20 March 1997.

**267.** The said Act is amended by inserting, after section 94.0.1, the following sections :

“**94.0.2.** The Minister may remit the taxes, interest and penalties paid or payable by an individual under the Taxation Act (chapter I-3) for a taxation year in respect of which an assessment of tax was established under Part I of that Act after 31 July 1996 and before 10 April 1998 to the extent that the assessment of tax is attributable to an amount of tips that was not reported in computing the individual’s income from employment for a taxation year.

“**94.0.3.** Where, pursuant to a security agreement to ensure the stability of certain tax rates applicable in the case of the major investment project provided for in the agreement and to which the Minister of Finance is a party, the Minister of Finance issues a certificate certifying that a person who is a party to the agreement meets the conditions requisite for the person to rely on the security under the agreement for a taxation year or a calendar year, as the case may be, the Minister of Revenue shall, after receiving the certificate and within the time and in the manner set out in the agreement, remit or pay to that person, or allocate to the payment of any debt owing or about to be owing by the person under a fiscal law, any sum required by the agreement to honour the security for the taxation year or calendar year.

The sums required for the purposes of the first paragraph shall be taken out of the tax receipts collected under the Taxation Act (chapter I-3).”

ACT RESPECTING THE RÉGIE DE L'ASSURANCE-MALADIE  
DU QUÉBEC

**268.** (1) Section 33 of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5), amended by section 284 of chapter 83 of the statutes of 1999 and by section 100 of chapter 86 of the statutes of 1999, is again amended

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

““specified employer” for a year means an employer that has an establishment in Québec in the year and that is not the Government of Canada or of a province, a Canadian municipality or an employer that, at a particular time in the year, is

(a) a mandatory body of the State, Her Majesty in right of Canada or a province, other than Québec, or a Canadian municipality ; or

(b) a Canadian public body or a corporation, commission or association, exempt from tax under Part I of the Taxation Act under section 984 or 985 ;” ;

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

““total payroll” of an employer for a year means the aggregate of the wages, including an amount described in subparagraph *c* of the first paragraph of section 34, paid or deemed to be paid in the year by the employer and, where the employer carries on a business at the end of the year in which the employer ordinarily employs, for all or part of the year, at least one employee, whether full-time or part-time, by any other employer with which the employer is associated at the end of the year and that carries on such a business at that time ;” ;

(3) by replacing, wherever it appears in the definition of “employer exemption” in the first paragraph, the amount of “\$300,000” by the amount of “\$700,000” ;

(4) by replacing, in the definition of “employer exemption” in the first paragraph, “second paragraph” by “fifth paragraph” ;

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

““municipality” means a municipality within the meaning of section 1 of the Taxation Act ;” ;

(6) by replacing the definition of “eligibility period” and of “exemption period” in the first paragraph by the following :

““eligibility period” of an exempt employer means the period of five years that begins on the later of the beginning of the exempt employer’s first taxation year and, as the case may be,

(a) where the exempt employer is a corporation referred to in subparagraph i of paragraph *a* of section 771.12 of the Taxation Act, 26 March 1997; or

(b) where the exempt employer is a corporation referred to in subparagraph ii of paragraph *a* of section 771.12 of the Taxation Act, 10 March 1999;

““exemption period” of an eligible employer means the period of five years that begins at the beginning of the eligible employer’s first taxation year;”;

(7) by inserting the following definition in the first paragraph in alphabetical order:

““province” means a province within the meaning of section 1 of the Taxation Act;”;

(8) by replacing the definition of “wages” in the first paragraph by the following:

““wages” means any amount paid by an employer to a trustee or custodian, as the case may be, under a profit sharing plan, an employee trust or an employee benefit plan, within the meaning of section 1 of the Taxation Act, and the income computed in accordance with Chapters I and II of Title II of Book III of Part I of that Act, except section 43.3 of that Act and section 58.1 thereof where it refers to an amount that must be included in computing income under sections 979.9 to 979.11 of that Act, and excluding, except for the purposes of the definition of “total payroll”, subparagraph *b* of the first paragraph of section 33.0.2 and subparagraph ii of subparagraph *b* of the second paragraph of section 34, the following amounts:

(a) wages referred to in section 64 of the Act respecting international financial centres (1999, chapter 86);

(b) wages paid by an employer to a person who is, within the meaning of an agreement on social security that provides for the reciprocal coverage of health insurance plans, entered into between the Government of Québec and the government of a foreign country, a worker on secondment, for the period in which the person is such a seconded worker, where pursuant to the agreement, the person is subject only to the legislation of the foreign country to which the reciprocal coverage applies.”;

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

“Where the definition of “employer exemption” in the first paragraph applies, in respect of an eligible employer, to a time included in the eligible employer’s taxation year that includes the last day of the eligible employer’s

exemption period, the amount of \$700,000 in the definition shall be replaced, wherever it occurs, by an amount equal to such proportion of \$700,000 as the number of days in the taxation year that are included in the exemption period is of the number of days in the taxation year.”

(2) Paragraphs 1, 2, 5, 7 and 8 of subsection 1 apply from the year 1999. However, where the definition of “wages” in the first paragraph of section 33 of that Act, enacted by paragraph 8, applies to a year that begins on or before 20 December 1999, paragraph *a* of that definition shall be read as follows:

“(a) prescribed remuneration;”.

(3) Paragraphs 3 and 9 of subsection 1 apply to taxation years that end after 30 June 1999. However, in applying the definition of “employer exemption” in the first paragraph of section 33 of that Act, as amended by paragraph 3 of subsection 1, and the second paragraph of that section, enacted by paragraph 9 of subsection 1, to such taxation years that begin

(1) before 1 July 1999,

(a) the amount of \$700,000 in that definition and that second paragraph shall be replaced, wherever it occurs, by an amount equal to the total of

i. such proportion of \$300,000 as the number of days in the taxation year that are before 1 July 1999 is of the number of days in the taxation year,

ii. such proportion of \$500,000 as the number of days in the taxation year that are after 30 June 1999 but before 1 July 2000 is of the number of days in the taxation year, and

iii. such proportion of \$700,000 as the number of days in the taxation year that are after 30 June 2000 is of the number of days in the taxation year; and

(b) that second paragraph shall be read with “whose first taxation year begins after 25 March 1997” inserted after the words “eligible employer”;

(2) after 30 June 1999 but before 1 July 2000, the amount of \$700,000 in that definition and that second paragraph shall be replaced, wherever it occurs, by an amount equal to the total of

(a) such proportion of \$500,000 as the number of days in the taxation year that are before 1 July 2000 is of the number of days in the taxation year, and

(b) such proportion of \$700,000 as the number of days in the taxation year that are after 30 June 2000 is of the number of days in the taxation year.

(4) Paragraph 4 of subsection 1 has effect from 1 January 1999.

(5) Paragraph 6 of subsection 1 has effect from 10 March 1999. However, where the definition of “exemption period” in the first paragraph of section 33 of that Act, enacted by that paragraph 6, applies to taxation years that begin before 1 July 1999, it shall be read with “whose first taxation year begins after 25 March 1997” added after the words “eligible employer”.

