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# NATIONAL ASSEMBLY

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SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 78  
(2002, chapter 40)

**Budget Act No. 2 giving effect to the  
Budget Speech delivered on 29 March  
2001 and to certain budget statements**

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**Introduced 10 April 2002  
Passage in principle 2 May 2002  
Passage 15 October 2002  
Assented to 17 October 2002**

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**Québec Official Publisher  
2002**

## **EXPLANATORY NOTES**

*This bill amends various legislation to give effect primarily to the Budget Speech delivered by the Minister of Finance on 29 March 2001 and to Information Bulletins 2000-4 dated 29 June 2000, 2000-5 dated 6 October 2000, 2000-6 dated 20 October 2000, 2000-9 dated 17 November 2000, 2000-10 dated 21 December 2000 and 2002-7 dated 26 June 2002 issued by the Ministère des Finances. The bill also gives effect to various measures contained in the Budget Speech delivered by the Minister of Finance on 1 November 2001 and in Information Bulletins 2001-6 dated 5 July 2001, 2001-7 dated 21 August 2001 and 2001-9 dated 14 September 2001, issued by the Ministère des Finances.*

*The bill amends the Act respecting international financial centres to enhance the tax treatment applicable to the employees of such a centre, other than foreign specialists.*

*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) provide for payment in December 2001 of an additional amount as a refundable tax credit for Québec sales tax;*

*(2) concern the tax treatment applicable to amounts received by an individual under the Solidarité jeunesse project and the Action emploi program;*

*(3) create a full income tax exemption for scholarships, fellowships and bursaries;*

*(4) implement a five-year tax holiday for foreign professors who have taken up employment with a Québec university;*

*(5) enhance the deduction available to members and workers of a cooperative who acquire shares issued under the cooperative investment plan;*

*(6) modify the eligibility requirements for refundable tax credits for Québec sales tax and for individuals living in a northern village;*

*(7) improve certain tax rules that apply on the death of a person or a person's spouse, including the possibility of opting for the simplified taxation system;*

*(8) make municipal election contributions eligible for the tax credit for political contributions;*

*(9) enhance the deduction for copyright income;*

*(10) extend the refundable tax credit for on-the-job training and broaden it to include eligible training periods of university graduate students;*

*(11) extend the refundable tax credit relating to tip reporting;*

*(12) enhance the refundable tax credits in the financial sector as regards fund managers and the training period of the specialized employees of an international financial centre;*

*(13) implement a refundable tax credit for corporations conducting a road show in respect of financial market securities;*

*(14) create a refundable tax credit for mining, petroleum, gas or other resources to replace the existing flow-through share system, the latter to be maintained over a transitional period ending on 31 December 2003;*

*(15) implement a refundable tax credit for corporations creating digital productions;*

*(16) implement a refundable tax credit for racehorse maintenance;*

*(17) implement a 10-year tax holiday for small and medium-sized manufacturing businesses in resource regions;*

*(18) implement a refundable tax credit for processing activities in resource regions;*

*(19) standardize various provisions concerning refundable tax credits and related special taxes to correct certain technical problems and improve harmonization among the provisions.*

*The bill amends the Act respecting the Régie de l'assurance maladie du Québec, primarily to introduce provisions for small and medium-sized manufacturing businesses in the resource regions that*

*exempt them from payment of the employer contribution to the health services fund.*

*The bill amends the Act respecting Québec business investment companies to allow corporations with assets between 25 and 50 million dollars to have the status of qualified corporations for the purposes of that Act.*

*The bill amends the Act respecting the Québec sales tax to make declaratory amendments as regards ordinary municipal services performed by subcontractors, the concept of non-taxable supplies of services and input tax refunds in respect of energy.*

*Lastly, the bill makes several technical, terminological and consequential amendments to a variety of statutes.*

**LEGISLATION AMENDED BY THIS BILL :**

- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Mining Duties Act (R.S.Q., chapter D-15);
- 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 Québec business investment companies (R.S.Q., chapter S-29.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2001, chapter 53).

## **Bill 78**

### **BUDGET ACT NO. 2 GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 29 MARCH 2001 AND TO CERTAIN BUDGET STATEMENTS**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**1.** (1) Section 7 of the Act respecting international financial centres (R.S.Q., chapter C-8.3), amended by section 317 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraph 7 by the following paragraph :

“(7) accepting or issuing letters of credit in respect of any of the following operations or transactions to which not more than one party is or includes a person resident in Canada :

(a) an operation or transaction relating to property or goods, and

(b) an operation or transaction relating to the provision of services.”

(2) by replacing paragraph 14 by the following paragraph :

“(14) providing fiduciary services for a person not resident in Canada, or for a person resident in Canada if the securities to which the services relate are qualified securities;”;

(3) by adding, after paragraph 22, the following paragraph :

“(23) handling documentary collections in respect of any of the following operations or transactions to which not more than one party is or includes a person resident in Canada :

(a) an operation or transaction relating to property or goods, and

(b) an operation or transaction relating to the provision of services.”

(2) Subsection 1 has effect from 30 March 2001.

**2.** (1) Section 15 of the said Act is amended by replacing the first paragraph by the following :

**“15.** The Minister shall issue to a corporation or partnership a qualification certificate recognizing one of its employees as an employee, other than a foreign specialist, upon being satisfied that it may reasonably be expected that from the date or for the period indicated on the qualification certificate, the employee’s duties with the corporation or partnership are devoted, in a proportion of at least 75%, to the operations of a business of the corporation or partnership which constitutes or will constitute an international financial centre.”

(2) Subsection 1 applies from the taxation year 2001.

**3.** (1) Section 16 of the said Act is amended

(1) by replacing the portion before subparagraph 2 of the first paragraph by the following :

**“16.** The Minister shall issue to a corporation or partnership a qualification certificate recognizing one of its employees as an eligible specialist upon being satisfied that

(1) at the beginning of the period covered by the qualification certificate or, if a qualification certificate has previously been issued to an employer in respect of the employee under this section or for the purposes of Division II.6.9 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3), at the beginning of the period covered by the first such qualification certificate issued to an employer in respect of that employee,

(a) the employee has held, for no longer than 48 months, a university diploma in a subject relevant to the field of international financial transactions, or

(b) the employee passed, no longer than 48 months previously, the first examination leading to chartered financial analyst (CFA) designation ; and” ;

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

(3) by replacing, in the French text of subparagraph 3 of the first paragraph, the words “que l’on peut” by the words “l’on peut” ;

(4) by replacing, wherever it appears in the French text of the second paragraph, the word “visa” by the word “certificat”.

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of applications for a qualification certificate filed after 29 March 2001.

(3) Paragraph 4 of subsection 1 has effect from 20 December 1999.

**4.** (1) Section 20 of the said Act is amended by replacing subparagraph 2 of the first paragraph by the following :

“(2) the employee’s duties with the corporation or partnership were devoted, in a proportion of at least 75%, to the operations of a business of the corporation or partnership in respect of which a qualification certificate issued under section 10 was valid.”

(2) Subsection 1 applies from the calendar year 2001.

**5.** (1) Section 52 of the said Act is amended by adding the following paragraphs :

“Where the corporation referred to in the first paragraph is a bank, within the meaning assigned by section 1 of the Taxation Act (chapter I-3), the amount that it may deduct for the year under the first paragraph is deemed to be equal to the proportion of the amount that, but for this paragraph, would be determined for the year in its respect under the first paragraph, that the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the year is of its business carried on in Québec in the year.

For the purposes of the second paragraph, the proportion of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is computed in the manner prescribed in the regulations made under subsection 2 of section 771 of the Taxation Act, with the necessary modifications.”

(2) Subsection 1 applies in respect of taxation years that end after 31 December 2000.

**6.** (1) Section 53 of the said Act is amended by replacing, in the portion before paragraph 1, “in section 52” and “in paragraphs 1 and 2 of section 52” by “in the first paragraph of section 52” and “in subparagraphs 1 and 2 of the first paragraph of section 52”, respectively.

(2) Subsection 1 applies in respect of taxation years that end after 31 December 2000.

**7.** (1) Section 54 of the said Act is amended by inserting, before “of section 52”, the words “of the first paragraph”.

(2) Subsection 1 applies in respect of taxation years that end after 31 December 2000.

**8.** (1) Section 55 of the said Act is amended, in the first paragraph, by replacing “paragraph 2 of section 52” and “paragraph 1 of that section” by “subparagraph 2 of the first paragraph of section 52” and “subparagraph 1 of the first paragraph of that section”, respectively.

(2) Subsection 1 applies in respect of taxation years that end after 31 December 2000.

**9.** (1) The said Act is amended by inserting, after section 60, the following section:

**“60.1.** Where a corporation is a bank, within the meaning assigned by section 1 of the Taxation Act (chapter I-3), and operates for a taxation year an international financial centre, the corporation may deduct in computing its paid-up capital for the year, for the purposes of Part IV of that Act, the amount by which the proportion of the amount determined for the year in its respect under the second paragraph that the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the year is of its business carried on in Québec in the year, exceeds the amount determined for the year in its respect under that second paragraph.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of the amount deducted by the corporation in computing its paid-up capital for the year under section 57 and the amount determined for the year in its respect under section 58, exceeds the aggregate of the amount determined for the year in respect of the corporation under section 59 and the part of the amount that the corporation may not deduct in computing its paid-up capital for the year under section 60.

For the purposes of the first paragraph, the proportion of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is computed in the manner prescribed in the regulations made under subsection 2 of section 771 of the Taxation Act, with the necessary modifications.”

(2) Subsection 1 applies in respect of taxation years that end after 31 December 2000.

**10.** (1) Section 61 of the said Act is replaced by the following:

**“61.** A corporation is not required to pay the minimum amount of tax determined under section 1135, the second paragraph of section 1167 or the third paragraph of section 1173.1, as the case may be, of the Taxation Act (chapter I-3) where its operations consist solely in the operation, directly or through a partnership, of an international financial centre.”

(2) Subsection 1 has effect from 20 December 1999.

**11.** (1) The said Act is amended by inserting, after section 65, the following section:

**“65.1.** Where, at a particular time included in the reference period established under section 69 in respect of an individual described in section 66, the individual acquired a right to a security under an agreement referred to in section 48 of the Taxation Act (chapter I-3) and, at a later time after the expiration of the reference period, the individual is deemed to receive a benefit in a particular taxation year by reason of the application of any of



sections 49 and 50 to 52.1 of that Act in respect of the security, or the transfer or any other disposition of the rights under the agreement, the following rules apply :

(a) for the purposes of the first paragraph of section 65, the individual is deemed to be an individual described in section 66 for the particular taxation year ;

(b) for the purposes of the first paragraph of section 65 and paragraphs *a* and *b* of section 737.18 of the Taxation Act, the amount of the benefit included by the individual in computing the individual's income for the particular taxation year in respect of the security, or the transfer or any other disposition of the rights under the agreement, is deemed to be included in the part, referred to in that first paragraph, of the individual's income for the particular taxation year ; and

(c) for the purposes of section 71, the later time at which the individual is deemed to receive the benefit, the amount of which was included by the individual in computing the individual's income for the particular taxation year in respect of the security, or the transfer or any other disposition of the rights under the agreement, is deemed to be included in a reference period established in respect of the individual under section 69.”

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

**12.** (1) Section 71 of the said Act is amended by replacing the words “one-third of” by the words “one-half of”.

(2) Subsection 1 applies from the taxation year 2001.

#### MINING DUTIES ACT

**13.** (1) Section 1 of the Mining Duties Act (R.S.Q., chapter D-15), amended by section 1 of chapter 51 of the statutes of 2001, is again amended by striking out paragraph 4 of the definition of “processing asset”.

(2) Subsection 1 has effect from 13 May 1994.

**14.** (1) Section 16.1 of the said Act is amended, in paragraph 1,

(1) by replacing the portion of subparagraph *b.1* before subparagraph *i* by the following :

“(b.1) 25% of the total of all amounts each of which is an amount referred to in subparagraph *b*, other than an amount relating to expenses referred to in paragraph *c* or *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167 of the Taxation Act (chapter I-3) that was taken into account in computing an amount that a corporation is deemed to have paid to the Minister of Revenue under any of sections 1029.8.36.168 to 1029.8.36.171

of that Act for a taxation year, that was incurred by the operator after 31 March 1998 and before that time but not later than 31 December 2003, in respect of exploration work performed”;

(2) by replacing, in subparagraph ii of subparagraph *b.1*, “the 54°00”” by “55°00””.

(2) Paragraph 1 of subsection 1 applies in respect of expenses incurred after 29 March 2001.

(3) Paragraph 2 of subsection 1 has effect from 6 June 2000.

**15.** (1) Section 32.2 of the said Act is amended by replacing, in the definition of “prior ministerial approval”, “13 June 2001” by “31 December 2005”.

(2) Subsection 1 has effect from 13 June 2001.

**16.** Section 35.4 of the said Act, amended by section 7 of chapter 51 of the statutes of 2001, is again amended by inserting, in the portion before paragraph 1 after the word “acquires”, “, after 12 May 1994,”.

**17.** Section 67 of the said Act is amended by adding the following paragraph :

“An operator who has objected to an assessment referred to in section 61 may appeal only in respect of the issues specified in the notice of objection.”

#### TAXATION ACT

**18.** (1) The Taxation Act (R.S.Q., chapter I-3) is amended by inserting, after section 21.20.6, the following sections :

**“21.20.7.** For the purpose of determining if two corporations are associated with each other at any time by reason of both of the corporations being controlled at that time, directly or indirectly, by the same group of persons that includes one or more specified entities, neither the shares of the capital stock of those corporations owned by any specified entity that is a member of the group of persons, nor any right referred to in section 21.20.4 held by any specified entity that is a member of the group of persons, shall be taken into account at that time.

However, where a specified entity is a member at a particular time of a group of persons that controls several corporations, and, at that time, the specified entity acts in concert with one or more members of the group of persons to control those corporations, the specified entity is deemed, for the purposes of the first paragraph in respect of those corporations, not to be a specified entity at that time.

**“21.20.8.** For the purpose of determining if a corporation is associated with a specified entity at any time, otherwise than by virtue of section 21.25, neither the fair market value of the shares of the capital stock of the corporation owned by the specified entity, nor any right referred to in section 21.20.4 held by the specified entity, shall be taken into account at that time.

**“21.20.9.** In sections 21.20.7 and 21.20.8, “specified entity” means any of the following entities :

- (a) the Business Development Bank of Canada ;
- (b) the Caisse de dépôt et placement du Québec ;
- (c) Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi ;
- (d) the Fonds de solidarité des travailleurs du Québec (F.T.Q.) ;
- (e) Hydro-Québec CapiTech inc. ;
- (f) Investissement Québec ;
- (g) the Société générale de financement du Québec ;
- (h) the Société Innovatech du Grand Montréal ;
- (i) the Société Innovatech du sud du Québec ;
- (j) the Société Innovatech Québec et Chaudière-Appalaches ;
- (k) the Société Innovatech Régions ressources ;
- (l) a Québec university ; and
- (m) a corporation all the issued capital stock of which, except director’s qualifying shares, belongs to one or more entities described in any of paragraphs a to l or in this paragraph.”

(2) Subsection 1 is declaratory.

**19.** (1) Section 25 of the said Act is amended by replacing, in the second paragraph, “737.22.0.3” by “737.22.0.3, 737.22.0.7”.