**269.** (1) The said Act is amended by inserting, after section 33.0.1, the following sections:

**“33.0.2.** For the purposes of the definition of “total payroll” in the first paragraph of section 33, this section and sections 33.0.3 and 33.0.4,

(a) in the definition of “employer” in the first paragraph of section 33, “person” is deemed to include a partnership;

(b) wages, including an amount described in subparagraph *c* of the first paragraph of section 34, paid or deemed to be paid by an employer as a member of a partnership are deemed to have been paid by the partnership and not by the employer.

In addition, for the purposes of the definition of “total payroll” in the first paragraph of section 33, an employer is associated with another employer at the end of a year where the employers are at that time corporations associated with each other in accordance with Chapter IX of Title II of Book I of Part I of the Taxation Act (chapter I-3), and, for that purpose,

(a) an employer who is an individual is deemed to be a corporation all of the voting shares in the capital stock of which are owned at that time by the individual;

(b) an employer that is a partnership is deemed to be a corporation all of the voting shares in the capital stock of which are owned at that time by each member of the partnership in a proportion equal to the proportion that the member’s share of the income or loss of the partnership for the partnership’s last fiscal period ending at or before that time is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000; and

(c) an employer that is a trust, within the meaning of section 1 of the Taxation Act, 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, within the meaning of section 1 of the Taxation Act, under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries, in this subparagraph referred to as the “distribution date”, and under which no other person may, 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, any discretionary power, and where that time occurs before the distribution date, are owned at that time by the beneficiary;

(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 those beneficiaries,

ii. where a beneficiary's share of the accumulating income or capital of the trust depends upon the exercise by any person of, or the failure by any person to exercise, any discretionary power, 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 such proportion of all such shares as 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 of the Taxation Act, 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.

**“33.0.3.** Where it may reasonably be considered that one of the main reasons for the separate existence of two or more employers at the end of a year or for the transfer of a business or part of a business from one employer to another employer in the year is to reduce the total payroll of any of the employers for that year, the employers are deemed, for the purposes of this division, to be employers associated with each other at the end of the year.

**“33.0.4.** The rules in the second paragraph apply where, during a particular year, there is

(a) a merger of two or more corporations that are replaced to form one corporation; or

(b) a winding-up or dissolution of a particular corporation or partnership and, as part of the winding-up or dissolution or of a series of transactions or events including the winding-up or dissolution, a transfer of property belonging or having belonged to the particular corporation or particular partnership in favour of a person or partnership that, immediately after the transfer, is associated with the particular corporation or particular partnership according to the rules in the second paragraph of section 33.0.2, with the necessary modifications, or would be associated with the particular corporation or

particular partnership if, at that time, the particular corporation or particular partnership existed and had the same shareholders or members as those it had immediately before the beginning of winding-up or dissolution.

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

(a) in the case provided for in subparagraph *a* of that paragraph,

i. the total payroll for the particular year of each employer shall be established as if the corporations mentioned in that subparagraph *a* were the same corporation, and

ii. for the purpose of determining which of subparagraphs i and ii of subparagraph *a* of the first paragraph of section 34.0.0.0.1 applies to the corporation resulting from the merger for a period provided for in that subparagraph *a* in the particular year or subsequent year, that corporation is deemed to be the same corporation as each of the predecessor corporations ; and

(b) in the case provided for in subparagraph *b* of that paragraph,

i. the total payroll for the particular year of any employer shall be established as if the particular corporation or particular partnership and the person or partnership that is the transferee were the same person or partnership, and

ii. for the purpose of determining which of subparagraphs i and ii of subparagraph *a* of the first paragraph of section 34.0.0.0.1 applies to the person that is the transferee, or to any employer as a member of the partnership that is the transferee, for a period provided for in that subparagraph *a* that is the period during which the transfer occurs or a subsequent period of the particular year or subsequent year, the person or partnership that is the transferee is deemed to be the same person or partnership as the particular corporation or particular partnership.

Where this section applies in relation to a merger of corporations or transfer of property, referred to as “initial operation” in this paragraph, that occurred in the particular year, and in relation to a merger of corporations or transfer of property, referred to as “subsequent operation” in this paragraph, that occurred subsequently in the same year, and where any of the predecessor corporations or the corporation or partnership wound up or dissolved in the subsequent operation is a corporation or partnership that was, in the initial operation, the corporation resulting from the merger of corporations or the person or partnership that is the transferee of the transfer of property, mention of any corporation, person or partnership mentioned in subparagraph *a* or *b* of the first paragraph in relation to any such operation, made in subparagraph i of subparagraph *a* of the second paragraph or subparagraph i of subparagraph *b* of that paragraph, is deemed to include mention of any other corporation, person or partnership mentioned in subparagraph *a* or *b* of the first paragraph in relation to the other operation, made in either subparagraph i or made because of this paragraph.”

(2) Subsection 1 applies from the year 1999.

**270.** (1) Section 34 of the said Act, amended by section 285 of chapter 83 of the statutes of 1999, is again amended

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

**“34.** Every employer, except a prescribed employer, shall pay to the Minister of Revenue a contribution equal to the percentage, provided for in the second paragraph, of each of the following amounts :

(a) the wages that the employer pays and that the employer is deemed to pay under the second paragraph of section 979.3 and section 1019.7 of the Taxation Act (chapter I-3) to the employer’s employee who reports for work at the employer’s establishment in Québec or to whom those wages, if the employee is not required to report for work at an establishment of the employer, are paid or deemed to be paid from such an establishment in Québec ;

(b) the wages the employer pays to a trustee or custodian in respect of an employee described in subparagraph *a* ; and

(c) except to the extent that it is referred to in subparagraph *a*, that part referred to in section 43.2 of the Taxation Act of any contribution, and of the related tax, that the employer pays to the administrator of a multi-employer insurance plan within the meaning of section 43.1 of that Act in respect of an employee described in subparagraph *a*.” ;

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

“The percentage to be applied to wages or to any other amount referred to in the first paragraph is,

(a) except where subparagraph *b* applies,

i. where the employer is a specified employer for the year in which the employer pays or is deemed to pay the wages or the other amount, and the employer’s total payroll for that year is equal to or less than \$1,000,000, 2.7%,

ii. where the employer is a specified employer for the year in which the employer pays or is deemed to pay the wages or the other amount, and the employer’s total payroll for that year is more than \$1,000,000 but less than \$5,000,000, the percentage determined according to the formula

$2.31\% + (0.39\% \times A)$ , and

iii. in any other case, 4.26% ; and

(b) in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a particular partnership, the percentage that



would be determined under subparagraph *a* in respect of the wages or the other amount if

i. in the definition of “employer” in the first paragraph of section 33, “person” included a partnership, and

ii. wages, including an amount described in subparagraph *c* of the first paragraph, paid or deemed to be paid by a particular employer as a member of the particular partnership had been paid or deemed to be paid by that partnership and not by the particular employer.

“In the formula provided for in subparagraph ii of subparagraph *a* of the second paragraph, *A* is the quotient obtained by dividing the employer’s total payroll for the year referred to therein by \$1,000,000.

“If the percentage determined according to the formula provided for in subparagraph ii of subparagraph *a* of the second paragraph has more than two decimal places, only the first two are retained and the second is increased by one unit if the third decimal is greater than 4.”;

(3) by striking out, in the second paragraph, “, in respect of such an employer the first taxation year of which began after 25 March 1997,”;

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

“In addition, no contribution is payable under this section in respect of the wages or amount paid or deemed to be paid by an employer where

(*a*) the employer is an exempt employer at the time the wages or amount are paid or deemed to be paid and that time is included in the employer’s eligibility period; and

(*b*) the employer carries on a recognized business, within the meaning of section 1029.8.36.0.38 of the Taxation Act, at the time, within the period covered by the certificate in relation to that recognized business which cannot begin before 10 March 1999 nor end after 1 January 2010, at which the wages or amount are paid or deemed to be paid to one of the employees and the duties of the employee relating to the employment, for the pay period within the period covered by the certificate in respect of which the wages or amount relate, consist in carrying on work in the international trade zone, within the meaning of that section, in respect of the recognized business, in a proportion of at least 75%.”;

(5) by adding the following paragraph:

“For the purposes of subparagraph *b* of the sixth paragraph, where a pay period is not included in whole in the period covered by the certificate in relation to the employer’s recognized business, only the period in respect of which the wages or amount relate, which is within the period covered by the certificate, may be taken into account.”

(2) Paragraphs 1, 2, 4 and 5 of subsection 1 apply from the year 1999. However, the second paragraph of section 34 of that Act, enacted by that paragraph 2, shall be read by replacing

(1) in subparagraph i of subparagraph *a*, “2.7%” by “4%”, where it applies to the year 1999, and by “3.22%”, where it applies to the year 2000;

(2) in the formula provided for in subparagraph ii of subparagraph *a*,

(*a*) “2.31%” by “3.941%”, where it applies to the year 1999, and by “2.966%”, where it applies to the year 2000; and

(*b*) “0.39%” by “0.063%”, where it applies to the year 1999, and by “0.258%”, where it applies to the year 2000.

(3) Paragraph 3 of subsection 1 applies to taxation years that begin after 30 June 1999.

**271.** (1) The said Act is amended by inserting, after section 34, the following sections:

**“34.0.0.0.1.** Every employer subject to a contribution referred to in section 34 in relation to wages or any other amount that the employer pays or is deemed to pay in a particular year shall pay to the Minister of Revenue,

(*a*) on the dates, for the periods and according to the terms and conditions prescribed in section 1015 of the Taxation Act (chapter I-3),

i. where the particular year is a year immediately following two consecutive years for which, except in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a partnership, the employer was subject to the contribution of this subdivision or, in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a partnership, the partnership would have been so subject had the presumptions in subparagraphs i and ii of subparagraph *b* of the second paragraph of section 34 applied, an amount equal to

(1) the contribution established in respect of the wages or the other amount pursuant to section 34, or

(2) the contribution that would be established in respect of the wages or the other amount pursuant to section 34 if the percentage applicable to the wages or the other amount were the percentage that would be applicable if the employer’s total payroll for the particular year or, in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a partnership, the total payroll of the partnership for the particular year, were equal to the total payroll for the employer or partnership, as the case may be, for the preceding year;

ii. where subparagraph i does not apply, an amount equal to

(1) the contribution established in respect of the wages or the other amount pursuant to section 34, or

(2) the contribution that would be established in respect of the wages or the other amount pursuant to section 34 if the percentage applicable to the wages or the other amount were the percentage that would be applicable to the wages or the other amount if the employer's total payroll for the particular year or, in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a partnership, the total payroll for the particular year, were established on the assumption that the particular year had ended on the last day of the period provided for in section 1015 of the Taxation Act in which the wages or the other amount was paid or deemed to be paid, or

iii. where, in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a partnership, the partnership or, if such is not the case, the employer, ceases to carry on its business in the particular year, an amount equal to the amount by which the following amount exceeds the amount that the employer is required to pay pursuant to subparagraph i or ii in relation to the wages or the other amount :

(1) the contribution established in respect of the wages or the other amount pursuant to section 34, or

(2) the contribution that would be established in respect of the wages or the other amount pursuant to section 34 if the percentage applicable to the wages or the other amount were the percentage that would be applicable if the total payroll of the employer for the particular year or, in the case of wages or any other amount paid or deemed to be paid by the employer as a member of a partnership, the total payroll of the partnership for the particular year, were established having regard only to wages, including an amount described in subparagraph *c* of the first paragraph of section 34, paid or deemed to be paid by the employer or partnership, as the case may be, on or before the time at which the employer or partnership, as the case may be, ceased to carry on the business ; and

(*b*) on the date on or before which the employer is required to file the information return referred to in section 3 of the Regulation respecting contributions to the Québec Health Insurance Plan (R.R.Q., 1981, chapter R-5, r.1) for the particular year, the balance of the contribution established in respect of the wages or the other amount pursuant to section 34.

No amount is payable pursuant to subparagraph i or ii of subparagraph *a* of the first paragraph by the employer in respect of a particular contribution if, in respect of the particular contribution,

(*a*) an amount is payable pursuant to subparagraph iii of that subparagraph *a*, or would be payable, but for those subparagraphs i and ii ; and

(b) the date provided for in that subparagraph *a* for the payment provided for, without reference to this paragraph, in that subparagraph i or ii is after the date provided for in that subparagraph for the payment provided for, or that would be provided for, but for those subparagraphs i and ii, in subparagraph iii of that subparagraph *a*.

**“34.0.0.0.2.** Any contribution that is unpaid by an employer on the date provided for in subparagraph *b* of the first paragraph of section 34.0.0.0.1 in respect of that contribution shall bear interest at the rate fixed under section 28 of the Act respecting the Ministère du Revenu (chapter M-31), from that date to the day of payment.

**“34.0.0.0.3.** In addition to the interest payable under section 34.0.0.0.2, an employer liable to make a payment under subparagraph *a* of the first paragraph of section 34.0.0.0.1 in respect of a contribution shall pay interest, on every payment or part of a payment which the employer has not made on or before the date of expiry of the time granted for making it, at the rate fixed under section 28 of the Act respecting the Ministère du Revenu (chapter M-31), for the period extending from that date to the day of payment or to the day when the employer becomes liable to pay interest under section 34.0.0.0.2, whichever is earlier.

For the purposes of this section and section 59.2 of the Act respecting the Ministère du Revenu, any employer required to make a payment under subparagraph *a* of the first paragraph of section 34.0.0.0.1 is deemed to have been liable to make a payment based on,

(a) in the case provided for in subparagraph i of that subparagraph *a*, the lesser of the contribution referred to in subparagraph 1 of that subparagraph i and the contribution referred to in subparagraph 2 of that subparagraph i;

(b) in the case provided for in subparagraph ii of that subparagraph *a*, the lesser of the contribution referred to in subparagraph 1 of that subparagraph ii and the contribution referred to in subparagraph 2 of that subparagraph ii; and

(c) in the case provided for in subparagraph iii of that subparagraph *a*, the lesser of the contribution referred to in subparagraph 1 of that subparagraph iii and the contribution referred to in subparagraph 2 of that subparagraph iii and, where applicable, on the amount that the employer is required to pay pursuant to subparagraph i or ii of that subparagraph *a*, established according to the lesser of the contribution referred to in subparagraph 1, and the contribution referred to in subparagraph 2, of that subparagraph i or ii.”

(2) Subsection 1 applies from the year 1999. However, where section 34.0.0.0.1 of the said Act, enacted by subsection 1, applies to the year 1999, it shall be read without reference to subparagraph iii of subparagraph *a* of the first paragraph and the second paragraph.