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

**20.** (1) The said Act is amended by inserting, after section 96, the following section :

**“96.0.1.** For the purposes of paragraph *a* of subsection 2 of section 96, where a taxpayer acquires a replacement property after the end of the second taxation year following the end of the year referred to in subsection 1 of section 96 or after the end of the first taxation year following the end of the year referred to in that subsection 1, as the case may be, and, in the Minister’s opinion, the taxpayer was unable to acquire the replacement property before the end of the period because of the specific nature of the former property referred to in section 96, the taxpayer is deemed, if the taxpayer appropriates an amount to acquire the replacement property, to have appropriated an amount to acquire that property before the end of the period.”

(2) Subsection 1 applies in respect of dispositions of former property that are made in a taxation year that ends after 31 December 1995.

**21.** (1) Section 96.1 of the said Act is replaced by the following :

**“96.1.** Notwithstanding sections 1010 to 1011, where a taxpayer has made an election under section 96, the Minister shall make such reassessments of tax, interest and penalties under this Part as are necessary for any taxation year to take into account that election.”

(2) Subsection 1 applies in respect of dispositions of former property that are made in a taxation year that ends after 31 December 1995.

**22.** (1) Section 217.13 of the said Act is amended by replacing paragraph *c* by the following :

“(c) the taxpayer’s income for the particular taxation year computed before deducting any amount under this section in respect of the business or under paragraph *j* of section 339 or any of sections 346.1 to 346.4.”

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

**23.** Section 230 of the said Act is amended, in subparagraph *iv* of subparagraph *c* of the first paragraph, by replacing the words “the employee spends all or substantially all of his time” by the words “all or substantially all of the employee’s working time is spent”.

**24.** (1) The said Act is amended by inserting, after section 278, the following section :

**“278.1.** For the purposes of section 278, where a taxpayer acquires a capital replacement property for a former property after the end of the second taxation year following the end of the year referred to in that section 278 or after the end of the first taxation year following the end of that year, as the case may be, and, in the Minister’s opinion, the taxpayer was unable to acquire the replacement property before the end of the period because of the specific nature of the former property, the taxpayer is deemed to have acquired the capital replacement property before the end of the period.”

(2) Subsection 1 applies in respect of dispositions of former property that are made in a taxation year that ends after 31 December 1995.

**25.** (1) Section 280.1 of the said Act is amended by adding the following paragraph:

“Notwithstanding sections 1010 to 1011, where a taxpayer has made an election under section 279, the Minister shall make such reassessments of tax, interest and penalties under this Part as are necessary for any taxation year to take into account that election.”

(2) Subsection 1 applies in respect of dispositions of former property that are made in a taxation year that ends after 31 December 1995.

**26.** (1) Section 311 of the said Act, amended by section 32 of chapter 51 of the statutes of 2001, is again amended by replacing paragraph *e.2* by the following:

“(*e.2*) earnings supplements provided under a project sponsored by a government or government agency in Canada to encourage an individual to obtain or keep employment or to carry on a business either alone or as a partner actively engaged in the business, otherwise than under a prescribed program;”.

(2) Subsection 1 applies from the taxation year 2002.

**27.** (1) The said Act is amended by inserting, after section 311.1, the following section:

“**311.2.** A taxpayer shall also include any amount received in the year by the taxpayer as financial assistance under the first phase of the Solidarité jeunesse project that is the subject of decision 195218 of the Conseil du trésor dated 23 August 2000.

However, the first paragraph does not apply in respect of an amount that is attributable to child care expenses.”

(2) Subsection 1 applies in respect of amounts received after 31 October 2000.

**28.** (1) Section 312 of the said Act, amended by section 34 of chapter 51 of the statutes of 2001, is again amended by replacing paragraph *g* by the following:

“(*g*) the aggregate of all amounts, other than an amount referred to in paragraph *i* of section 311, an amount received in the course of business and an amount received by virtue of, or in the course of, an office or employment, each of which is an amount received by the taxpayer in the year as a scholarship, fellowship or bursary, or a prize for achievement in a field of endeavour

ordinarily carried on by the taxpayer, other than an amount received by the taxpayer from a school board, which relates to the actual costs of periodic transportation incurred by the taxpayer, or by an individual who is a member of the taxpayer's household, in accordance with the budgetary rules established by the Minister of Education for the purpose of applying the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14);”.

(2) Subsection 1 applies from the taxation year 2001.

**29.** (1) Section 312.2 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2001.

**30.** (1) Section 312.5 of the said Act is amended by adding the following paragraph :

“Notwithstanding the first paragraph, a taxpayer is not required to include, if the taxpayer so elects, the part of the amount referred to in the first paragraph received by the taxpayer that relates to one or more preceding taxation years.”

(2) Subsection 1 applies in respect of amounts received as reimbursement of support payments paid after 31 December 1997.

(3) Notwithstanding sections 1010 to 1011 of the said Act, the Minister of Revenue shall, for a taxation year preceding the year that includes 17 October 2002, make such assessments or reassessments of tax, interest and penalties payable by a taxpayer under Part I of the said Act, as are necessary to give effect to the election referred to in the second paragraph of section 312.5 of the said Act and made by the taxpayer. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with the necessary modifications, to such assessments.

**31.** (1) Section 313.0.1 of the said Act is amended by adding, after the second paragraph, the following paragraph :

“For the purposes of the first paragraph, a reference in the order or agreement to subsection 2 of sections 56.1 and 60.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is deemed, unless the order or agreement provides that such a reference is without effect for the purposes of this Act, to include a reference to this section and to section 336.1.”

(2) Subsection 1 applies in respect of orders made by a competent tribunal after 29 June 2000 or written agreements entered into after that date.

**32.** (1) Section 336 of the said Act, amended by section 36 of chapter 51 of the statutes of 2001 and by section 58 of chapter 53 of the statutes of 2001, is again amended

(1) by replacing, in paragraph *d*, “section 311.1” by “in section 311.1 or 311.2”;

(2) by replacing subparagraph *iv* of paragraph *g* by the following:

“*iv.* during the period for which the amount referred to in subparagraph *i* was paid, the individual provided no services to such person as an employee, except occasionally; and”.

(2) Paragraph 1 of subsection 1 applies in respect of amounts received after 31 October 2000.

**33.** (1) Section 336.1 of the said Act is amended by adding, after the second paragraph, the following paragraph:

“For the purposes of the first paragraph, a reference in the order or agreement to subsection 2 of sections 56.1 and 60.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is deemed, unless the order or agreement provides that such a reference is without effect for the purposes of this Act, to include a reference to this section and to section 313.0.1.”

(2) Subsection 1 applies in respect of orders made by a competent tribunal after 29 June 2000 or written agreements entered into after that date.

**34.** (1) Section 348 of the said Act, replaced by section 61 of chapter 53 of the statutes of 2001, is amended by replacing subparagraph *ii* of paragraph *c* by the following:

“*ii.* where the eligible relocation occurs to enable the individual to be a student in full-time attendance enrolled in a program at a post-secondary level at a location of a university, college or other educational institution, the aggregate of all amounts included in computing the individual’s income for the year under paragraph *h* of section 312; and”.

(2) Subsection 1 applies from the taxation year 2001.

**35.** Section 359.1 of the said Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“359.1.** In this chapter, “flow-through share” means a share, other than a prescribed share, of the capital stock of a development corporation that is issued to a person and acquired by the person before 1 January 2004, pursuant to an agreement in writing entered into between the person and the development corporation after 28 February 1986, under which the corporation agrees, for consideration that does not include property to be exchanged or transferred by the person under the agreement in circumstances in which Division XIII of Chapter IV of Title IV or any of Chapters IV, V and VI of Title IX applies,”.

**36.** (1) Section 444 of the said Act is amended

(1) by replacing, in subparagraph *i* of subparagraph *b* of the second paragraph, the words “the third paragraph” by the words “the fourth paragraph”;

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

“Sections 520.3 and 522.1 to 522.5 apply, with the necessary modifications, in respect of the disposition of the property and the conditions described in subparagraph *i* of subparagraph *b* of the second paragraph in relation to the individual and the child for the year in which the individual died.”;

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

“However, subparagraph *i* of subparagraph *b* of the second paragraph does not apply in respect of the property unless all or substantially all of the difference between the amount that would, but for that subparagraph *i*, be referred to in respect of the property in subparagraph *ii* of that subparagraph *b* and the amount designated in its respect in that subparagraph *i*, is justified by a difference between the cost amount of the property to the individual, immediately before the individual’s death, for the purposes of Part I of the Income Tax Act and the cost amount, at that time, for the purposes of this Part, or by another reason considered by the Minister to be acceptable in the circumstances.”;

(4) by replacing, in the fifth paragraph, the words “the fourth paragraph” by the words “the fifth paragraph”;

(5) by replacing, in the seventh paragraph, the words “the fifth paragraph” and “the sixth paragraph” by the words “the sixth paragraph” and “the seventh paragraph”, respectively;

(6) by replacing, in the eighth paragraph, the words “the fourth paragraph” and “the sixth paragraph” by the words “the fifth paragraph” and “the seventh paragraph”, respectively.

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000. However, paragraph 3 of that subsection 1 does not apply in respect of dispositions made on or before 10 April 2002 and in respect of which subparagraph *i* of subparagraph *b* of the second paragraph of section 444 of the said Act applies otherwise than because of the third paragraph of that section 444, enacted by paragraph 2 of subsection 1.

**37.** (1) Section 450 of the said Act is amended

(1) by replacing, in subparagraph *i* of subparagraph *b* of the second paragraph, the words “the third paragraph” by the words “the fourth paragraph”;

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



“Sections 520.3 and 522.1 to 522.5 apply, with the necessary modifications, in respect of the disposition of the property and the conditions described in subparagraph *i* of subparagraph *b* of the second paragraph in relation to the trust and the child for the year in which the spouse died.”;

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

“However, subparagraph *i* of subparagraph *b* of the second paragraph does not apply in respect of the property unless all or substantially all of the difference between the amount that would, but for that subparagraph *i*, be referred to in respect of the property in subparagraph *ii* of that subparagraph *b* and the amount designated in its respect in that subparagraph *i*, is justified by a difference between the cost amount of the property to the trust, immediately before the spouse’s death, for the purposes of Part I of the Income Tax Act and the cost amount, at that time, for the purposes of this Part, or by another reason considered by the Minister to be acceptable in the circumstances.”;

(4) by replacing, in the fifth paragraph, the words “the fourth paragraph” by the words “the fifth paragraph”;

(5) by replacing, in the seventh paragraph, the words “the fifth paragraph” and “the sixth paragraph” by the words “the sixth paragraph” and “the seventh paragraph”, respectively;

(6) by replacing, in the eighth paragraph, the words “the fourth paragraph” and “the sixth paragraph” by the words “the fifth paragraph” and “the seventh paragraph”, respectively.

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000. However, paragraph 3 of that subsection 1 does not apply in respect of dispositions made on or before 10 April 2002 and in respect of which subparagraph *i* of subparagraph *b* of the second paragraph of section 450 of the said Act applies otherwise than because of the third paragraph of that section 450, enacted by paragraph 2 of subsection 1.

**38.** (1) Section 489 of the said Act is amended by inserting, after paragraph *c.1*, the following paragraphs :

“(c.2) an amount received by an individual in accordance with the rates or the scale of rates of compensation determined according to the terms and conditions provided for in the Act respecting health services and social services (chapter S-4.2) or an Order in Council made under the Act respecting health services and social services for Cree Native persons (chapter S-5), where

*i.* the individual is recognized as an intermediate resource or family-type resource, within the meaning of the Act respecting health services and social services, by a regional board established under section 339 of that Act, or acts as a foster family, within the meaning of subparagraph *o* of the first paragraph of section 1 of the Act respecting health services and social services for Cree Native persons, and

ii. throughout the period in respect of which the amount is received, the individual takes in at the individual's principal place of residence a maximum of nine persons referred to the individual by a public institution described in section 98 of the Act respecting health services and social services or entrusted to the individual through a social service centre within the meaning of subparagraph *j* of the first paragraph of section 1 of the Act respecting health services and social services for Cree Native persons, or the individual maintains the individual's principal place of residence to be used as the residence of such persons; and

“(c.3) an amount received by an individual under a service contract entered into with the Minister of Public Security to establish a foster home and to facilitate the social rehabilitation of the persons required to live there, where

i. the foster home is maintained in the individual's principal place of residence, and

ii. throughout the period in respect of which the individual receives the amount, a maximum of nine persons are required to live in the foster home;”.

(2) Subsection 1 applies from the taxation year 2001.

**39.** (1) The said Act is amended by inserting, after section 520.2, the following section:

“**520.3.** Where, by reason of section 522.1, section 522 applied in respect of the disposition of property and, from a particular time after the sending to the Minister of the prescribed form referred to in the first paragraph of section 522 in respect of the disposition, it is established that section 522 cannot apply in respect of the disposition because one of the conditions described in subparagraphs vii and viii of subparagraph *b* of the first paragraph of section 522.1 or in subparagraphs iv to vii of subparagraph *c* of that first paragraph has not been met, every taxpayer who is the transferor or the transferee of the property, a third party replacing the transferor or transferee of the property, or a member of the third party, shall, within six months after the particular time, send to the Minister, for every taxation year described in the second paragraph, an amended fiscal return in which the tax consequences of the second paragraph shall be taken into account.

The amended fiscal return shall be filed for every taxation year of the taxpayer that ended before the particular time and for which the taxpayer's fiscal return was filed under section 1000 and for which the tax consequences under this Part arise from the fact that section 522 does not apply in respect of the disposition.”

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000.

**40.** (1) Section 522 of the said Act is amended by replacing the fourth paragraph by the following :

“However, this section does not apply in respect of the disposition unless all or substantially all of the difference between the amount that would, but for this section, be determined in respect of the property under section 521.2 and the amount agreed on in its respect in the first paragraph, is justified by a difference between the cost amount of the property to the taxpayer, immediately before the disposition, for the purposes of Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and the cost amount, at that time, for the purposes of this Part, or by another reason considered by the Minister to be acceptable in the circumstances.”

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000, except for dispositions made on or before 10 April 2002 and in respect of which section 522 of the said Act applies otherwise than because of section 522.1 of the said Act.