(3) In addition, in applying subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 34.0.0.0.1 of that Act, enacted

by subsection 1, to the year 1999, the definition of “total payroll” in the first paragraph of section 33 of that Act, enacted by section 268, and sections 33.0.2, 33.0.3 and, to the extent it concerns the total payroll of a person or partnership, 33.0.4 of that Act, enacted by section 269, are deemed to have been in force also for the year 1998.

**272.** (1) Section 34.0.1 of the said Act is amended by replacing the words “of the second and third paragraphs” in the portion before subparagraph *a* by “the fifth and sixth paragraphs”.

(2) Subsection 1 applies from the year 1999.

**273.** (1) Section 34.1.4 of the said Act, amended by section 101 of chapter 86 of the statutes of 1999, is again amended, in paragraph *b*,

(1) by inserting, after subparagraph *iv*, the following subparagraph :

“*iv.1.* where the individual is referred to in section 737.18.10 of the Taxation Act, that part of the aggregate determined under paragraph *a* that can reasonably be considered to entitle the individual to a deduction under that section in computing the individual’s taxable income for the year;”;

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

“*v.1.* where the individual so elects, that part of any amount included in the aggregate determined under paragraph *a* and not otherwise deductible in computing the individual’s total income for the year, that relates to a preceding year and that the individual deducted under section 725.1.2 of the Taxation Act, or could have deducted under that section if the individual had made the election provided for therein, in computing the individual’s income for the year;”.

(2) Paragraph 1 of subsection 1 applies from the year 1999.

(3) Paragraph 2 of subsection 1 applies from the year 1998, and to the computation of the contribution payable by an individual under section 34.1.6 of the said Act for any preceding year where the time limits provided for in relation to that contribution in paragraph *a* of subsection 2 of section 1010 of the Taxation Act (R.S.Q., chapter I-3) had not expired on 6 November 1998. However, where subparagraph *v.1* of paragraph *b* of section 34.1.4 of the Act respecting the Régie de l’assurance-maladie du Québec, enacted by paragraph 2 of subsection 1, applies to such a preceding year that is not after the year 1996, it shall be read with “deducted under section 725.1.2 of the Taxation Act, or could have deducted under that section if the individual had made the election provided for therein, in computing the individual’s income for the year” replaced by “did not include because of section 309.1 of the Taxation Act, or could have not included because of that section if the individual had made the election provided for therein, in computing the individual’s income for the year”.

**274.** (1) Section 34.1.6 of the said Act is amended

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

**“34.1.6.** The contribution payable by an individual for a year under this subdivision is, without exceeding \$1,000, equal to the aggregate of the amount, where subparagraph v.1 of paragraph *b* of section 34.1.4 applies, determined in the second paragraph and

(*a*) where the individual’s total income for the year does not exceed \$40,000, the lesser of \$150 and 1% of the amount by which the individual’s total income exceeds \$11,000; or

(*b*) where the individual’s total income for the year exceeds \$40,000, the lesser of \$1,000 and the aggregate of \$150 and 1% of the amount by which the individual’s total income exceeds \$40 000.”;

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

“The amount to which the first paragraph refers is equal to the aggregate of all amounts each of which is the amount by which

(*a*) the contribution that the individual would have been required to pay under this subdivision for a preceding year to which the amount deducted in computing the individual’s total income for the year under subparagraph v.1 of paragraph *b* of section 34.1.4 relates, if the individual’s total income for that preceding year had been increased by that part of the amount that relates to that preceding year; exceeds

(*b*) the contribution payable by the individual under this subdivision for the preceding year referred to in subparagraph *a*.

“For the purpose of determining the excess amount referred to in the second paragraph in respect of a particular preceding year, the following rules apply:

(*a*) the proportion described in the fourth paragraph is deemed to be equal to 1 for the particular preceding year; and

(*b*) where an individual was resident in Canada outside Québec on the last day of the particular preceding year, the individual is deemed to have been resident in Québec on the last day of that preceding year.”

(2) Subsection 1 applies from the year 1998, and to the computation of the contribution payable by an individual under section 34.1.6 of the said Act for any preceding year where the time limits provided for in relation to that contribution in paragraph *a* of subsection 2 of section 1010 of the Taxation Act (R.S.Q., chapter I-3) had not expired on 6 November 1998. However, where the first paragraph of that section 34.1.6, enacted by paragraph 1 of subsection 1, applies to a year preceding the year 2000, it shall be read with “\$11,000” in subparagraph *a* replaced by “\$5,000”.

## ACT RESPECTING PROPERTY TAX REFUND

**275.** (1) Section 1 of the Act respecting property tax refund (R.S.Q., chapter R-20.1) is amended by replacing subparagraphs i and ii of paragraph f by the following :

“i. the income of the person determined, for the year, under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of that Part I; and

“ii. the income of the person’s eligible spouse for the year, determined, for the year, under that Part I with reference to the rules in Title II of Book V.2.1 of that Part I.”

(2) Subsection 1 applies in respect of the computing of property tax refunds for the year 1998 and subsequent years.

## ACT RESPECTING QUÉBEC BUSINESS INVESTMENT COMPANIES

**276.** Section 3 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1), amended by section 305 of chapter 40 of the statutes of 1999 and replaced by section 295 of chapter 83 of the statutes of 1999, is again replaced by the following section :

“**3.** Every shareholder of a company shall be a person and be the actual owner of the shares held.”

**277.** Section 8 of the said Act is amended by replacing paragraph 5 by the following paragraph :

“(5) upon reduction to less than \$50,000 of the paid-up capital of the common shares with full voting rights, held by natural persons, of a company having made and holding a qualified investment;”.

**278.** (1) Section 12 of the said Act, amended by section 305 of chapter 40 of the statutes of 1999 and by section 299 of chapter 83 of the statutes of 1999, is again amended

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

“**12.** An investment validated by Investissement-Québec which is made by a company whose paid-up capital in respect of its issued and outstanding common shares with full voting rights, held by natural persons, is not less than \$50,000 and which is a common share with full voting rights of the share capital of a qualified legal person that is acquired by a company as first purchaser, is a qualified investment.”;

(2) by replacing, in subparagraph 4 of the third paragraph, “24 months” by “12 months” and “75%” by “50%”.

(2) Paragraph 2 of subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998. In addition, in respect of an investment made by such a company after 9 May 1995 and before 1 April 1998, subparagraph 4 of the third paragraph of section 12 of that Act, amended by paragraph 2 of subsection 1, shall be read with the reference to “75%” replaced by a reference to “50%”.

**279.** (1) Section 12.1 of the said Act, amended by section 305 of chapter 40 of the statutes of 1999 and by section 300 of chapter 83 of the statutes of 1999, is again amended, in paragraph 1, by replacing “24 months” by “12 months”.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 9 May 1995.

#### ACT RESPECTING THE QUÉBEC SALES TAX

**280.** (1) Section 17.0.1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended

(1) by replacing paragraph 1 by the following :

“(1) in the case of a vehicle for which the average wholesale price is listed in the most recent edition, on the first day of the month in which the vehicle is brought into Québec, of the *Guide d’Évaluation Hebdo (Automobiles et Camions Légers)* published by *Hebdo Mag Inc.*, that price less an amount of \$500;”;

(2) by striking out paragraph 1.1.

(2) Subsection 1 has effect from 1 August 1999.