**41.** (1) The said Act is amended by inserting, after section 522, the following sections :

“**522.1.** For the purposes of the first paragraph of section 522, the conditions described in the second paragraph of that section, where they would not be otherwise met, are deemed to be met where

(a) the following conditions are met :

i. the taxpayer is subject to tax under this Part for the taxpayer’s taxation year in which the disposition is made,

ii. the taxpayer has carried on a business for at least 24 months before the beginning of the taxpayer’s taxation year in which the disposition is made,

iii. the corporation has carried on a business for at least 24 months before the beginning of its taxation year in which the disposition is made, and

iv. the difference between the proportion of the business carried on in Québec by the taxpayer for each taxation year of the taxpayer described in the second paragraph and that is referred to in subparagraph *a* of that paragraph, or in subparagraph *b* or *c* of that paragraph in relation to a particular calendar year referred to in that paragraph, and the proportion of the business carried on in Québec by the corporation for each taxation year of the corporation referred to in the same subparagraph and, where applicable, in relation to the same particular calendar year, does not exceed 1/10 ;

(b) the following conditions are met :

i. subparagraph *a* does not apply,

ii. without restricting the generality of the other provisions of this subparagraph, the Minister permits the application of this subparagraph,

iii. the taxpayer is subject to tax under this Part for the taxpayer's taxation year in which the disposition is made,

iv. the taxpayer has carried on a business for at least 24 months before the beginning of the taxpayer's taxation year in which the disposition is made,

v. the corporation has carried on a business for at least 24 months before the beginning of its taxation year in which the disposition is made,

vi. the difference between the proportion of the business carried on in Québec by the taxpayer for each taxation year of the taxpayer described in the second paragraph and that is referred to in subparagraph *a* of that paragraph, or in subparagraph *b* or *c* of that paragraph in relation to a particular calendar year referred to in that paragraph, and the proportion of the business carried on in Québec by the corporation for each taxation year of the corporation referred to in the same subparagraph and, where applicable, in relation to the same particular calendar year, does not exceed 25/100,

vii. the property disposed of is not the subject, in the 18 months following the day of the disposition, of a voluntary disposition, except a voluntary disposition that does not constitute a disposition that results, directly or indirectly, in the avoidance of all or part of the income tax payable under this Act or a similar Act of a province other than Québec by the taxpayer or corporation, by a third party replacing the taxpayer or corporation or by any member of the third party, and

viii. except where the Minister authorizes reference not be made to this subparagraph,

(1) the taxpayer carries on a business at least until the end of the 18 months following the taxpayer's taxation year in which the disposition is made;

(2) the corporation carries on a business at least until the end of the 18 months following its taxation year in which the disposition is made, and

(3) the difference between the proportion of the business carried on in Québec by the taxpayer for each taxation year of the taxpayer described in the second paragraph and that is referred to in subparagraph *d* or *e* of that paragraph in relation to a particular calendar year referred to in that paragraph, and the proportion of the business carried on in Québec by the corporation for each taxation year of the corporation referred to in the same subparagraph in relation to the same particular calendar year, does not exceed 25/100; or

(c) the following conditions are met:

i. the taxpayer is subject to tax under this Part for the taxpayer's taxation year in which the disposition is made,

ii. the taxpayer or corporation is not a taxpayer or corporation, as the case may be, that has carried on a business for at least 24 months before the beginning of the taxation year of the taxpayer or corporation in which the disposition is made,

iii. the difference between the proportion of the business carried on in Québec by the taxpayer for each taxation year of the taxpayer described in the second paragraph and that is referred to in subparagraph *b* of that paragraph in relation to a particular calendar year referred to in that paragraph, and the proportion of the business carried on in Québec by the corporation for each taxation year of the corporation referred to in the same subparagraph in relation to the same particular calendar year, does not exceed 1/10 or, if the Minister so authorizes, 25/100,

iv. the property disposed of is not the subject, in the 18 months following the day of the disposition, of a voluntary disposition, except a voluntary disposition that does not constitute a disposition that results, directly or indirectly, in the avoidance of all or part of the income tax payable under this Act or a similar Act of a province other than Québec by the taxpayer or corporation, by a third party replacing the taxpayer or corporation or by any member of the third party,

v. the taxpayer carries on a business at least until the end of the 18 months following the taxpayer's taxation year in which the disposition is made ;

vi. the corporation carries on a business at least until the end of the 18 months following its taxation year in which the disposition is made, and

vii. the difference between the proportion of the business carried on in Québec by the taxpayer for each taxation year of the taxpayer described in the second paragraph and that is referred to in subparagraph *a* of that paragraph, or in subparagraph *d* or *e* of that paragraph in relation to a particular calendar year referred to in that paragraph, and the proportion of the business carried on in Québec by the corporation for each taxation year of the corporation referred to in the same subparagraph and, where applicable, in relation to the same particular calendar year, does not exceed 1/10.

The taxation years to which subparagraphs *a* to *c* of the first paragraph refer are

(*a*) the taxpayer's taxation year and the corporation's taxation year in which the disposition is made ;

(*b*) except to the extent provided in subparagraph *a*, and without restricting the generality of that subparagraph, any taxation year of the taxpayer and any taxation year of the corporation that ends in the same particular calendar year and that is,

i. in the case of a taxation year of the taxpayer, a taxation year ending in the 24 months preceding the taxpayer's taxation year referred to in subparagraph *a*, or the taxpayer's taxation year referred to in that subparagraph *a*, and

ii. in the case of a taxation year of the corporation, a taxation year ending in the 24 months preceding its taxation year referred to in subparagraph *a*, or its taxation year referred to in that subparagraph *a*;

(*c*) without restricting the generality of subparagraphs *a* and *b*, where a taxation year of a particular party to the disposition that ends in the 24 months preceding its taxation year referred to in subparagraph *a* ends in a particular calendar year, and no taxation year of the other party to the disposition that is either a taxation year ending in the 24 months preceding its taxation year referred to in subparagraph *a*, or its taxation year referred to in subparagraph *a*, ends in that particular calendar year, any taxation year of the particular party to the disposition and any taxation year of the other party to the disposition that is

i. in the case of a taxation year of the particular party to the disposition, a taxation year ending in both the particular calendar year and the 24 months preceding its taxation year referred to in subparagraph *a*, and

ii. in the case of a taxation year of the other party to the disposition, a taxation year that is either a taxation year ending in the 24 months preceding its taxation year referred to in subparagraph *a*, or its taxation year referred to in subparagraph *a*, that ends in whichever of the calendar years in which the taxation year of the other party to the disposition ends is closer to the particular calendar year;

(*d*) except to the extent provided in subparagraph *a*, and without restricting the generality of that subparagraph, any taxation year of the taxpayer and any taxation year of the corporation that ends in the same particular calendar year and that is

i. in the case of a taxation year of the taxpayer, a taxation year beginning in the 18 months following the taxpayer's taxation year referred to in subparagraph *a*, or the taxpayer's taxation year referred to in that subparagraph *a*, and

ii. in the case of a taxation year of the corporation, a taxation year beginning in the 18 months following its taxation year referred to in subparagraph *a*, or its taxation year referred to in that subparagraph *a*;

(*e*) without restricting the generality of subparagraphs *a* and *d*, where a taxation year of a particular party to the disposition that begins in the 18 months following its taxation year referred to in subparagraph *a* ends in a particular taxation year, and no taxation year of the other party to the disposition that is either a taxation year beginning in the 18 months following its taxation year referred to in subparagraph *a*, or its taxation year referred to in subparagraph *a*,

ends in that particular calendar year, any taxation year of the particular party to the disposition and any taxation year of the other party to the disposition that is

i. in the case of a taxation year of the particular party to the disposition, a taxation year that ends in the particular calendar year and that began in the 18 months following its taxation year referred to in subparagraph *a*, and

ii. in the case of a taxation year of the other party to the disposition, a taxation year that is either a taxation year beginning in the 18 months following its taxation year referred to in subparagraph *a*, or its taxation year referred to in subparagraph *a*, that ends in whichever of the calendar years in which the taxation year of the other party to the disposition ends is closer to the particular calendar year.

However, notwithstanding compliance with all the conditions required for the application of this section in respect of the disposition, this section does not apply if the Minister is of the opinion that its application may, directly or indirectly, in any manner whatever, result in the avoidance of all or part of the income tax otherwise payable under this Act or a similar Act of a province other than Québec by the taxpayer or corporation or by any other person.

**“522.2.** For the purposes of section 522.1, and subject to section 522.3, the proportion of the business carried on in Québec by a person for a taxation year or by a partnership for a fiscal period, is equal to

(*a*) in the case of an individual to whom section 22 applies who at no time in the year carried on a business outside Québec in Canada, 1 ;

(*b*) in the case of an individual to whom the second paragraph of section 22 or 25 applies, the proportion applicable in respect of the individual for the year pursuant to the second paragraph of that section ;

(*c*) in the case of an individual, other than an individual to whom paragraph *a* or *b* applies, who carried on a business in Québec at any time in the year, the proportion that would be applicable in respect of the individual for the year pursuant to the second paragraph of section 25 if the individual were an individual to whom that paragraph applied ;

(*d*) in the case of any other individual, zero ;

(*e*) in the case of a corporation to which section 22 applies that at no time in the year had an establishment outside Québec, 1 ;

(*f*) in the case of a corporation to which the second paragraph of section 27 applies, the proportion applicable in its respect for the year pursuant to that paragraph ;

(*g*) in the case of any other corporation, zero ; and

(h) in the case of a partnership, the proportion that would apply in its respect under paragraph *e, f* or *g*, as the case may be, for the fiscal period if it were a corporation and its fiscal period were a taxation year.

**“522.3.** For the purposes of section 522.1, where a particular person or partnership is a third party replaced by the taxpayer or by the corporation, as the case may be, in this section referred to as the “replacing party”, the following rules apply :

(a) the replacing party is deemed, if the particular person or partnership carried on a business at a particular time, to have carried on the business at that time ;

(b) each taxation year or fiscal period, as the case may be, of the particular person or partnership that ended in the 24 months preceding the taxation year of the replacing party in which the disposition is made, is deemed to be a separate taxation year of the replacing party that covers the same period as that covered by the taxation year or fiscal period, as the case may be, of the particular person or partnership ;

(c) notwithstanding section 522.2, the proportion of the business carried on in Québec by the replacing party for a particular taxation year of the replacing party that covers, in whole or in part, the period covered by a taxation year or a fiscal period of a third party it replaces, or for a separate taxation year referred to in subparagraph *b* of the replacing party, is deemed to be equal to

i. in the case of such a particular taxation year of the replacing party that is its taxation year in which the disposition is made, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec or in Québec and elsewhere by the replacing party that would be determined for that particular taxation year if,

(1) the proportion were determined in accordance with the rules set out in Chapters II to IV of Title XX of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) with any necessary modifications,

(2) each of the amounts or other elements that were, or should have been, taken into account in computing, in accordance with the rules referred to in subparagraph 1, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec or in Québec and elsewhere by any third party replaced by the replacing party, for any taxation year or any fiscal period of the third party whose period covered is also covered in whole or in part by the taxation year of the replacing party in which the disposition is made, were also taken into account in computing the proportion, even though the amount or element is not attributable to a period covered by that particular taxation year, and

(3) in respect of each of the amounts or other elements referred to in subparagraph 2 that are attributable to a particular third party replaced by the



replacing party, for a particular taxation year or a particular fiscal period of the third party, the replacing party were the same entity as the third party,

ii. in the case of such a particular taxation year of the replacing party that is prior to the taxation year referred to in subparagraph i and that ended in a particular calendar year, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec or in Québec and elsewhere by the replacing party that would be determined for the particular taxation year if,

(1) the proportion were determined in accordance with the rules set out in Chapters II to IV of Title XX of the Regulation respecting the Taxation Act, with any necessary modifications,

(2) each of the amounts or other elements that were, or should have been, taken into account in computing, in accordance with the rules referred to in subparagraph 1, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec or in Québec and elsewhere by any third party replaced by the replacing party, for any taxation year or any fiscal period of the third party that ended in the particular calendar year, were also taken into account in computing the proportion, even though the amount or element is not attributable to a period covered by that particular taxation year, and

(3) in respect of each of the amounts or other elements referred to in subparagraph 2 that are attributable to a particular third party replaced by the replacing party, for a particular taxation year or a particular fiscal period of the third party, the replacing party were the same entity as the third party,

iii. in the case of such a separate taxation year of the replacing party that ended in a particular calendar year, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec or in Québec and elsewhere by the replacing party that would be determined for the separate taxation year if,

(1) the proportion were determined in accordance with the rules set out in Chapters II to IV of Title XX of the Regulation respecting the Taxation Act, with any necessary modifications,

(2) each of the amounts or other elements that were, or should have been, taken into account in computing, in accordance with the rules referred to in subparagraph 1, the proportion that the business carried on in Québec is of the aggregate of the business carried on in Québec or in Québec and elsewhere by the replacing party, for any such particular taxation year of the replacing party, other than the particular taxation year referred to in subparagraph i, that ended in the particular calendar year, or by any third party replaced by the replacing party, for any taxation year or any fiscal period of the third party that ended in the particular calendar year, were taken into account in computing the proportion, even though the amount or element is not attributable to a period covered by the separate taxation year, and

(3) in respect of each of the amounts or other elements referred to in subparagraph 2 that are attributable to a particular third party replaced by the replacing party, for a particular taxation year or a particular fiscal period of the third party, the replacing party were the same entity as the third party, or

iv. where the Minister is of the opinion that the method provided for in subparagraph i, ii or iii, as the case may be, in respect of the particular taxation year or the separate taxation year of the replacing party is not appropriate in the circumstances, the proportion of the business carried on in Québec by the replacing party for the particular taxation year or the separate taxation year determined according to such other method as the Minister considers appropriate in the circumstances.

For the purposes of section 522.1, where a particular person or partnership is a third party replacing the taxpayer or corporation, as the case may be, in this section referred to as the “replaced party”, the following rules apply :

(a) the replaced party is deemed, if the particular person or partnership carries on a business at a particular time, to carry on the business at that time ; and

(b) each taxation year or fiscal period, as the case may be, of the particular person or partnership that began in the 18 months following the taxation year of the replaced party in which the disposition is made, is deemed to be a separate taxation year of the replaced party that covers the same period as that covered by the taxation year or fiscal period, as the case may be, of the particular person or partnership ;

(c) for each separate taxation year referred to in subparagraph *b* of the replaced party, the replaced party is deemed to have a proportion of business carried on in Québec equal to the proportion, determined under section 522.2, of the business carried on in Québec by the particular person or partnership for the person’s taxation year or the partnership’s fiscal period, as the case may be, corresponding to that separate taxation year.

For the purposes of subparagraph *c* of the first paragraph, the replacing party shall apply to the Minister to determine any proportion of the business carried on in Québec by it, and shall transmit to the Minister, where the Minister so requires, any document the Minister considers relevant.

Where any requirement set out in the third paragraph is not complied with, section 522.1 does not apply in respect of the disposition.

**“522.4.** Where there is a disposition of property as part of a series of transactions or events and the property is the subject of more than one disposition as part of the series of transactions or events, the conditions described in section 522.1 in relation to the carrying on of a business or the proportion of the business carried on in Québec, and section 522.3, except for the purposes of the third and fourth paragraphs of section 522.3, shall be interpreted as if

(a) a reference therein to the taxpayer were a reference to the transferor of the property at the time of the first such disposition, in paragraph *b* referred to as the “first transferor of the property”;

(b) a reference therein to the taxation year of the taxpayer in which the disposition is made were a reference to the taxation year or the fiscal period, as the case may be, of the first transferor of the property in which the disposition referred to in paragraph *a* was made;

(c) a reference therein to the corporation were a reference to the transferee of the property at the time of the last such disposition, in paragraph *d* referred to as the “last transferee of the property”; and

(d) a reference therein to the taxation year of the corporation in which the disposition is made were a reference to the taxation year or fiscal period, as the case may be, of the last transferee of the property in which the disposition referred to in paragraph *c* was made.

**“522.5.** In this section and in sections 520.3, 522.1 and 522.3,

(a) a third party replaced by a particular person or partnership means a person or partnership, other than the taxpayer or corporation, who or that is

i. a corporation whose existence is continued by the particular person by reason of its winding-up or its amalgamation with one or more other corporations to form the particular person,

ii. a partnership all or substantially all the activities of which continue, from a particular time and as part of a reorganization that includes the dissolution of the partnership, to be carried on by the particular partnership, where all the members of the partnership immediately before it ceases to carry on the activities, except a member dissolved in the reorganization, are members of the particular partnership at the particular time,

iii. a person or partnership who or that is a third party replaced by a corporation referred to in subparagraph i, by a partnership referred to in subparagraph ii or by a person or partnership referred to in this subparagraph, or

iv. where the particular person or partnership applies therefor to the Minister, any other person or partnership who or that the Minister sees reasonable to consider, in the circumstances, as a third party replaced by the particular person or partnership; and

(b) a third party replacing a particular person or partnership means a person or partnership, other than the taxpayer or corporation, who or that is

i. a corporation that continues the existence of the particular person by reason of the winding-up of the particular person or because the particular person results from its amalgamation with one or more other corporations,

ii. a partnership that continues, from a particular time and as part of a reorganization that includes the dissolution of the particular partnership, to carry on all or substantially all the activities of the particular partnership, where all the members of the particular partnership immediately before it ceases to carry on the activities, except a member dissolved in the reorganization, are members of the partnership at the particular time,

iii. a person or partnership who or that is a third party replacing a corporation referred to in subparagraph i, a partnership referred to in subparagraph ii or a person or a partnership referred to in this subparagraph, or

iv. where the third party applies therefor to the Minister, any other person or partnership who or that the Minister sees reasonable to consider, in the circumstances, as a third party replacing the particular person or partnership.”

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000.

**42.** (1) Section 529 of the said Act is amended by replacing the second paragraph by the following:

“In addition, for the purposes of the third paragraph of section 520.1 and sections 520.3 and 522.1 in respect of the disposition, the following rules apply :

(a) in the case of the third paragraph of section 520.1, subparagraph *a* of that paragraph shall be read as if the reference in the portion before subparagraph i to “the taxation year which, of the taxation years of those persons, ends the latest”, were a reference to “that taxation year of the corporation or the fiscal period of the partnership in which the disposition was made, whichever year or period in the latter case ends later”;

(b) in the case of section 520.3, the first paragraph of that section shall be read as if the reference to “who is the transferor” were a reference to “who is a member of the transferor”; and

(c) in the case of section 522.1,

i. subparagraphs i of subparagraph *a*, iii of subparagraph *b* and i of subparagraph *c*, of the first paragraph of that section shall be read as if the references to “the taxpayer” and “the disposition is made” were references to “at least one of the members of the taxpayer at the end of the taxpayer’s fiscal period in which the disposition is made” and “that fiscal period ends”, respectively, and

ii. subparagraphs vii of subparagraph *b* and iv of subparagraph *c*, of the first paragraph of that section, and the third paragraph of that section, shall be read as if the reference to “by the taxpayer or” were a reference to “by any member of the taxpayer or the”.”

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000.

**43.** (1) Section 614 of the said Act is amended, in the second paragraph,

(1) by replacing, in the portion of subparagraph *a* before subparagraph i, “and 521.2 to 526” by “, 521.2, 522 and 523 to 526”;

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

“(a.1) sections 520.3 and 522.1 to 522.5 apply in respect of the disposition,

i. by replacing, in the first paragraph of section 520.3, “the transferee of the property, or a third party” by “a member of the transferee of the property, or a third party”;

ii. by replacing, in subparagraphs vii of subparagraph *b*, and iv of subparagraph *c*, of the first paragraph of section 522.1, “corporation, by a third party replacing the taxpayer or corporation” by “any of the members of the partnership, by a third party replacing the taxpayer or partnership”;

iii. by replacing, in the third paragraph of section 522.1, the words “or corporation” by the words “or any of the members of the partnership”;

iv. by interpreting, in sections 522.1 and 522.3 to 522.5, any other reference therein to the transferor corporation of the property and any reference therein to a taxation year of that corporation, as references to the partnership and the partnership’s fiscal period, respectively;”.

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000.

**44.** (1) Section 693 of the said Act, amended by section 10 of chapter 9 of the statutes of 2002, is again amended, in the second paragraph,

(1) by inserting, after “694.0.2,”, “694.0.3,”;

(2) by inserting, after “737.18.17,”, “737.18.26,”;

(3) by inserting, after “737.22.0.3,”, “737.22.0.7,”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2001.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 29 March 2001.

(4) Paragraph 3 of subsection 1 applies from the taxation year 2000.

**45.** (1) The said Act is amended by inserting, after section 694.0.2, the following section :

**“694.0.3.** A taxpayer shall, in computing the taxpayer’s taxable income for a taxation year subsequent to the taxation year 2000, include any amount deducted by the taxpayer in computing income for the year under paragraph *g* of section 336 as reimbursement of a scholarship, fellowship or bursary, or a prize for achievement in a field of endeavour ordinarily carried on by the taxpayer, to the extent that the amount of the scholarship, fellowship, bursary or prize has been deducted in computing the taxpayer’s taxable income for the year or a preceding taxation year under paragraph *c.0.1* of section 725.”

(2) Subsection 1 applies from the taxation year 2001.

**46.** (1) Section 725 of the said Act, amended by section 94 of chapter 53 of the statutes of 2001, is again amended

(1) by inserting, after paragraph *c*, the following paragraph :

“(c.0.1) an amount received as a scholarship, fellowship or bursary, or a prize for achievement in a field of endeavour ordinarily carried on by the individual, that is included under paragraph *g* of section 312;”;

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

“(c.1) an amount received by the individual from the Minister of Education as a postdoctoral research fellowship under the Fellowship for Excellence Program, that is awarded according to the standards provided in Schedule V to decision 191649 of the Conseil du trésor dated 31 March 1998, and included as such under paragraph *h* of section 312;”.

(2) Subsection 1 applies from the taxation year 2001.

**47.** Section 725.1.2 of the said Act is amended by replacing subparagraph *c* of the second paragraph by the following :

“(c) an amount that is a support amount as defined in the first paragraph of section 312.3 or an amount referred to in section 312.5 in respect of an amount deducted for a taxation year preceding the taxation year 1998;”.

**48.** (1) Section 725.6 of the said Act is amended by replacing, in the portion before paragraph *a*, “737.22.0.4, 737.22.0.0.4 and 737.22.0.0.8” by “737.22.0.0.4, 737.22.0.0.8, 737.22.0.4 and 737.22.0.8”.

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

**49.** Section 726.4.10 of the said Act is amended by replacing, in the portion of subparagraph *i* of paragraph *a* before subparagraph 1, “31 December 2000” by “31 December 2003”.

**50.** Section 726.4.12 of the said Act is amended by replacing “31 December 2000” by “31 December 2003”, in the following provisions :

— paragraph *b*;

— subparagraph *i* of paragraph *d*.

**51.** Section 726.4.17.2 of the said Act is amended by replacing, in the portion of paragraph *a* before subparagraph *i*, “31 December 2000” by “31 December 2003”.

**52.** Section 726.4.17.4 of the said Act is amended by replacing “31 December 2000” by “31 December 2003”, in the following provisions:

— paragraph *b*;

— subparagraph *i* of paragraph *d*.

**53.** (1) Section 726.4.17.18 of the said Act is amended by replacing paragraphs *a* to *c* of the definition of “northern exploration zone” by the following:

“(a) the territory between 50°30’ north latitude and 55°00’ north latitude and bounded on the east by the Grenville Front;

“(b) the portion of the territory of the Lower North Shore situated between 59°00’ west longitude and 66°00’ west longitude; and

“(c) the territory situated north of 55°00’ north latitude;”.

(2) Subsection 1 applies in respect of exploration expenses incurred after 31 December 2000.

**54.** Section 726.4.17.20 of the said Act is amended by replacing the portion of paragraph *a* before subparagraph *i* by the following:

“(a) the aggregate of the expenses, except those described in section 726.4.17.22, incurred by the corporation in a northern exploration zone after 31 March 1998 and before that time, but not later than 31 December 2003, and that are”.

**55.** Section 726.20.1 of the said Act is amended by replacing, in paragraph *a* of the definition of “resource property”, “31 December 2000” by “31 December 2003”.

**56.** (1) Section 726.22 of the said Act is amended by replacing, in the portion before subparagraph *a* of the first paragraph, “737.22.0.0.8 and 737.22.0.4” by “737.22.0.0.8, 737.22.0.4 and 737.22.0.8”.

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

**57.** (1) The said Act is amended by inserting, after section 733.0.5, enacted by section 12 of chapter 9 of the statutes of 2002, the following section :

**“733.0.6.** 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 is, for that year, a qualified corporation within the meaning of the first paragraph of section 737.18.18, the following rules apply :

(a) the product obtained by multiplying the amount that is the income or portion of the income, as the case may be, of the corporation for the year, determined under subparagraph *a* of the second paragraph of section 737.18.26, by the proportion determined in the second paragraph is deemed to be nil ; and

(b) the product obtained by multiplying the amount that is the loss or the portion of the loss, as the case may be, of the corporation for the year, determined under subparagraph *b* of the second paragraph of section 737.18.26, up to the amount that would, but for subparagraph *a*, be the income or portion of the income, as the case may be, of the corporation for the year, determined under subparagraph *a* of the second paragraph of section 737.18.26, by the proportion determined in the second paragraph is deemed to be nil.

The proportion to which the first paragraph refers is determined by the formula

$$1 - [(A - \$20,000,000) / \$10,000,000].$$

In the formula provided for in the second paragraph, A is the greater of \$20,000,000 and the paid-up capital attributed to the corporation for the year, determined in accordance with section 737.18.24.”

(2) Subsection 1 applies to taxation years that end after 29 March 2001.

**58.** (1) The said Act is amended by inserting, after section 737.18, the following section :

**“737.18.0.1.** For the purpose of computing the taxable income of an individual contemplated in section 737.16.1, for a taxation year, the following rules apply :

(a) for the purpose of computing the deduction under section 725.2, the amount of the benefit that the individual is deemed to receive in the year, under any of sections 49 and 50 to 52.1, in respect of a security, or the transfer or any other disposition of the rights under the agreement referred to in section 48, and included by the individual in computing the individual’s income for the year, does not include the part of such an amount included in the amount determined in respect of the individual for the year under section 71 of the Act respecting international financial centres (chapter C-8.3);



(b) for the purpose of computing the deduction under section 725.3, the amount of the benefit that the individual is deemed to receive under section 49, by virtue of section 49.2, in respect of a share acquired by the individual after 22 May 1985 and that was included by the individual in computing the individual's income for the year, does not include the part of such an amount included in the amount determined in respect of the individual for the year under section 71 of the Act respecting international financial centres.”

(2) Subsection 1 applies from the taxation year 1998. However, where paragraphs *a* and *b* of section 737.18.0.1 of the said Act apply to a taxation year preceding the taxation year 2000, they shall be read with “71 of the Act respecting international financial centres (chapter C-8.3)” and “71 of the Act respecting international financial centres” replaced by “737.16.1”.

**59.** (1) The said Act is amended by inserting, after section 737.18.10, the following section :

**“737.18.10.1.** Where, at a particular time included in the exemption period established in respect of an individual who was a foreign specialist for the taxation year that includes the particular time, the individual acquired a right to a security under an agreement referred to in section 48 and, at a later time after the expiration of the exemption period, the individual is deemed to receive a benefit in a particular taxation year by reason of the application of any of sections 49 and 50 to 52.1 in respect of the security, or the transfer or any other disposition of the rights under the agreement, the following rules apply :

(a) the individual is deemed to be a foreign specialist for the particular taxation year ;

(b) for the purposes of the first paragraph of section 737.18.10 and paragraphs *a* and *b* of section 737.18.13, the amount of the benefit included by the individual in computing the individual's income for the particular taxation year in respect of the security, or the transfer or any other disposition of the rights under the agreement, is deemed to be included in the part, referred to in that first paragraph, of the individual's income for the particular taxation year ; and

(c) the third paragraph of section 737.18.10 shall be read with the words “a copy of the valid certificate issued in respect of the individual for the year” replaced by “a copy of the certificate issued in respect of the individual, for the taxation year that includes the particular time referred to in the portion of section 737.18.10.1 before paragraph *a*”.”

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

**60.** (1) The said Act is amended by inserting, after section 737.18.17, enacted by section 13 of chapter 9 of the statutes of 2002, the following :

**“TITLE VII.2.4**

**“DEDUCTION IN RESPECT OF MANUFACTURING OR PROCESSING BUSINESSES IN THE RESOURCE REGIONS**

**“CHAPTER I**

**“INTERPRETATION AND GENERAL**

**“737.18.18.** In this Title,

“associated group” in a taxation year has the meaning assigned by section 737.18.20;

“eligible activity” of a corporation for a taxation year means a manufacturing or processing activity, other than an excluded activity, and includes the following activities where they are incidental to the manufacturing or processing activity :

- (a) engineering design of products and production facilities ;
- (b) receiving and storing of raw materials ;
- (c) producing, assembling and handling of goods in process ;
- (d) inspecting and packaging of finished goods ;
- (e) line supervision ;
- (f) production support activities including security, cleaning, heating and factory maintenance ;
- (g) quality and production control ;
- (h) repair of production facilities ;
- (i) pollution control ; and
- (j) the installation of a property by the corporation, where the property is the result of the manufacturing or processing activity carried out by the corporation or a corporation to which it is associated ;

“eligible cost” of a qualified property to a corporation for a taxation year means

- (a) where the property is referred to in paragraph *a* of the definition of “qualified property”, 10% of the capital cost of the property to the corporation ;
- or

(b) where the property is referred to in paragraph *b* of the definition of “qualified property”, the rental expenses incurred by the corporation in the year in respect of the property ;

“eligible employee” of a corporation for a pay period within a taxation year means an employee of the corporation who, during that period, reports for work at an establishment of the corporation situated in an eligible region ;

“eligible region” means

(a) one of the following administrative regions :

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

(b) one of the following regional county municipalities :

- i. Municipalité régionale de comté d’Antoine-Labelle,
- ii. Municipalité régionale de comté du Haut-Saint-Maurice,
- iii. Municipalité régionale de comté de La Vallée-de-la-Gatineau,
- iv. Municipalité régionale de comté de Mékinac, or
- v. Municipalité régionale de comté de Pontiac ;

“excluded activity” for a taxation year means

(a) farming, fishing or forestry ;

(b) construction ;

(c) operating an oil or gas well or extracting petroleum or natural gas from a natural accumulation of petroleum or natural gas ;

(d) extracting minerals from a mineral resource ;

(e) processing

i. ore, other than iron ore or tar sands ore, from a mineral resource to any stage that is not beyond the prime metal stage or its equivalent,

ii. iron ore from a mineral resource to any stage that is not beyond the pellet stage or its equivalent,

iii. tar sands ore from a mineral resource to any stage that is not beyond the crude oil stage or its equivalent,

iv. producing industrial minerals, other than sulfur obtained by processing natural gas,

v. processing natural gas by a public utility as part of the business of selling or distributing gas, or

vi. processing, in Canada, heavy crude oil recovered from a natural reservoir in Canada to a stage that is not beyond the crude oil stage or its equivalent ;

(f) storing, shipping, selling and leasing of finished goods ;

(g) purchasing of raw materials ;

(h) administration, including clerical and personnel activities ;

(i) purchase and resale operations ;

(j) data processing ; or

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

“excluded corporation” for a taxation year means a corporation

(a) that is exempt from tax under Book VIII ; or

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

“exemption period” applicable to a qualified corporation means the period that begins on 30 March 2001 and that ends on 31 December 2010 ;

“qualified corporation” for a taxation year means, subject to sections 737.18.22 and 737.18.23, a corporation, other than an excluded corporation,

(a) all or substantially all the total payroll of which for the year is attributable to employees of the corporation in respect of pay periods within the year for which the employees qualify as eligible employees of the corporation ;

(b) the activities of which consist mainly in carrying on a manufacturing or processing business ; and

(c) the paid-up capital attributed to the corporation for the year, determined in accordance with section 737.18.24, is less than \$30,000,000;

“qualified property” of a corporation for a taxation year means

(a) depreciable property owned by the corporation at the end of the year and used by the corporation at any time in the year; or

(b) property leased by the corporation in the year and that would be property referred to in paragraph *a* if it were owned by the corporation at the end of the year;

“qualified salary or wages” of a corporation for a taxation year, in respect of an employee of the corporation for the year, means the lesser of

(a) the amount obtained by multiplying \$125,000 by the proportion that the number of days in the taxation year during which the employee is employed by the corporation is of 365; and

(b) the salary or wages incurred by the corporation in the taxation year in respect of the employee;

“qualified total payroll” of a corporation for a taxation year means the aggregate of all amounts each of which is the qualified salary or wages incurred by the corporation in the year in respect of an employee of the corporation for the year;

“total payroll” of a corporation for a taxation year means the aggregate of all amounts each of which is the salary or wages incurred by the corporation in the year in respect of an employee of the corporation for the year.