**281.** (1) Section 55.0.2 of the said Act is amended

(1) by replacing paragraph 1 by the following :

“(1) in the case of a vehicle for which the average wholesale price is listed in the most recent edition, on the first day of the month in which the vehicle is supplied, of the *Guide d’Évaluation Hebdo (Automobiles et Camions Légers)* published by *Hebdo Mag Inc.*, that price less an amount of \$500;”;

(2) by striking out paragraph 1.1.

(2) Subsection 1 has effect from 1 August 1999.

**282.** (1) The said Act is amended by inserting, after section 210.8, enacted by section 49 of chapter 65 of the statutes of 1999, the following :



“§1.5. — *Suppliers of new tires or road vehicles*

“**210.9.** Sections 210.2 to 210.5 apply, with the necessary modifications, to every person required to register pursuant to section 407.5.”

(2) Subsection 1 has effect from 1 October 1999.

**283.** (1) The said Act is amended by inserting, after section 402.5, the following :

“§6.3. — *Automatic door openers*

“**402.6.** A person is entitled to a rebate of the tax paid by the person in respect of the supply of an automatic door opener and installation service where the automatic door opener is acquired for the use of an individual who, because of a physical handicap, cannot gain access to the individual’s residence without assistance.

“**402.7.** A person is not entitled to the rebate provided for in section 402.6 unless

(1) the person files an application for the rebate within four years after the date the tax was paid ; and

(2) the application for a rebate is accompanied by a medical certificate describing the individual’s handicap for which the automatic door opener was acquired and indicating that the individual cannot, unassisted, gain access to the individual’s residence without such a door opener.”

(2) Subsection 1 applies in respect of tax that becomes payable after 9 March 1999 and that is not paid before 10 March 1999 in relation to the supply of an automatic door opener and installation service.

**284.** (1) The said Act is amended by inserting, after section 407.4, enacted by section 50 of chapter 65 of the statutes of 1999, the following :

“**407.5.** Notwithstanding section 407, a small supplier or a person not resident and not carrying on business in Québec, who engages in the sale of a new tire or road vehicle or the leasing of a new tire or the long term leasing of a road vehicle, is required to be registered in respect of those activities.

The expressions “long term leasing”, “new tire” and “road vehicle” have the meanings assigned by Title IV.5 of the Act.

Sections 411.1, 415.1 and 417.1 apply, with the necessary modifications, to the person required to be registered under this section.”

(2) Subsection 1 has effect from 1 October 1999.

**285.** Section 409 of the said Act is amended by replacing the portion before paragraph 2 by the following :

“**409.** A person is deemed to be carrying on business in Québec and, unless the person is a small supplier, is required to be registered where

(1) the person, whether or not resident in Québec, whether through an employee or a mandatary or by means of advertising directed at the Québec market, solicits orders in Québec for the supply by the person of, or offers to supply, property that is prescribed property for the purposes of section 24.1 and that is to be sent by mail or courier to the recipient at an address in Québec; or”.

**286.** (1) Section 410.1 of the said Act, amended by section 51 of chapter 65 of the statutes of 1999, is again amended

(1) by replacing, in the portion before paragraph 1, “407.4” by “407.5”;

(2) by inserting, after paragraph 1.3, the following paragraph :

“(1.4) in the case of a person required under section 407.5 to be registered in respect of the sale of new tires or road vehicles or the leasing of new tires or the long term leasing of road vehicles, the day the person engages in the first sale or leasing of new tires or road vehicles in Québec;”.

(2) Subsection 1 has effect from 1 October 1999.

**287.** (1) Section 411 of the said Act, amended by section 52 of chapter 65 of the statutes of 1999, is again amended

(1) in the first paragraph, by replacing in the portion before subparagraph 1, “407.4” by “407.5”;

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

“Notwithstanding subparagraph 1 of the first paragraph, no person who is a small supplier, other than a person who supplies financial services, may make an application for registration under that paragraph unless the person applies to the Minister of National Revenue for registration under subsection 3 of section 240 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”

(2) Paragraph 1 of subsection 1 has effect from 1 October 1999.

**288.** (1) Section 417.3 of the said Act, amended by section 53 of chapter 65 of the statutes of 1999, is again amended by replacing “407.4” by “407.5”.

(2) Subsection 1 has effect from 1 October 1999.

**289.** The said Act is amended by inserting, after section 541.47, the following :

**“TITLE IV.5**

**“SPECIFIC DUTY ON NEW TIRES**

**“CHAPTER I**

**“DEFINITIONS**

**“541.48.** For the purposes of this Title and the regulations made under it, unless the context indicates otherwise,

“collection officer” means

(1) every person who, in Québec and in the course of the person’s commercial activities, engages in the sale of a new tire or road vehicle equipped with new tires or the leasing of a new tire or the long term leasing of a road vehicle equipped with new tires ;

(2) every person who is a registrant for the purposes of Title I and delivers or arranges for the delivery of a new tire or road vehicle equipped with new tires in Québec, other than in connection with a retail sale or retail leasing ;

notwithstanding paragraph 1, a person is not a collection officer when the person acts as a retailer ;

“commercial activity” has the meaning assigned by section 1 ;

“long term leasing” means leasing for a term of at least 12 months ;

“new tire” does not include a retreaded or remoulded tire, but includes the spare tire in a road vehicle in respect of which the duty provided for by this Title has not already been paid ;

“person” has the meaning assigned by section 1 ;

“reporting period” of a person is the reporting period of the person for the purposes of Title I ;

“retailer” means a person who, in Québec and in the course of the person’s commercial activities, engages in a retail sale or retail leasing of a new tire or road vehicle equipped with new tires ;

“retail leasing” means

(1) in the case of a tire, leasing for purposes other than re-leasing or installation on a road vehicle intended for long term leasing ;

(2) in the case of a road vehicle, long term leasing for purposes other than long term re-leasing;

“retail sale” means

(1) in the case of a tire, a sale for purposes other than resale, leasing or installation on a road vehicle intended for sale or long term leasing;

(2) in the case of a road vehicle, a sale for purposes other than resale or long term leasing;

“road vehicle” has the meaning assigned by the Highway Safety Code (chapter C-24.2);

“road vehicle equipped with new tires” means a road vehicle equipped with one or more new tires;

“sale” includes any transfer for a consideration

(1) of the ownership of a tire or road vehicle;

(2) of the possession of a tire or road vehicle under an agreement to transfer the ownership of the tire or road vehicle;

“tire” means a road vehicle tire having a rim whose diameter is equal to or less than 62.23 centimetres and whose total diameter does not exceed 123.19 centimetres.

## “CHAPTER II

### “IMPOSITION OF A SPECIFIC DUTY

“**541.49.** Every person, at the time of the retail sale or retail leasing, in Québec, of a new tire or road vehicle, shall pay to the Minister a specific duty equal to \$3 per new tire the person purchases or leases or per new tire equipping the road vehicle the person purchases or leases.

“**541.50.** Every person who carries on business or ordinarily resides in Québec and brings or causes to be brought into Québec a new tire for use in Québec by the person, or at the person’s expense by another person, or for installation in Québec on a road vehicle intended for short term leasing shall, immediately after the bringing into Québec of the new tire, make a report to the Minister in prescribed form containing prescribed information and pay to the Minister a specific duty equal to the amount provided for in section 541.49 per new tire so brought in.