For the purposes of the definition of “eligible activity” in the first paragraph, where the activities of a corporation for a taxation year consist mainly in activities relating to the provision of services, those activities are not considered to be eligible activities of the corporation for that taxation year; for that purpose, an activity relating to the provision of services means an activity relating to wholesale or retail trade, lodging or restaurant services, including any preparation of meals or beverages ordered by customers for immediate consumption on the premises or outside the establishment where the meals or beverages are prepared.

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

(a) where, during a pay period within a taxation year, an employee reports for work at an establishment of a corporation situated in an eligible region and at an establishment of the corporation situated outside that region, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the eligible region, and

ii. to report for work only at the establishment situated outside the eligible region if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside the eligible region; and

(b) where, during a pay period within a taxation year, an employee is not required to report for work at an establishment of a corporation and the employee's salary or wages are paid from such an establishment situated in an eligible region, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in the eligible region.

**“737.18.19.** For the purposes of paragraph *b* of the definition of “qualified corporation” in the first paragraph of section 737.18.18, the activities of a corporation for a taxation year consist mainly in carrying on a manufacturing or processing business where the proportion represented by either of the following formulas is greater than 50% :

(a)  $A / B$  ;

(b)  $C / D$ .

In the formulas provided for in the first paragraph,

(a) A is the aggregate of all amounts each of which is the proportion of the qualified salary or wages of the corporation for the year, in respect of an employee of the corporation for the year whose duties relate to an eligible activity of the corporation for the year, that the working time spent by the employee on eligible activities of the corporation for the year is of the aggregate of the employee's working time for the year as an employee of the corporation ;

(b) B is the qualified total payroll of the corporation for the year ;

(c) C is the aggregate of all amounts each of which is the proportion of the eligible cost of a qualified property to the corporation for the year that is used directly to carry on an eligible activity of the corporation in the year, that the direct use of the qualified property to carry on an eligible activity of the corporation for the year is of the use of the qualified property to carry on the aggregate of the activities of the corporation for the year ; and

(d) D is the aggregate of all amounts each of which is the eligible cost of a qualified property to the corporation for the year.

For the purposes of subparagraph *a* of the second paragraph, an employee who spends 90% or more of working time on an eligible activity of the corporation is deemed to spend all working time thereon.

**“737.18.20.** An associated group, in a taxation year, means all the corporations that are associated with each other at any time in the year.

For the purposes of the first paragraph, the following rules apply :

(a) a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at that time by the individual ;

(b) a partnership is deemed to be a corporation all 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 its fiscal period that includes 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) a trust is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries, in this paragraph referred to as the “distribution date”, and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) 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 the beneficiaries,

ii. where a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, 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 the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, except where subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at that time by the person referred to therein from whom property of the trust or property for which it was substituted was directly or indirectly received.

**“737.18.21.** For the purposes of this chapter, the following rules apply :

(a) an amount incurred in a taxation year under an agreement by a corporation, in respect of a person, for services that would normally be rendered by an employee of the corporation is deemed to be a salary or wages incurred in that year for the services in respect of such an employee who reports for work at the establishment of the corporation to which such services are reasonably attributable and to the extent that they are so attributable, except where a commission is paid to a person who is not an employee of the corporation ; and

(b) where an employee renders a service to or on behalf of a corporation that is not the employer of the employee, an amount that may reasonably be considered to be the salary or wages incurred in respect of the employee for the rendering of the service is deemed, for the taxation year during which the salary or wages are so incurred, to be a salary or wages incurred by the corporation for the service, in respect of an employee who reports for work at the establishment of the corporation to which such service is reasonably attributable, to the extent that it is so attributable, and the employee is deemed to be an employee of the corporation, where

i. the amount is not otherwise included in the aggregate of the salaries or wages incurred by the corporation that are determined for the purposes of this Title, and

ii. the service rendered by the employee is

(1) performed by the employee in the normal course of the employee’s duties for the employer,

(2) rendered to or on behalf of the corporation as part of the regular, ongoing activities of carrying on a business by the corporation, and

(3) of the same type as services rendered by employees of entities carrying on the same type of business as the business referred to in subparagraph 2.

**“737.18.22.** Where, for a taxation year, a corporation would, but for this section, be a qualified corporation and the corporation is a party to a transaction or operation or to a series of transactions or operations, one of the main purposes of which may reasonably be considered to enable the corporation to benefit from the deduction provided for in section 737.18.26 in computing its taxable income for that year, the deduction provided for in section 1138.2.3 in computing its paid-up capital for that year or the exemption from the contribution payable under the Act respecting the Régie de l’assurance maladie



du Québec (chapter R-5) provided for in the sixth paragraph of section 34 of that Act, or to increase the deductions or the exemption, the corporation is deemed not to be a qualified corporation.

**“737.18.23.** Where, for a taxation year, a corporation would, but for this section, be a qualified corporation and the paid-up capital of the corporation for the year, determined in accordance with the second paragraph, is equal to or greater than \$30,000,000, the corporation is deemed not to be a qualified corporation.

For the purposes of the first paragraph, the paid-up capital of a corporation for a taxation year is equal to

(a) where the corporation is not a member of an associated group in the year, its paid-up capital, determined in accordance with section 737.18.25 for the year; and

(b) where the corporation is a member of an associated group in the year, the aggregate of all amounts each of which is its paid-up capital, determined in accordance with section 737.18.25 for the year and the paid-up capital of each other member of the group, determined in accordance with that section 737.18.25, for its taxation year that ended in the year.

**“737.18.24.** The paid-up capital attributed to a corporation for a particular taxation year of the corporation is equal to

(a) where the corporation is not a member of an associated group in the particular year, its paid-up capital, determined in accordance with section 737.18.25, for the taxation year preceding the particular year; and

(b) where the corporation is a member of an associated group in the particular year, the aggregate of all amounts each of which is its paid-up capital, determined in accordance with section 737.18.25, for the taxation year preceding the particular year and the paid-up capital of each other member of the group, determined in accordance with that section 737.18.25, for its last taxation year that ended before the beginning of the particular year.

For the purposes of subparagraph *a* of the first paragraph, where the particular year is the first fiscal period of the corporation, its paid-up capital is determined, in accordance with section 737.18.25, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

For the purposes of subparagraph *b* of the first paragraph, where a member of the associated group, other than the corporation, has no taxation year ending before the beginning of the particular year, its paid-up capital is determined, in accordance with section 737.18.25, on the basis of its financial

statements prepared at the beginning of its first fiscal period in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

**“737.18.25.** For the purposes of this section and sections 737.18.23 and 737.18.24,

(a) the paid-up capital of a corporation for a taxation year is

i. in respect of a corporation, except a corporation that is an insurer within the meaning assigned by the Act respecting insurance (chapter A-32), its paid-up capital that would be determined for that year in accordance with Book III of Part IV, if no reference were made to paragraphs *b.1* and *b.2* of subsection 1 of section 1136, paragraphs *c* to *e* of section 1137, sections 1137.0.0.1, 1138.0.1, 1138.2.1 to 1138.2.3, paragraph *a* of section 1141.1.1, sections 1141.2.1.1, 1141.2.1.2, 1141.3 and 1141.8, and sections 1141.2 and 1141.2.4 to the extent that they refer to sections 57 and 58 of the Act respecting international financial centres (chapter C-8.3), and

ii. in respect of a corporation that is an insurer, within the meaning assigned by the Act respecting insurance, its paid-up capital that would be determined for that year in accordance with Title II of Book III of Part IV if it 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 paragraph *a* of section 1141.1.1, sections 1141.2.1.1, 1141.2.1.2, 1141.3 and 1141.8, and sections 1141.2 and 1141.2.4 to the extent that they refer to sections 57 and 58 of the Act respecting international financial centres ;

(b) a business carried on by an individual who is a member of an associated group in a taxation year is deemed to be carried on by a corporation referred to in subparagraph i of paragraph *a* and a partnership or a trust which is a member of an associated group in a taxation year is deemed to be a corporation referred to in subparagraph i of paragraph *a*, the paid-up capital of which is determined in accordance with Title I of Book III of Part IV and any participating interest of which in the nature of capital stock or surplus is deemed to be referred to in paragraph *a* or *b* of subsection 1 of section 1136; and

(c) the interest of a member of an associated group in a taxation year in another member of that group is deemed to be an investment in shares and bonds of another corporation.

## “CHAPTER II

### “DEDUCTION

“**737.18.26.** Subject to the third paragraph, a qualified corporation for a taxation year may deduct, in computing its taxable income for the year, an amount not exceeding the portion of its income for the year that may reasonably be considered as equal to the amount determined by the formula

$$(A - B) \times \{1 - [(C - \$20,000,000) / \$10,000,000]\}.$$

In the formula provided for in the first paragraph,

(a) A is the proportion of the income of the corporation for the year from a qualified business that the number of days in the year that are within the exemption period applicable to the corporation is of the number of days in the year;

(b) B is the proportion of the loss of the corporation for the year from a qualified business that the number of days in the year that are within the exemption period applicable to the corporation is of the number of days in the year; and

(c) C is the greater of \$20,000,000 and the paid-up capital attributed to the corporation for the year determined in accordance with section 737.18.24.

A qualified corporation may deduct an amount, under the first paragraph, in computing its taxable income for a taxation year only if

(a) it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000; and

(b) where it would be a qualified corporation, within the meaning of sections 771.5 to 771.7 if that section 771.5 were read without reference to paragraph *e* thereof, it elected irrevocably, in prescribed form, not to be considered as such a qualified corporation.”

(2) Subsection 1 applies to taxation years that end after 29 March 2001.

**61.** (1) Section 737.19 of the said Act is amended by replacing paragraph *e* 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 to undertake scientific research and experimental development in Québec and that may reasonably be considered to be attributable to the researcher’s research activity period;”.

(2) Subsection 1 is declaratory.

**62.** (1) Section 737.20 of the said Act is amended

(1) by replacing, in the French text of the first paragraph, the words “Aux fins” by the words “Pour l’application”;

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

“The same rule applies where a new employment contract is entered into with another eligible employer, 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.”

(2) Subsection 1 has effect from 1 January 2001.

**63.** (1) Section 737.22.0.0.6 of the said Act, amended by section 15 of chapter 9 of the statutes of 2002, is again amended by replacing the second paragraph by the following :

“The same rule applies where a new employment contract is entered into with another eligible employer, 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.”

(2) Subsection 1 has effect from 1 January 2001.

**64.** (1) Section 737.22.0.2 of the said Act is amended by replacing the second paragraph 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 corporations, 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 specialist” in section 737.22.0.1, in this section referred to as the “original employment contract” :

(*a*) a corporation referred to in paragraph *a* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *a* ;

(*b*) a corporation referred to in paragraph *b* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *b* ;

(*c*) a corporation referred to in paragraph *c* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *c* ;

(*d*) a corporation referred to in paragraph *d* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *d*;

(*e*) a corporation referred to in paragraph *e* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *e*; or

(*f*) a corporation referred to in paragraph *f* of the definition of “eligible employer” in section 737.22.0.1, where the eligible employer who entered into the original employment contract is a corporation referred to in that paragraph *f*.”

(2) Subsection 1 has effect from 1 January 2001.

**65.** (1) The said Act is amended by inserting, after section 737.22.0.4, the following :

**“TITLE VII.3.2**

**“DEDUCTION IN RESPECT OF FOREIGN PROFESSORS**

**“CHAPTER I**

**“DEFINITIONS**

**“737.22.0.5.** In this Title,

“eligible activity period” of a foreign professor means the period beginning on the day when, for the first time after 29 June 2000, the foreign professor takes up employment, as an employee, with an eligible employer and ending on the earlier of

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

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

“eligible employer” means a Québec university;

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

“foreign professor” means an individual who, at a particular time after 29 June 2000, takes up employment, as an employee, with an eligible employer pursuant to an employment contract entered into after 29 June 2000 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 science and engineering, finance, health or new information and communication technologies and holds a doctoral degree in such a field, 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 that consist exclusively or almost exclusively in acting as a professor in the field of science and engineering, finance, health or new information and communication technologies;

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

**“737.22.0.6.** For the purposes of this Title, any employment contract referred to in the definition of “foreign professor” in section 737.22.0.5 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, 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 professor” in section 737.22.0.5.

## “CHAPTER II

### “DEDUCTION

**“737.22.0.7.** A foreign professor may deduct, in computing the foreign professor’s taxable income for a taxation year, any amount not greater than the amount by which the foreign professor’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 professor in computing the foreign professor’s income for the year under Chapter III of Title II of Book III and which may reasonably be attributed to the foreign professor’s employment as a foreign professor during the eligible activity period.

### “CHAPTER III

#### “COMPUTATION OF TAXABLE INCOME

“**737.22.0.8.** For the purpose of computing the taxable income of a foreign professor referred to in section 737.22.0.7 for a taxation year, the following rules apply :

(a) where the foreign professor has included in computing the foreign professor’s income for the year an amount that is the benefit the foreign professor is deemed to receive in the year under any of sections 49 and 50 to 52.1, in respect of a security, or the transfer or any other disposition of the rights under the agreement referred to in section 48, and the amount of the benefit is included in the foreign professor’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 professor has included in computing the foreign professor’s income for the year an amount that is the benefit the foreign professor is deemed to receive under section 49, by virtue of section 49.2, in respect of a share acquired by the foreign professor after 22 May 1985 and the amount of the benefit is included in the foreign professor’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 professor has included in computing the foreign professor’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 professor’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 professor has included in computing the foreign professor’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 professor’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 737.22.0.5 ;” ;

“(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 737.22.0.5, 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 737.22.0.5.”;

(f) where the foreign professor has included in computing the foreign professor’s income for the year an amount received by the foreign professor 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 professor’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 professor has included in computing the foreign professor’s income for the year an amount received, or the value of a benefit received or enjoyed by the foreign professor 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 professor’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 737.22.0.5, and”;

“(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 737.22.0.5 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 2000.

**66.** (1) The said Act is amended by inserting, after section 737.28, the following section:

“**737.28.1.** For the purpose of computing the taxable income of an individual to whom section 737.28 applies, for a taxation year, the following rules apply:



(a) for the purpose of computing the deduction under section 725.2, the amount of the benefit that the individual is deemed to receive in the year, under any of sections 49 and 50 to 52.1, in respect of a security, or the transfer or any other disposition of the rights under the agreement referred to in section 48, and that was included by the individual in computing the individual's income for the year, does not include the part of such an amount included in the amount determined in respect of the individual for the year under section 737.28;

(b) for the purpose of computing the deduction under section 725.3, the amount of the benefit that the individual is deemed to receive under section 49, by virtue of section 49.2, in respect of a share acquired by the individual after 22 May 1985 and that was included by the individual in computing the individual's income for the year, does not include the part of such an amount included in the amount determined in respect of the individual for the year under section 737.28.”

(2) Subsection 1 applies from the taxation year 1996. However, where paragraph *a* of section 737.28.1 of the said Act applies to a taxation year preceding the taxation year 1998, it shall be read with “any of sections 49 and 50 to 52.1, in respect of a security, or the transfer or any other disposition” replaced by “any of sections 49 and 50 to 52, in respect of a share or the transfer or other disposition”.

**67.** (1) Section 752.0.2 of the said Act is amended by replacing, in subparagraph ii of subparagraph *a* of the first paragraph, “*c* and *e*” by “*c*, *c.0.1* and *e*”.

(2) Subsection 1 applies from the taxation year 2001.

**68.** (1) Section 752.0.7.4 of the said Act, amended by section 51 of chapter 51 of the statutes of 2001, is again amended, in subparagraph i of paragraph *a*,

(1) by replacing, in the French text, the portion before subparagraph 1 by the following:

“i. 1 050 \$, si les conditions suivantes sont remplies :”;

(2) by replacing subparagraphs 2 and 3 by the following:

“(2) the individual ordinarily lives, throughout the year or, if the individual dies in the year, throughout the period of the year before the time of death, in a self-contained domestic establishment maintained by the individual and in which no person other than the individual or a person described in paragraph *b* of section 752.0.1 lives during the year or, if the individual dies in the year, during the period of the year before the time of death, and

“(3) the individual or, if the individual is deceased, the individual's legal representative files with the Minister, for the year, in relation to the self-contained domestic establishment, a prescribed document or, if the individual

is unable to file such a document, the prescribed form, on or before the individual's filing-due date for the year;”.

(2) Subsection 1 applies from the taxation year 2001.

**69.** (1) Section 752.0.17 of the said Act is amended

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

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

“ii. because of a chronic disease, the individual must spend, at least twice a week, a total of not less than 14 hours on therapy, prescribed by a physician, that is essential to sustain one of the individual's vital functions;”;

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

“For the purposes of subparagraph ii of subparagraph *b* of the first paragraph, the therapy essential to sustain one of the vital functions of an individual who is suffering from a chronic disease does not include therapy that may reasonably be expected to have a beneficial effect on an individual who is not suffering from such a chronic disease.”

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

**70.** (1) Section 752.0.18.2 of the said Act, amended by section 64 of chapter 51 of the statutes of 2001, is again amended by replacing, in paragraph *a*, “and 737.22.0.3” by “, 737.22.0.3 and 737.22.0.7”.

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

**71.** (1) Section 752.0.18.6 of the said Act is amended by adding the following paragraph :

“However, where an individual is not entitled to a rebate of the Québec sales tax under the Act respecting the Québec sales tax (chapter T-0.1) or of the goods and services tax under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of dues referred to in paragraph *a* of section 752.0.18.3, the amount of the dues includes the part thereof that corresponds to the Québec sales tax or the goods and services tax in respect of such dues.”

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

**72.** (1) Section 752.0.18.7 of the said Act is amended by replacing “and 737.22.0.3” by “, 737.22.0.3 and 737.22.0.7”.

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

**73.** (1) Section 752.0.18.10.1 of the said Act, amended by section 68 of chapter 51 of the statutes of 2001, is again amended by replacing, in the French text of the portion before paragraph *a*, the words “pour l’inscription” by the words “à l’égard de l’inscription”.

(2) Subsection 1 has effect from 1 January 1997.

**74.** (1) Section 766.2 of the said Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**766.2.** Where an individual is not required to include, by reason of the second paragraph of section 312.5, a particular amount in computing the individual’s income for a taxation year or deducts, by reason of section 725.1.2, a particular amount in computing the individual’s taxable income, or the individual’s taxable income earned in Canada as determined under Part II, for the year, the individual shall add to the individual’s tax otherwise payable under this Part for that year the aggregate of all amounts each of which is the amount by which”.

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

(3) Notwithstanding sections 1010 to 1011 of the said Act, the Minister of Revenue shall, for any taxation year prior to the taxation year that includes 17 October 2002, make such assessments or reassessments of tax, interest and penalties payable by a taxpayer under Part I of the said Act as are required to give effect to the election made by the taxpayer under the second paragraph of section 312.5 of the said Act, enacted by subsection 1 of section 30. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with the necessary modifications, to such assessments or reassessments.

**75.** (1) The said Act is amended by inserting, after section 771.2.5, enacted by section 21 of chapter 9 of the statutes of 2002, the following section :

“**771.2.6.** 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 with reference to the following rules :

(*a*) the product obtained by multiplying the amount that is the income or portion of the income, as the case may be, of the corporation for the year, determined under subparagraph *a* of the second paragraph of section 737.18.26, by the proportion determined in the second paragraph is deemed to be nil ; and

(*b*) the product obtained by multiplying the amount that is the loss or the portion of the loss, as the case may be, of the corporation for the year,

determined under subparagraph *b* of the second paragraph of section 737.18.26, by the proportion determined in the second paragraph is deemed to be nil.

The proportion to which the first paragraph refers is determined by the formula

$$1 - [(A - \$20,000,000) / \$10,000,000].$$

In the formula provided for in the second paragraph, A is the greater of \$20,000,000 and the paid-up capital attributed to the corporation for the year, determined in accordance with section 737.18.24.”

(2) Subsection 1 applies to taxation years that end after 29 March 2001.

**76.** (1) Section 771.5 of the said Act is amended by adding, after paragraph *d*, the following paragraph :

“(e) the corporation has not made an election under subparagraph *b* of the third paragraph of section 737.18.26.”

(2) Subsection 1 applies to taxation years that end after 29 March 2001.

**77.** (1) Section 772.7 of the said Act, amended by section 135 of chapter 53 of the statutes of 2001, is again amended by replacing, in subparagraph ii of subparagraph *b* of the first paragraph, “737.22.0.3” by “737.22.0.3, 737.22.0.7”.

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

**78.** (1) Section 772.9 of the said Act, amended by section 136 of chapter 53 of the statutes of 2001, is again amended by replacing, in subparagraph 2 of subparagraph ii of paragraph *a*, “737.22.0.3” by “737.22.0.3, 737.22.0.7”.

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

**79.** (1) Section 772.11 of the said Act is amended by replacing, in subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph, “737.22.0.3” by “737.22.0.3, 737.22.0.7”.

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

**80.** The heading of Chapter II of Title III of Book V of Part I of the said Act, replaced by section 23 of chapter 9 of the statutes of 2002, is again replaced by the following :

“CREDIT FOR POLITICAL CONTRIBUTIONS”.

**81.** (1) Section 776 of the said Act, amended by section 137 of chapter 53 of the statutes of 2001, is replaced by the following :

**“776.** An individual who is an elector may deduct from the tax otherwise payable by the individual for a taxation year under this Part an amount equal to the amount obtained by multiplying 75% by the aggregate of

(a) the aggregate of all amounts, not exceeding \$140, each of which is a contribution of money made by the individual in the taxation year to the official representative of a party or independent candidate authorized to receive such a contribution under the Act respecting elections and referendums in municipalities (chapter E-2.2); and

(b) the aggregate of all amounts, not exceeding \$400, each of which is a contribution of money made by the individual in the taxation year to the official representative of a political party, party authority, independent Member or independent candidate authorized to receive such a contribution under the Election Act (chapter E-3.3).

In this section, the expression “elector” has the meaning assigned to it by the Act respecting elections and referendums in municipalities or the Election Act, as the case may be.”

(2) Subsection 1 applies from the taxation year 2001. In addition, where section 776 of the said Act, replaced by subsection 1, applies after 20 October 1998, it shall be read with “, authorized independent Member” inserted after the words “authorized political party”.

**82.** (1) Section 776.67 of the said Act, amended by section 77 of chapter 51 of the statutes of 2001, is again amended

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

**“776.67.** Notwithstanding any other provision of this Part, the rules provided for in this Book apply for a taxation year to an individual other than a trust where, for that taxation year, the individual is a person referred to in section 776.68, a fiscal return of the individual is filed under this Part other than a fiscal return filed under the second paragraph of section 429 or any of sections 681, 782 and 1003, and

(a) the individual or, if the individual is deceased, the individual’s legal representative estimates in that fiscal return the tax payable by the individual for the year under this Part with reference to the provisions of this Book ; or” ;

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

“However, the Minister shall not make the determination provided for in subparagraph *b* of the first paragraph if the individual or, if the individual is deceased, the individual’s legal representative files with the Minister, in prescribed form, a notice refusing to have the Minister determine the tax payable by the individual for the year under this Part with reference to the provisions of this Book.”

(2) Subsection 1 applies from the taxation year 2001.

**83.** (1) Section 776.68 of the said Act is amended by replacing paragraphs *a* and *b* by the following :

“(a) is resident in Canada throughout the taxation year or, if the person died in the taxation year, was resident in Canada throughout the part of the year before the person’s death ;

“(b) is resident in Québec on 31 December of the taxation year or, if the person died in the taxation year, was resident in Québec immediately before the person’s death ; and”.

(2) Subsection 1 applies from the taxation year 2001.

**84.** (1) Section 776.74 of the said Act, replaced by section 155 of chapter 53 of the statutes of 2001, is again replaced by the following :

“**776.74.** The individual may deduct in computing the taxable income of the individual for the year only the amount that is deductible for the year under any of paragraphs *b* to *c*, *c.0.1* and *e* of section 725 or under section 725.1.2 or 737.29.”

(2) Subsection 1 applies from the taxation year 1998. However, where section 776.74 of the said Act applies

(1) to the taxation years 1998 and 1999, it shall be read as follows :

“**776.74.** The individual may deduct in computing the taxable income of the individual for the year only the amount that is deductible for the year under any of paragraphs *b* to *c* and *e* of section 725 or section 725.1.2.” ;

(2) to the taxation year 2000, it shall be read as follows :

“**776.74.** The individual may deduct in computing the taxable income of the individual for the year only the amount that is deductible for the year under any of paragraphs *b* to *c* and *e* of section 725 or under section 725.1.2 or 737.29.”

**85.** (1) Section 776.76 of the said Act, amended by section 25 of chapter 9 of the statutes of 2002, is again amended by inserting, after subparagraph *a* of the first paragraph, the following subparagraphs :

“(a.1) where the individual died in the year, the amount that is deductible for the year under section 752.0.1, as a consequence of the application of paragraph *a* of that section, in respect of the person who, at any time in the year, was the deceased individual’s spouse if, at that time, the individual supported that person and was not living separate and apart from that person because of a breakdown of their marriage ;

“(a.2) the amount that is deductible for the year under section 752.0.1, as a consequence of the application of paragraph *a* of that section, in respect of a person deceased in the year who, at any time in the year, was the individual’s spouse and the individual was not living separate and apart from the person because of a breakdown of their marriage if, at that time, the individual supported that person and did not become the spouse of another person before the end of the year; and”.

(2) Subsection 1 applies from the taxation year 2001.

**86.** (1) Section 776.79 of the said Act, amended by section 26 of chapter 9 of the statutes of 2002, 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 *a* 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, 776.1.5.0.11, 776.1.1, 776.1.2 and 776.78.”

(2) Subsection 1 applies from the taxation year 2001.

**87.** (1) Section 776.88 of the said Act is replaced by the following :

“**776.88.** The individual or, if the individual is deceased, the individual’s legal representative may not, for the year, make the election provided for in section 89.2 of the Act respecting the application of the Taxation Act (chapter I-4).”

(2) Subsection 1 applies from the taxation year 2001.

**88.** (1) Section 785.6 of the said Act, amended by section 115 of chapter 7 of the statutes of 2001, is again amended

(1) by replacing, in the portion of subparagraph *b* of the first paragraph before subparagraph *i*, the words “the third paragraph” by the words “the fourth paragraph”;

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

“Sections 520.3 and 522.1 to 522.5 apply, with the necessary modifications, in respect of the disposition of the property and the conditions described in the second paragraph.”;

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

“However, subparagraph *b* of the first paragraph does not apply in respect of property unless all or substantially all of the difference between the amount that would, but for subparagraph *b*, be referred to in respect of the property in subparagraph *a* of the first paragraph and the amount determined in its respect

in that subparagraph *b*, is justified by a difference between the cost amount of the property to the transferor, immediately before the disposition, for the purposes of Part I of the Income Tax Act and the cost amount, at that time, for the purposes of this Part, or by another reason considered by the Minister to be acceptable in the circumstances.”

(2) Subsection 1 applies in respect of dispositions that are made after 31 October 2000. However, paragraph 3 of that subsection 1 does not apply in respect of dispositions made on or before 10 April 2002 and in respect of which subparagraph *b* of the first paragraph of section 785.6 of the said Act applies otherwise than because of the third paragraph of that section 785.6, enacted by paragraph 2 of subsection 1.

**89.** Section 965.1 of the said Act, amended by section 204 of chapter 53 of the statutes of 2001 and by section 28 of chapter 9 of the statutes of 2002, is again amended by replacing, in paragraph *h*, “provided for in section 52 or” by “provided for in any of sections 51, 52 and”.

**90.** (1) Section 965.5.1 of the said Act is replaced by the following :

**“965.5.1.** For the purposes of this Title and sections 1049.2.6 and 1049.2.7.1 to 1049.2.7.3, where a qualifying non-guaranteed convertible security, issued as part of a non-guaranteed convertible security issue, or a preferred share referred to in paragraph *b* of section 965.9.1.0.4.2 or 965.9.1.0.5, issued as part of a public share issue, is redeemed or repaid by the issuing corporation and the consideration received by the holder consists only of shares identical in relation to the terms, conditions, rights and other characteristics attaching thereto, to the shares the individual would have obtained had the individual exercised the conversion right conferred by that qualifying non-guaranteed convertible security or preferred share, as the case may be, the qualifying non-guaranteed convertible security or preferred share is deemed to be converted into one or more such identical shares and each such share is deemed to have been acquired by the holder as a result of the exercise of the conversion right conferred on the holder of the qualifying non-guaranteed convertible security or the preferred share, as the case may be.”

(2) Subsection 1 applies in respect of shares or non-guaranteed convertible securities acquired as part of a public share issue or a non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted after 25 March 1997. However, where section 965.5.1 of the said Act applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted before 4 July 1997, the reference in that section to “section 965.9.1.0.4.2 or 965.9.1.0.5” shall be read as a reference to “section 965.9.1.0.5”.