“**541.51.** Every person who carries on business or ordinarily resides in Québec and purchases by way of a retail sale made outside Québec a new tire or a road vehicle equipped with new tires that is in Québec shall immediately make a report to the Minister in prescribed form containing prescribed

information and pay to the Minister a specific duty equal to the amount provided for in section 541.49 per new tire so purchased or per new tire equipping the road vehicle the person purchases.

Every person who carries on business or ordinarily resides in Québec and leases, by way of a retail leasing agreement entered into outside Québec, a new tire or a road vehicle equipped with new tires that is in Québec, shall, immediately on signing the lease, make a report to the Minister in prescribed form containing prescribed information and pay to the Minister a specific duty equal to the amount provided for in section 541.49 per new tire so leased or per new tire equipping the road vehicle the person leases.

**“541.52.** Where a person referred to in sections 541.50 and 541.51 has paid, in respect of a new tire, a duty of the same nature as the duty payable under this Title, imposed by another province, the Northwest Territories, the Yukon Territory or the Nunavut Territory, and has not obtained or is not entitled to obtain a rebate of such a duty, the specific duty that the person is required to pay under those sections shall be reduced by the amount of the duty of the same nature so paid.

**“541.53.** Every person who has purchased or manufactured a new tire intended for sale or leasing or for installation on a road vehicle intended for sale or long term leasing shall, on the date on which the person begins to use the new tire in Québec for any other purpose or arranges for it to be so used at the person’s expense by another person, make a report to the Minister in prescribed form containing prescribed information and pay to the Minister a specific duty equal to the amount provided for in section 541.49 per new tire purchased or manufactured and so used by the person or by the other person.

Every person who has leased a new tire for re-leasing or for installation on a road vehicle intended for long term leasing shall, on the date on which the person begins to use the road vehicle in Québec for any other purpose or arranges for it to be so used at the person’s expense by another person, make a report to the Minister in prescribed form containing prescribed information and pay to the Minister a specific duty equal to the amount provided for in section 541.49 per new tire leased and so used by the person or by the other person.

Every person who has purchased or manufactured a road vehicle equipped with new tires for sale or long term leasing or has made a long term lease of a road vehicle equipped with new tires for long term re-leasing shall, on the date on which the person begins to use the road vehicle in Québec for any other purpose or arranges for it to be so used at the person’s expense by another person, make a report to the Minister in prescribed form containing prescribed information and pay to the Minister a specific duty equal to the amount provided for in section 541.49 per new tire equipping such a vehicle.

However, if the person has paid the amount equal to the specific duty provided for in Chapter V in respect of the new tires referred to in the first

three paragraphs, the person is deemed to have paid the specific duty imposed by those paragraphs in respect of the tires.

**“541.54.** Every person required to pay the specific duty provided for in section 541.49 and has not paid the duty to the retailer shall immediately make a report to the Minister in prescribed form containing prescribed information and pay the specific duty to the Minister.

### **“CHAPTER III**

#### **“EXEMPTIONS**

**“541.55.** The specific duty provided for in this Title does not apply

(1) where a retailer delivers a new tire or a road vehicle equipped with new tires outside Québec, for use outside Québec ;

(2) where a retailer delivers a new tire or a road vehicle equipped with new tires to a public carrier or shipping service, to be shipped outside Québec, on behalf of a purchaser or lessee not resident in Québec and not carrying on business in Québec, for use outside Québec.

### **“CHAPTER IV**

#### **“ADMINISTRATION**

**“541.56.** Every retailer shall collect, as mandatary of the Minister, the specific duty provided for in section 541.49 at the time of the sale or, in the case of leasing, at the time of the signing of the leasing contract.

That requirement does not apply to a sale or leasing to a person who has entered into an agreement under section 681, if that person is exempt from the payment of the specific duty at the time of the retail sale or retail leasing pursuant to the agreement.

The amount of duty shall be indicated separately from the sale price or rent on any invoice, writing or other document recording the sale or leasing and in the registers of the retailer.

**“541.57.** Every retailer shall keep an account of the specific duty the retailer has collected and shall, for each reporting period, where the retailer is required to file the return provided for in Division IV of Chapter VIII of Title I, render an account to the Minister of the specific duty the retailer has collected or should have collected during the particular reporting period, as prescribed by the Minister in prescribed form and containing prescribed information and, at the same time, remit to the Minister the amount of that duty.

The retailer shall render an account even if no sale or leasing giving rise to such a duty was engaged in during the particular reporting period.

The retailer is not required to render an account to the Minister, unless the Minister so requires, or to remit to the Minister the specific duty collected in respect of a new tire where the retailer has paid the amount provided for in section 541.60 in respect of the tire to a collection officer holding a registration certificate.

However, if the specific duty collected in respect of the tire exceeds the amount that the retailer has paid under section 541.60 to a collection officer holding a registration certificate, the difference between the duty and the amount shall be paid to the Minister in the manner set out in the first paragraph.

**“541.58.** Sections 447 and 449 apply, with the necessary modifications, where a retailer charges or collects an amount from a person as or on account of the duty provided for in section 541.49 that exceeds the amount of the duty the retailer was required to collect.

Where a retailer refunds to a person all of the sale price paid for a new tire or credits to the person the market value of such a tire, the retailer shall also refund or credit to the person the amount of the duty collected in respect of the tire.

The rule provided in the second paragraph applies to leasing, with the necessary modifications.

**“541.59.** Every retailer required to collect the specific duty provided for in section 541.49 is required to hold a registration certificate issued under Title I that is in force at the time the retailer is required to collect the duty.

Every collection officer required to collect the amount equal to the specific duty provided for in section 541.49 must be the holder of a registration certificate issued under Title I, in force at the time the collection officer is required to collect the amount equal to the duty.

## **“CHAPTER V**

### **“ADVANCE COLLECTION**

**“541.60.** Every collection officer holding a registration certificate shall collect, as mandatory of the Minister, an amount equal to the specific duty provided for in section 541.49 in respect of each new tire from every person to whom the collection officer sells a new tire or road vehicle or leases a new tire or makes a long term lease of a road vehicle, and from every person to whom the collection officer delivers or causes to be delivered in Québec such property.

That requirement does not apply

(1) where the collection officer delivers a new tire or road vehicle equipped with new tires outside Québec ;

(2) where the collection officer delivers a new tire or road vehicle equipped with new tires to a public carrier or shipping service, to be shipped outside Québec, on behalf of a purchaser or lessee not resident in Québec and not carrying on business in Québec;

(3) to a sale made to or leasing to a person who has entered into an agreement under section 681, if that person is exempt from payment of the amount equal to the specific duty pursuant to the agreement;

(4) where the collection officer sells or leases a new tire to a motor vehicle manufacturer, within the meaning of the Highway Safety Code (chapter C-24.2); and

(5) in prescribed cases.

The amount referred to in the first paragraph shall be collected by the collection officer at the time of the sale or signing of the leasing contract, or at any other time determined by the Minister.

The amount equal to the specific duty shall be indicated separately from the sale price or rent on any invoice, writing or other document recording the sale or leasing and in the registers of the collection officer.

Section 541.58 applies to the collection officer, with the necessary modifications.

**“541.61.** Every collection officer holding a registration certificate shall keep an account of the amounts the collection officer has collected and shall, for each reporting period, where the collection officer is required to file the return provided for in Division IV of Chapter VIII of Title I, render an account to the Minister of the amounts the collection officer has collected or should have collected under section 541.60 during the particular reporting period, as prescribed by the Minister in prescribed form and containing prescribed information and, at the same time, remit to the Minister those amounts.