**91.** (1) Section 965.6.0.2.0.1 of the said Act is replaced by the following :



**“965.6.0.2.0.1.** For the purposes of section 965.6, the adjusted cost of a qualifying share acquired by an individual, an investment group or an investment fund, as a result of the exercise of a conversion right conferred on the holder of a convertible security, a qualifying non-guaranteed convertible security or a preferred share that meets the requirements of paragraph *b* of section 965.9.1.0.4.2 or 965.9.1.0.5, shall be computed according to the following rules :

(a) where the conversion value is stated in the final prospectus or in the application for an exemption from filing a prospectus relating to the issue of the convertible security, qualifying non-guaranteed convertible security or preferred share, as the case may be, taking into consideration that the conversion value represents the cost of the qualifying share to the acquirer thereof and that the qualifying share is issued as part of a public share issue in respect of which the date of the receipt for the final prospectus or, as the case may be, of the exemption from filing a prospectus is in the year of acquisition of the share ; and

(b) in any other case, taking into consideration that the quotient obtained by dividing the principal amount of the convertible security, qualifying non-guaranteed convertible security or preferred share, as the case may be, by the number of shares issued in accordance with the method stated in the final prospectus or the application for an exemption from filing a prospectus relating to the issue of the convertible security, qualifying non-guaranteed convertible security or preferred share, as the case may be, represents the cost of the qualifying share to the acquirer thereof and that the qualifying share is issued as part of a public share issue in respect of which the date of the receipt for the final prospectus or, as the case may be, of the exemption from filing a prospectus is in the year of acquisition of the share.”

(2) Subsection 1 applies in respect of shares or non-guaranteed convertible securities acquired as part of a public share issue or a non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted after 25 March 1997. However, where section 965.6.0.2.0.1 of the said Act applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted before 4 July 1997, the reference in that section to “section 965.9.1.0.4.2 or 965.9.1.0.5” shall be read as a reference to “section 965.9.1.0.5”.

**92.** (1) The said Act is amended by inserting, after section 965.11.20, the following section :

**“965.11.21.** For the purposes of this Title, “qualified corporation” does not include a particular corporation that results from the amalgamation of a qualified legal person, within the meaning of the Act respecting Québec business investment companies (chapter S-29.1), which benefited from a qualified investment referred to in section 1049.4 and the Québec business

investment company, within the meaning of that Act, that made the investment as part of a transaction referred to in subparagraph *b* of the second paragraph of section 1049.4, or another corporation that results from the amalgamation of corporations to which the particular corporation is a party, where the final prospectus or the exemption from filing a prospectus relating to a share issue, a convertible security issue or a non-guaranteed convertible security issue is granted to the particular corporation or the other corporation, as the case may be, after the date of the transaction and before the expiry of 24 months following the acquisition of the investment by the Québec business investment company.”

(2) Subsection 1 has effect from 26 November 1999.

**93.** (1) Section 965.29 of the said Act is amended by replacing the words “the Société de développement industriel du Québec” by the words “Investissement Québec”, in the following provisions :

- subparagraph ii of paragraph *b.2* ;
- paragraph *c*.

(2) Subsection 1 has effect from 21 August 1998.

**94.** (1) Section 965.31.1 of the said Act is amended

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

“(n) in the case of a qualified investment made during the period from 1 April 1998 to 29 March 2001 by a Québec business investment company, 150% of the aggregate of the amount of the taxpayer’s interest in the qualified investment and the amount of the taxpayer’s additional interest in respect of the qualified investment, without exceeding 150% of the amount of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment ;” ;

(2) by adding, after paragraph *n*, the following paragraphs :

“(o) in the case of a qualified investment made after 29 March 2001 by a Québec business investment company in a corporation referred to in the third paragraph of section 12 of the Act respecting Québec business investment companies whose assets referred to in subparagraph 2 of that paragraph are under \$25,000,000, 150% of the aggregate of the amount of the taxpayer’s interest in the qualified investment and the amount of the taxpayer’s additional interest in respect of the qualified investment, without exceeding 150% of the amount of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment ; and

“(p) in the case of a qualified investment made after 29 March 2001 by a Québec business investment company in a corporation referred to in the third paragraph of section 12 of the Act respecting Québec business investment companies whose assets referred to in subparagraph 2 of that paragraph are \$25,000,000 or over, 125% of the aggregate of the amount of the taxpayer’s interest in the qualified investment and the amount of the taxpayer’s additional interest in respect of the qualified investment, without exceeding 125% of the amount of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment.”

(2) Subsection 1 has effect from 30 March 2001.

**95.** (1) Section 965.36.1 of the said Act is replaced by the following :

**“965.36.1.** The percentages specified in section 965.36 shall be increased by 25 points where a qualifying security is acquired after 2 May 1991 by an individual within the scope of the issue of that security by a qualified cooperative that holds, for the year in which the security is issued, a valid certificate issued by the Minister of Industry and Trade attesting that the qualified cooperative is a small or medium-sized cooperative, within the meaning of the cooperative investment plan.”

(2) Subsection 1 applies from the taxation year 2001.

**96.** (1) Section 965.38 of the said Act is amended by replacing “10% of his” by “30% of the individual’s”.

(2) Subsection 1 applies from the taxation year 2001.

**97.** (1) Section 1015 of the said Act, amended by section 84 of chapter 51 of the statutes of 2001, is again amended by inserting, in the first paragraph, after “judgment,”, “subject to section 1015.0.1.”.

(2) Subsection 1 applies in respect of remuneration paid after 6 October 2000.

**98.** (1) The said Act is amended by inserting, after section 1015, the following section :

**“1015.0.1.** No amount shall be deducted or withheld under section 1015 in respect of the remuneration, for a period referred to in that section or part of such a period of a taxation year, that an individual receives from employment, to the extent that the remuneration is attributable to an amount that may be deducted in computing the individual’s taxable income for the year under any of sections 737.18.10, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7 and 737.28, where,

(a) the certificate referred to in paragraph *a* of section 737.19 has been issued in respect of the individual in relation to the individual's employment with an eligible employer, within the meaning of paragraph *b* of that section, and the certificate is valid for that period or part of the period;

(b) the certificate referred to in the definition of "foreign researcher on a post-doctoral internship" in section 737.22.0.0.1 has been issued in respect of the individual in relation to the individual's employment with an eligible employer, within the meaning of that section, and the certificate is valid for that period or part of the period;

(c) the certificate referred to in the definition of "foreign expert" in section 737.22.0.0.5 has been issued in respect of the individual in relation to the individual's employment with an eligible employer, within the meaning of that section, and the certificate is valid for that period or part of the period;

(d) the certificate referred to in paragraph *d* of the definition of "foreign specialist" in section 737.22.0.1 has been issued in respect of the individual in relation to the individual's employment with an eligible employer, within the meaning of that section, and the certificate is valid for that period or part of the period;

(e) the certificate referred to in the definition of "foreign professor" in section 737.22.0.5 has been issued in respect of the individual in relation to the individual's employment with an eligible employer, within the meaning of that section, and the certificate is valid for that period or part of the period; or

(f) the certificate referred to in the definition of "eligible seaman" in section 737.27 has been issued in respect of the individual in relation to the individual's employment with an eligible shipowner, within the meaning of that section, and the certificate is valid for that period or part of the period.

The first paragraph applies only if it may reasonably be considered that the conditions relating to the employment of an individual referred to in any of subparagraphs *a* to *f* of that paragraph, on the basis of which the certificate was issued, remain essentially the same for the period or part of the period."

(2) Subsection 1 applies in respect of remuneration paid after 6 October 2000.

**99.** (1) Section 1029.6.0.0.1 of the said Act, enacted by section 87 of chapter 51 of the statutes of 2001 and amended by section 260 of chapter 53 of the statutes of 2001 and by section 43 of chapter 9 of the statutes of 2002, is again amended, in the second paragraph,

(1) by replacing, in the portion before subparagraph *a* and in subparagraph *b*, "II.6.13" by "II.6.14";

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

“(h) in the case of each of Divisions II.6.0.0.6 and II.6.0.1.2 to II.6.0.1.5, government assistance or non-government assistance does not include”.

(2) Subsection 1 has effect from 20 December 2001.

**100.** (1) Section 1029.6.0.1 of the said Act, amended by section 88 of chapter 51 of the statutes of 2001 and by section 44 of chapter 9 of the statutes of 2002, is again amended by replacing, in paragraphs *a* and *b*, “II.6.13” by “II.6.14”.

(2) Subsection 1 applies in respect of communication expenditures incurred after 29 June 2000.

**101.** (1) Section 1029.6.0.1.2 of the said Act, enacted by section 89 of chapter 51 of the statutes of 2001 and replaced by section 46 of chapter 9 of the statutes of 2002, is amended by replacing “II.6.13” by “II.6.15”.

(2) Subsection 1 applies to taxation years that end after 29 June 2000. However, where section 1029.6.0.1.2 of the said Act applies to taxation years that end before 30 March 2001, it shall be read with the reference to “, rate schedule” struck out and the reference to “II.6.15” replaced by a reference to “II.6.14”.

**102.** (1) The said Act is amended by inserting, after section 1029.6.0.1.5, enacted by section 89 of chapter 51 of the statutes of 2001, the following section:

“**1029.6.0.1.6.** Notwithstanding paragraph *b* of section 1029.6.0.1, no amount may be deemed to have been paid to the Minister by a corporation, for a taxation year, under Division II.6.0.0.6, in respect of all or part of a consideration paid or payable under a particular contract, where it may reasonably be considered that all or part of the consideration received or receivable by a person or partnership under the particular contract relates to an expenditure incurred in the performance of the contract, or any contract derived therefrom, and that the person or a member of the partnership may, for any taxation year, be deemed to have paid an amount to the Minister under any of the divisions of this chapter, in respect of that expenditure.”

(2) Subsection 1 applies in respect of expenditures incurred before 1 January 2003 for the creation of an eligible digital production for which an application for a certificate is filed with Investissement Québec after 6 October 2000 and before 1 January 2003.

**103.** Section 1029.7 of the said Act, amended by section 217 of chapter 53 of the statutes of 2001, is again amended, in the fourth paragraph, by replacing “subparagraph *d* or *e*” by “any of subparagraphs *d*, *e*, *h* and *i*”.

**104.** Section 1029.8 of the said Act, amended by section 218 of chapter 53 of the statutes of 2001, is again amended, in the fourth paragraph, by replacing “subparagraph *d* or *e*” by “ any of subparagraphs *d*, *e*, *h* and *i*”.

**105.** Section 1029.8.1 of the said Act, amended by section 260 of chapter 53 of the statutes of 2001, is again amended, in subparagraph iv of paragraph g.1, by replacing the words “the employee spends all or substantially all of his time to” by the words “all or substantially all of the employee’s working time is spent on”.

**106.** (1) Section 1029.8.9 of the said Act is amended

(1) by replacing, in subparagraph *a* of the third paragraph, the words “on or before the one thousand and ninety-fifth day following the date” by the words “within three years following the date”;

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

“Where, in respect of a scientific research and experimental development project or in respect of the carrying out thereof, an amount or portion of an amount relates to an eligible research contract or a university research contract to which section 1029.8.19.3.1 applies, entered into between a corporation or a partnership of which the corporation is a member and an eligible public research centre or an eligible university entity, in this paragraph referred to as the “parties”, the following rules apply:

(a) the application for an advance ruling filed with the Ministère du Revenu regarding such a contract shall contain the following information:

i. the amount of the payment in currency referred to in the third paragraph of that section 1029.8.19.3.1, and

ii. the portion of the amount referred to in subparagraph i that, in relation to each contract entered into between the parties, is reasonably attributable to the scientific research and experimental development undertaken or to be undertaken by or on behalf of the corporation or the partnership of which the corporation is a member, in respect of the scientific research and experimental development project or in respect of the carrying out thereof; and

(b) the corporation shall not be deemed to have paid to the Minister an amount or its share of an amount referred to in section 1029.8.6 or 1029.8.7 unless the favourable advance ruling of the Ministère du Revenu indicates that the objectives of Division II.1 have been complied with in respect of the scientific research and experimental development project or in respect of the carrying out thereof.”

(2) Paragraph 2 of subsection 1 applies in respect of applications for an advance ruling filed after 29 March 2001.

**107.** (1) The said Act is amended by inserting, after section 1029.8.9.0.1.2, the following section :

**“1029.8.9.0.1.3.** A corporation referred to in section 1029.8.19.3.1, in respect of the portion of a consideration referred to in any of subparagraphs *c, e, g* and *i* of the first paragraph of sections 1029.7 and 1029.8, or in section 1029.8.19.5.1, in respect of the portion of a contribution referred to in any of subparagraphs *b, b.1, d, f, f.1* and *h* of the first paragraph of sections 1029.7 and 1029.8, shall not be deemed to have paid to the Minister an amount or its share of an amount under any of those sections in respect of the portion of such a consideration, in relation to a contract referred to in any of those subparagraphs, to which the amount or that share of an amount, as the case may be, relates, entered into between the corporation or a partnership of which the corporation is a member and an eligible public research centre or an eligible university entity, in this section referred to as the “parties”, unless the conditions set out in the second paragraph are met before an amount is paid to such a centre or entity pursuant to the contract.

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

(a) an application for an advance ruling filed with the Ministère du Revenu regarding the contract referred to in the first paragraph shall contain the following information :

i. the amount of the payment in currency referred to, as the case may be, in the third paragraph of section 1029.8.19.3.1 or 1029.8.19.5.1, and

ii. the portion of the amount referred to in subparagraph i that, in relation to each contract entered into between the parties, is reasonably attributable to the scientific research and experimental development undertaken or to be undertaken by or on behalf of the corporation or the partnership of which the corporation is a member, in respect of the contract or the performance thereof ; and

(b) a favourable advance ruling has been given by the Ministère du Revenu to the effect that the objectives of Division II have been complied with in respect of the contract.

Where an amount or a share of an amount relates to more than one contract, the favourable advance ruling referred to in subparagraph *b* of the second paragraph shall be given in respect of each contract to which the amount or share of an amount, as the case may be, is related.

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

(a) an application for an advance ruling regarding the contract has been filed with the Ministère du Revenu on or before the ninetieth day following the date on which the contract was entered into or, where the conditions set out in the fifth paragraph in respect of the application for an advance ruling relating thereto are met, within three years following the date on which the contract was entered into ; and

(b) the Ministère du Revenu has given a favourable ruling regarding the contract.

The conditions to which subparagraph *a* of the fourth paragraph refers are as follows :

(a) the application could not be filed, for reasons beyond the control of the corporation or partnership, on or before the ninetieth day following the date on which the contract was entered into ;

(b) the application gives the reasons why it could not be filed on or before the ninetieth day following the date on which the contract was entered into ; and

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

(2) Subsection 1 applies in respect of applications for an advance ruling filed after 29 March 2001.

**108.** Section 1029.8.9.1 of the said Act is amended, in paragraph *d* of the definition of “overhead expenditure”, by replacing the words “the employee spends all or substantially all of his time in” by the words “all or substantially all of the employee’s working time is spent on”.

**109.** Section 1029.8.19.2 of the said Act is amended by replacing, in the ninth paragraph, the words “this section” by the words “this paragraph”.