The collection officer shall render an account even if there has been no sale or leasing of new tires or road vehicles equipped with new tires during the particular reporting period.

The collection officer is not, however, required to render an account to the Minister, unless the Minister so requires, or to remit to the Minister the amount collected in respect of a new tire for which the collection officer has paid the amount provided for in section 541.60 to a collection officer holding a registration certificate.

However, if the amount collected in respect of the new tire exceeds the amount that the collection officer has paid under section 541.60 to a collection officer holding a registration certificate, the difference between the two amounts shall be paid to the Minister in the manner set out in the first paragraph.



**“541.62.** Every collection officer holding a registration certificate who does not collect the amount provided for in section 541.60, does not pay to the Minister such an amount collected and required to be paid, or pays the amount to a person not holding a registration certificate becomes a debtor to the State for that amount.

Every collection officer not holding a registration certificate in force at the time the collection officer sells, leases, delivers or causes to be delivered new tires or road vehicles equipped with new tires in Québec becomes a debtor to the State for any amount provided for in section 541.60 that the collection officer collected or should have collected had the collection officer held such a certificate.

The amounts referred to in the first and second paragraphs in such case are deemed to be duties within the meaning of the Act respecting the Ministère du Revenu (chapter M-31).

## **“CHAPTER VI**

### **“MISCELLANEOUS PROVISIONS**

**“541.63.** No collection officer may, in Québec, sell or lease a new tire or road vehicle equipped with new tires or deliver or have such property delivered to a collection officer or retailer unless that collection officer or retailer holds a registration certificate as provided for in section 541.59.

**“541.64.** No collection officer or retailer may, in Québec, purchase or lease a new tire or purchase or make a long term lease of a road vehicle equipped with new tires from a person who does not hold a registration certificate issued in accordance with section 541.59.

**“541.65.** Every collection officer or retailer not resident or not having a place of business in Québec shall designate to the Minister an agent resident in Québec and furnish the name and address of the agent.

The service of any proceeding on that agent and the sending of any request or notice is deemed to be made on or to the person designated by the collection officer.

**“541.66.** The Minister shall pay to the Société québécoise de récupération et de recyclage, instituted by the Act respecting the Société québécoise de récupération et de recyclage (chapter S-22.01), the proceeds of the specific duty on new tires collected under this Title.

The payments shall be made by the Minister on the dates and in the manner agreed upon.

**“541.67.** Every person who contravenes section 541.63 or 541.64 is liable to a fine of not less than \$2,000 nor more than \$25,000.

**“541.68.** Every person who contravenes sections 541.50, 541.51, 541.53, 541.54, the third paragraph of section 541.56, section 541.59 or the fourth paragraph of section 541.60 is liable to a fine of not less than \$200 nor more than \$5,000.

**“541.69.** Every person who, as mandatory of the Minister, refuses or neglects to collect the duty or the amount equal to the duty, to keep or render an account thereof or to remit the duty or amount to the Minister, in accordance with the provisions of this Title or with a regulatory provision referred to in paragraph 60 of section 677, is liable to a fine of not less than \$200 for each day that the offence continues.”

**290.** (1) Section 677 of the said Act is amended by inserting, after paragraph 55.1, the following paragraph :

“(55.2) determine, for the purposes of section 541.60, the prescribed cases ;”.

(2) Subsection 1 has effect from 1 October 1999.

**291.** (1) Section 681 of the said Act is replaced by the following section :

**“681.** For the purpose of facilitating the collection and payment of the taxes and duties imposed by this Act or of preventing duplication of the payment of such taxes and duties, the Minister may enter into any written agreement the Minister considers appropriate with any person holding a registration certificate.”

(2) Subsection 1 has effect from 1 October 1999.

#### FUEL TAX ACT

**292.** (1) Section 1 of the Fuel Tax Act (R.S.Q., chapter T-1), amended by section 54 of chapter 65 of the statutes of 1999, is again amended, in the first paragraph,

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

“(f) “importer” : any person who brings or causes to be brought into Québec fuel contained in a receptacle having a capacity of over 200 litres other than fuel contained in the fuel tank installed as standard equipment for supplying the engine of a vehicle ;” ;

(2) by inserting, after paragraph *r*, the following paragraph :

“(r.0.1) “service station” : any establishment where fuel is sold only at retail, only where the fuel generally is dispensed directly into the fuel tank supplying the engine of a motor vehicle solely by means of a dispensing pump connected to an underground tank ;”.

(2) Subsection 1 comes into force on 13 December 1999.

**293.** (1) The said Act is amended by inserting, after section 10.6, enacted by section 323 of chapter 83 of the statutes of 1999, the following section:

“**10.7.** A person is entitled, provided the person applies therefor on the prescribed form within the time, on the conditions and according to the modalities prescribed by regulation, to the reimbursement of the tax paid by the person in respect of the gasoline or non-coloured fuel oil that the person acquired and that was used by the propulsion engine of a motor vehicle to operate the vehicle’s auxiliary equipment by means of power take-off, provided that such equipment is used for commercial or public purposes and not otherwise for the propulsion of the vehicle.

However, the reimbursement provided for in the first paragraph shall not be granted where the propulsion engine of the motor vehicle can be supplied with coloured fuel oil, in accordance with the provisions of section 19.”

(2) Subsection 1 has effect in respect of purchases of fuel made after 30 June 1999.

**294.** (1) Section 27 of the said Act is amended

(1) by striking out paragraph *f*;

(2) by adding the following paragraph:

“In addition, every person who, in Québec, colours fuel oil shall, for each establishment where colouring is carried out, hold a permit issued for that purpose under this Act, unless the person is exempt from that requirement by regulation.”

(2) Subsection 1 has effect from 1 July 1999.

**295.** (1) Section 27.2 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**27.2.** The permit shall be issued by the Minister or by any other person authorized by the Minister. It shall be kept at the principal place of business of its holder in Québec and a copy of the permit shall be posted in each establishment operated under it. However, a permit issued for the colouring of fuel oil shall be posted in the establishment for which the permit is issued, and a copy of the permit shall be kept at the principal place of business of its holder in Québec.”

(2) Subsection 1 has effect from 1 July 1999. In addition, every person who, on 30 June 1999, is the holder of a permit to colour fuel oil, issued under the Fuel Tax Act (R.S.Q., chapter T-1) and in force on that date, is deemed to

be the holder of a permit issued for each establishment where fuel oil is coloured, mentioned in the permit application or brought to the attention of the Minister pursuant to that Act, until the date on which the Minister issues a permit for each establishment in where fuel oil is coloured or the date on which the Minister transmits a decision refusing to issue a permit.

**296.** (1) Section 56 of the said Act, amended by section 327 of chapter 83 of the statutes of 1999, is again amended by adding the following paragraph :

“Notwithstanding the first paragraph, regulations made in the year 2001 under this Act in respect of the time, conditions and modalities relating to the reimbursement provided for in section 10.7 may, after publication and if they so provide, apply to a date prior to their publication but not prior to 1 July 1999.”

(2) Subsection 1 has effect in respect of purchases of fuel made after 30 June 1999.

#### ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

**297.** (1) Section 351 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63), replaced by section 378 of chapter 14 of the statutes of 1997, is amended

(1) in subsection 1, by replacing section 206.7 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), enacted by that subsection, by the following section :

“**206.7.** Paragraph 5 of section 206.1 does not apply in respect of

(1) the supply of a 1-800 or 1-888 telephone service or a telephone service having an identity code that is the extension of such a telephone service, or a telecommunication service related to a 1-800 or 1-888 telephone service or to a telephone service having an identity code that is the extension of such a telephone service ;

(2) the supply of an Internet service.”;

(2) in subsection 2, by adding, after paragraph *b*, the following paragraphs :

“(c) in respect of tax that becomes payable after 4 April 1998 and is not paid before 5 April 1998 in relation to the supply of a telephone service having an identity code that is the extension of a 1-800 or 1-888 telephone service or of another telecommunication service related to such a telephone service ;

“(d) in respect of tax that becomes payable after 9 March 1999 and is not paid on or before that date in relation to the supply of a service of Internet access provider or Web site hosting.”

(2) Subsection 1 has effect from 15 December 1995.

**298.** Section 550.1 of the said Act, enacted by section 768 of chapter 85 of the statutes of 1997, is replaced by the following section :

**“550.1.** For the purposes of sections 299 to 509, a person is a small or medium-sized business, for the period beginning on 26 March 1997 and ending on the last day of the fiscal year of the person which includes that date or throughout a particular fiscal year of the person that begins after 26 March 1997, where the total of all amounts each of which is the value of the consideration, other than the consideration referred to in section 75.2 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) that is attributable to goodwill of a business, that became due in the last fiscal year of the person or of an associate of the person that ended before the beginning of the fiscal year of the person which includes 26 March 1997 or of the particular fiscal year of the person, or that was paid in that last fiscal year without having become due, to the person or associate for each of the taxable or non-taxable supplies, other than supplies of financial services of the person or associate and supplies by way of sale of immovables that are capital property of the person or associate, made in Québec or outside Québec but in Canada by the person or associate as well as for taxable or non-taxable supplies made outside Canada through a permanent establishment situated in Canada of either of those persons does not exceed

(1) where the particular fiscal year begins after 1 July 1999, \$10,000,000 ;  
and

(2) in any other case, \$6,000,000.

Notwithstanding the first paragraph, where the particular fiscal year includes 1 July 1999 and the total of the amounts determined under the first paragraph for the particular fiscal year exceeds \$6,000,000, the person is a small or medium-sized business for the period beginning on 1 July 1999 and ending on the last day of that particular fiscal year if that total does not exceed \$10,000,000.”

**299.** Section 551 of the said Act, amended by section 381 of chapter 14 of the statutes of 1997 and by section 769 of chapter 85 of the statutes of 1997, is again amended

(1) in the first paragraph, by replacing subparagraph 3 by the following subparagraph :

“(3) throughout a particular fiscal year of the person that begins after 26 March 1997, if the total of the amounts determined under section 550.1 for the particular fiscal year exceeds

(a) where the particular fiscal year begins after 1 July 1999, \$10,000,000 ;  
and

(b) in any other case, \$6,000,000;”;

(2) by adding, after the first paragraph, the following paragraph:

“Notwithstanding subparagraph 3 of the first paragraph, where the particular fiscal year includes 1 July 1999 and the total of the amounts determined under section 550.1 for the particular fiscal year does not exceed \$10,000,000, the person is not a large business for the period beginning on 1 July 1999 and ending on the last day of that particular fiscal year unless the person is a large business under the third paragraph.”

#### ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS OF A FISCAL NATURE

**300.** (1) Section 306 of the Act to amend the Taxation Act and other legislative provisions of a fiscal nature (1998, chapter 16) is replaced, in the English text, by the following:

“**306.** Section 51.3 of the said Act is amended, in the first and second paragraphs, by replacing the words “Her Majesty in right of Québec” by the words “the State”.”

(2) Subsection 1 has effect from 12 June 1998.

#### ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS

**301.** (1) Section 165 of the Act to amend the Taxation Act and other legislative provisions (1999, chapter 83) is amended by replacing subsection 2 by the following:

“(2) Subsection 1 applies in respect of assessments or reassessments made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 6 November 1998, other than,

(1) in relation to a taxpayer that is a corporation or a mutual fund trust, such an assessment relating to a taxation year of the taxpayer in respect of which the time limits provided for in section 1010 of the Taxation Act (R.S.Q., chapter I-3) expired before 1 January 1998;

(2) in relation to any other taxpayer, such an assessment relating to a taxation year of the taxpayer in respect of which the time limits provided for in section 1010 of the Taxation Act expired before 7 November 1998.”

(2) Subsection 1 has effect from 20 December 1999.

**302.** (1) Section 301 of the said Act is amended by replacing subsection 2 by the following:

“(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998. In addition, in respect of investments made by such a company after 9 May 1995 and before 1 April 1998, paragraph 2 of section 12.3 of the said Act, repealed by subsection 1, shall be read with “75%” replaced by “50%”.”

(2) Subsection 1 has effect from 20 December 1999.

**303.** (1) Section 331 of the said Act is amended

(1) by replacing the third paragraph of section 1029.8.33.13 of the Taxation Act (R.S.Q., chapter I-3), enacted by paragraph 1 of subsection 1, by the following :

““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 ii and iii of paragraph *a* of the definition of “qualified expenditure” in the first paragraph of 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 salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer in that calendar year to eligible employees in relation to the tips received from eligible employees by the eligible taxpayer for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer’s bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8;

(b) the amount paid under the provision mentioned in subparagraph iv of paragraph *a* of the definition of “qualified expenditure” in the first paragraph of 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 salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer in that calendar year to eligible employees in relation to the tips received from eligible employees by the eligible taxpayer for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer’s bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8;

(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of “qualified expenditure” in the first paragraph of 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 received from

eligible employees by the eligible taxpayer for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8; and

(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 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 received from eligible employees by the eligible taxpayer for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8, and of any amount paid or payable in respect of the taxation year under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.12, in relation to such indemnities, as if those indemnities had been paid in the taxation year."";

(2) by replacing the fourth paragraph of section 1029.8.33.14 of the Taxation Act, enacted by paragraph 2 of subsection 1, by the following:

““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 ii and iii of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of 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 salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership in that calendar year to eligible employees, in relation to the tips received from eligible employees by the qualified partnership for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8;

(b) the amount paid under the provision mentioned in subparagraph iv of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of 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 salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership in that calendar year to eligible employees, in relation to the tips received from eligible employees by the qualified



partnership for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8;

(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of 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 received from eligible employees by the qualified partnership for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8; and

(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 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 received from eligible employees by the qualified partnership for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8, and of any amount paid or payable in respect of the fiscal period under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.12 in relation to such indemnities, as if those indemnities had been paid in the fiscal period.”

(2) Subsection 1 has effect from 20 December 1999.

**304.** Section 289 has effect from 1 October 1999 except the definition of collection officer in section 541.48 and the provisions of the fourth paragraph of section 541.53, the third and fourth paragraphs of section 541.57, the second paragraph of section 541.59, Chapter V of Title IV.5 and sections 541.63, 541.64 and 541.67, which come into force on the date to be fixed by the Government.

Notwithstanding the first paragraph, sections 541.65, 541.68 and 541.69 have effect in respect of a collection officer on the date on which Chapter V of Title IV.5 comes into force.

**305.** This Act comes into force on 15 November 2000.