**110.** (1) The said Act is amended by inserting, after section 1029.8.19.3, the following section :

**“1029.8.19.3.1.** Where, in relation to a project referred to in the first paragraph of section 1029.8.19.2 and in respect of which the scientific research and experimental development is undertaken, in whole or in part, on behalf of a corporation or a partnership of which the corporation is a member, by an eligible public research centre, within the meaning of paragraph *a.1* of section 1029.8.1, or by an eligible university entity, within the meaning of paragraph *f* of that section, the corporation obtained a contribution referred to in the third paragraph, the following rules apply :

(a) notwithstanding the first paragraph of that section 1029.8.19.2, the corporation shall, in relation to the project or the carrying out thereof, be



deemed to have paid to the Minister an amount under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* or *g* of the first paragraph of those sections, or under section 1029.8.6 or 1029.8.7, if, but for the first paragraph of section 1029.8.19.2, an amount would have been deemed to be paid to the Minister, in relation to the project or the carrying out thereof, under section 1029.7 or 1029.8, in respect of the portion of such a consideration, or under section 1029.8.6 or 1029.8.7; and

(*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 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* or *g* of the first paragraph of those sections, or under section 1029.8.6 or 1029.8.7, the amount of the portion of the consideration or, as the case may be, the amount of the qualified expenditure shall be reduced by the portion of the contribution referred to in the third paragraph that is reasonably attributable to the scientific research or experimental development undertaken on behalf of the corporation or the partnership of which the corporation is a member, in respect of the project or the carrying out thereof.

Where, in relation to a contract referred to in the second paragraph of section 1029.8.19.2 and in respect of which the scientific research and experimental development is undertaken, in whole or in part, on behalf of a corporation or a partnership of which the corporation is a member, by an eligible public research centre or an eligible university entity, the corporation has obtained a contribution referred to in the third paragraph, the following rules apply:

(*a*) notwithstanding the second paragraph of that section 1029.8.19.2, the corporation shall, in relation to the contract or the performance thereof, be deemed to have paid to the Minister an amount under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *e* or *i* of the first paragraph of those sections, if, but for the second paragraph of section 1029.8.19.2, an amount would have been deemed to be paid to the Minister under section 1029.7 or 1029.8, in relation to the contract or the performance thereof, in respect of the portion of such a consideration; and

(*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 1029.7 or 1029.8, in relation to the contract or the performance thereof, in respect of the portion of a consideration referred to in subparagraph *e* or *i* of the first paragraph of those sections, the amount of the portion of the consideration shall be reduced by the portion of the contribution referred to in the third paragraph that is reasonably attributable to the scientific research or experimental development undertaken on behalf of the corporation or the partnership of which the corporation is a member, in respect of the contract or the performance thereof.

The contribution to which the first paragraph refers, in respect of a scientific research and experimental development project or the carrying out thereof, or to which the second paragraph refers, in respect of a contract for work relating

to scientific research and experimental development or in respect of the carrying out thereof, is an amount that the corporation has received at a particular time from an eligible public research centre, an eligible university entity, or a person with whom or which such a centre or entity is not dealing at arm's length at the particular time, in payment of the shares of the capital stock of the corporation subscribed by the centre, entity or person, as the case may be, as part of that project or the carrying out thereof or as part of the contract or the performance thereof.”

(2) Subsection 1 applies in respect of expenditures incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

**111.** (1) Section 1029.8.19.5 of the said Act is amended by adding, after subparagraph *b* of the third paragraph, the following subparagraph :

“(c) a contribution whether in the form of a payment in currency, a transfer of ownership of a property, an assignment of the use or of a right to use a property or in any other form or manner, other than a property resulting from scientific research and experimental development undertaken as part of the project or arising from the work relating to scientific research and experimental development carried out as part of the contract, as the case may be.”

(2) Subsection 1 applies in respect of expenditures incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

**112.** (1) The said Act is amended by inserting, after section 1029.8.19.5, the following section :

“**1029.8.19.5.1.** Where, in relation to a project referred to in the first paragraph of section 1029.8.19.5 and in respect of which the scientific research and experimental development is undertaken, in whole or in part, on behalf of a corporation or a partnership of which the corporation is a member, by an eligible public research centre, within the meaning of paragraph *a.1* of section 1029.8.1, or by an eligible university entity, within the meaning of paragraph *f* of that section, the corporation obtained a contribution referred to in the third paragraph, the following rules apply :

(a) notwithstanding the first paragraph of section 1029.8.19.5, the corporation shall, in relation to the project or the carrying out thereof, be deemed to have paid to the Minister an amount under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in any of subparagraphs *b*, *b.1*, *f* and *f.1* of the first paragraph of those sections, if, but for the first paragraph of section 1029.8.19.5, an amount would have been deemed to be paid to the Minister, in relation to the project or the carrying out thereof, under section 1029.7 or 1029.8, in respect of the portion of such a consideration ; and

(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 1029.7 or 1029.8, in respect of the portion of a consideration referred to in any of subparagraphs *b*, *b.1*, *f* and *f.1* of the first paragraph of those sections, the amount of the portion of the consideration shall be reduced by the portion of the contribution referred to in the third paragraph that is reasonably attributable to the scientific research or experimental development undertaken on behalf of the corporation or the partnership of which the corporation is a member, in respect of the project or the carrying out thereof.

Where, in relation to a contract referred to in the second paragraph of section 1029.8.19.5 and in respect of which the scientific research and experimental development is undertaken, in whole or in part, on behalf of a corporation or a partnership of which the corporation is a member, by an eligible public research centre or an eligible university entity, the corporation has obtained a contribution referred to in the third paragraph, the following rules apply :

(a) notwithstanding the second paragraph of section 1029.8.19.5, the corporation shall, in relation to the contract or the performance thereof, be deemed to have paid to the Minister an amount under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *d* or *h* of the first paragraph of those sections, if, but for the second paragraph of section 1029.8.19.5, an amount would have been deemed to be paid to the Minister under section 1029.7 or 1029.8, in relation to the contract or the performance thereof, in respect of the portion of such a consideration ; and

(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 1029.7 or 1029.8, in relation to the contract or the performance thereof, in respect of the portion of a consideration referred to in subparagraph *d* or *h* of the first paragraph of those sections, the amount of the portion of the consideration shall be reduced by the portion of the contribution referred to in the third paragraph that is reasonably attributable to the scientific research or experimental development undertaken on behalf of the corporation or the partnership of which the corporation is a member, in respect of the contract or the performance thereof.

The contribution to which the first paragraph refers, in respect of a scientific research and experimental development project or the carrying out thereof, or to which the second paragraph refers, in respect of a contract for work relating to scientific research and experimental development or in respect of the carrying out thereof, is a payment in currency that the corporation has received at a particular time from an eligible public research centre, an eligible university entity, or a person with whom or which such a centre or entity is not dealing at arm's length at the particular time, in payment of the shares of the capital stock of the corporation subscribed by the centre, entity or person, as the case may be, as part of that project or the carrying out thereof or as part of the contract or the performance thereof."

(2) Subsection 1 applies in respect of expenditures incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

**113.** (1) Section 1029.8.19.7 of the said Act is replaced by the following :

**“1029.8.19.7.** For the purposes of the first paragraph of sections 1029.8.19.2 and 1029.8.19.5, in respect of a scientific research and experimental development project referred to in that paragraph or in respect of the carrying out of such a project, and for the purposes of the second paragraph of those sections, in respect of a contract for work relating to scientific research and experimental development referred to in that paragraph, or in respect of the performance of the contract, the following rules apply :

(a) a contribution whether in the form of a payment in currency, a transfer of ownership of a property, an assignment of the use or of the right to use a property, referred to, as the case may be, in subparagraph *a* of the third paragraph of section 1029.8.19.2 or subparagraph *c* of the third paragraph of section 1029.8.19.5, is deemed, subject to a determination to the contrary by the Minister, not to be a contribution in respect of the project or the carrying out thereof, or in respect of the contract or the performance thereof, as the case may be, where

i. the contribution results from the acquisition of property or the provision of a service following a transaction occurring in the ordinary course of a business carried on by the taxpayer, the partnership, the member or a person referred to in the first or second paragraph, as the case may be, of section 1029.8.19.2 or 1029.8.19.5,

ii. the property or the provision of the service that is the subject of the transaction is acquired or supplied for an amount not exceeding its fair market value where the person or the partnership making the contribution is the purchaser of the property or of the provision of the service and for an amount that is not less than its fair market value where the person or the partnership making the contribution is the person or partnership who or that is disposing of the property or supplying the provision of the service, and

iii. in respect of a contribution referred to in the first or second paragraph of section 1029.8.19.2, the contribution is not in the form of an expenditure made to undertake the scientific research and experimental development referred to in the first paragraph of section 1029.8.19.3 or the work relating to scientific research and experimental development referred to in the second paragraph of that section 1029.8.19.3, or to cause such scientific research and experimental development or such work relating to scientific research and experimental development to be undertaken ; and

(b) where the intellectual property relating to a particular technology is, at a particular time, disposed of by an eligible public research centre, within the meaning of paragraph *a.1* of section 1029.8.1, by an eligible university entity,

within the meaning of paragraph *f* of that section, or by a person that is not dealing at arm's length at that time with that centre or entity, in this paragraph referred to as the "transferee", to a corporation, as consideration for the issue to the transferee by the corporation of shares of the corporation's capital stock for an amount that is not less than the fair market value of that intellectual property, and the corporation, or a partnership of which the corporation is a member, enters into a contract referred to in any of sections 1029.7, 1029.8, 1029.8.6 and 1029.8.7 with that centre or entity, the disposition is deemed not to be a contribution in respect of that project or the carrying out thereof or in respect of that contract or the performance thereof."

(2) Subsection 1 applies in respect of expenditures incurred after 29 March 2001 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

**114.** (1) Section 1029.8.21.17 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, by section 260 of chapter 53 of the statutes of 2001 and by section 51 of chapter 9 of the statutes of 2002, is again amended by replacing the definition of "qualified partnership" in the first paragraph by the following :

"qualified partnership" for a fiscal period means a partnership that, if it were a corporation having the attributes described in subparagraphs *a* and *b* of the first paragraph of section 1029.8.21.17.1, would be a qualified corporation for that fiscal period."

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

**115.** (1) The said Act is amended by inserting, after section 1029.8.21.17, the following sections :

**1029.8.21.17.1.** For the purposes of sections 1029.8.21.17.2, 1029.8.21.20 and 1029.8.21.21, a partnership is deemed, in a fiscal period, to be a corporation having the following attributes :

(*a*) the corporation's taxation year corresponds to the partnership's fiscal period; and

(*b*) the voting shares of the corporation's capital stock are owned at a particular time in the fiscal period by each member of the partnership, in the proportion determined by the formula

A / B.

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

(*a*) A is the member's share of the partnership's income or loss for the fiscal period; and

(b) B is the partnership's income or loss for the fiscal period.

Where the partnership's income and loss for a fiscal period are nil, the formula provided for in the first paragraph shall be applied on the assumption that the partnership's income for that fiscal period is equal to \$1,000,000.

**“1029.8.21.17.2.** For the purposes of this division, an associated group in a taxation year or a fiscal period means the group formed by all of the corporations and partnerships that are associated with each other in the taxation year or fiscal period.

**“1029.8.21.17.3.** For the purposes of this division, two or more corporations or partnerships are deemed to be members of an associated group, in a taxation year or a fiscal period, if it may reasonably be considered that one of the main reasons for the separate existence of the corporations or partnerships in that taxation year or fiscal period is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division or to increase such an amount.”

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

**116.** (1) Sections 1029.8.21.18 to 1029.8.21.21 of the said Act are replaced by the following :

**“1029.8.21.18.** A corporation is not a qualified corporation for a taxation year if its assets applicable to the year are equal to or greater than \$25,000,000.

The assets of a corporation applicable to a taxation year are the assets shown in its financial statements submitted to the shareholders for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of that fiscal period.

For the purpose of determining the assets of a corporation in accordance with the second paragraph, the following rules apply :

(a) if the corporation's financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, its assets are those that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles ; and

(b) if the corporation is a cooperative, the second 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 the second paragraph 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.

All or part of an expenditure made in respect of intangible assets is deemed to be nil if it consists of shares of the corporation's or cooperative's capital stock.

**“1029.8.21.20.** For the purposes of the first paragraph of section 1029.8.21.18, where a corporation is a member of an associated group in a particular taxation year, its assets applicable to that year are equal to the amount by which the total of those assets, otherwise determined for the purposes of this division, and the aggregate of all amounts each of which is the assets of another member of the group applicable to its taxation year that ends in the particular year, exceeds the total of the amount of investments the members of the group own in each other and the balance of inter-corporate accounts.

The assets of a member of the associated group applicable to its taxation year that ends in the particular year is determined in accordance with the second paragraph of section 1029.8.21.18.

**“1029.8.21.21.** Where, in a taxation year, a corporation or, if the corporation is a member of an associated group, another member of that group reduces its assets by any transaction and, but for that reduction, the corporation would not be a qualified corporation because of section 1029.8.21.18, the assets are deemed, for the purposes of this division, not to have been so reduced, unless the Minister decides otherwise.”

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

**117.** Section 1029.8.21.26 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.21.26.** Where a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance 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, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified 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”.

**118.** Section 1029.8.21.27 of the said Act is amended

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

**“1029.8.21.27.** 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 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 on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which” ;

(2) by striking out the second paragraph.

**119.** Section 1029.8.21.28 of the said Act is amended

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

**“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, pursuant to that section, reduced the qualified expenditure pursuant to subparagraph *b* of the second paragraph of section 1029.8.21.17, 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 on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year



under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which”;

(2) by striking out the second paragraph.

**120.** (1) Section 1029.8.21.32 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001 and amended by section 53 of chapter 9 of the statutes of 2002, is again amended

(1) by replacing the definition of “qualified partnership” in the first paragraph by the following :

““qualified partnership” for a fiscal period means a partnership that, if it were a corporation having the attributes described in subparagraphs *a* and *b* of the first paragraph of section 1029.8.21.34, would be a qualified corporation for that fiscal period;”;

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

“For the purposes of the definition of “qualified corporation” in the first paragraph, for the purpose of determining the proportion of the salaries or wages of a corporation’s employees that the corporation paid to employees of an establishment situated in Québec, the following rules apply :

(*a*) except where a commission is paid to a person who is not an employee of the corporation, an amount paid under an agreement by the corporation to a person for services that would normally be rendered by the employees of the corporation is deemed to be a salary or wages paid to such an employee of the establishment of the corporation to which the services are reasonably attributable and to the extent that they are so attributable ; and

(*b*) where an employee renders a service to or on behalf of a corporation that is not the employer of the employee, an amount that may reasonably be considered to be the salary or wages earned by the employee for the rendering of the service is deemed, for the taxation year during which the salary or wages are paid to the employee, to be a salary or wages paid by the corporation to an employee of an establishment of the corporation to which the service is reasonably attributable, if the amount is not otherwise included in the aggregate of the salaries or wages paid by the corporation that are determined for the purposes of this division and if the service rendered by the employee is

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

ii. rendered to or on behalf of the corporation as part of the regular, ongoing activities of carrying on a business by the corporation, and

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

(3) by striking out the third paragraph.

(2) Subsection 1 has effect from 15 March 2000.

**121.** (1) Section 1029.8.21.34 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001, is amended by replacing the portion before the formula in the first paragraph by the following :

**“1029.8.21.34.** For the purposes of sections 1029.8.21.35 and 1029.8.21.39 to 1029.8.21.41, a partnership is deemed, in a fiscal period, to be a corporation having the following attributes :

(a) the corporation’s taxation year corresponds to the partnership’s fiscal period; and

(b) the voting shares of the corporation’s capital stock are owned at a particular time in the fiscal period by each member of the partnership, in the proportion determined by the formula”.

(2) Subsection 1 has effect from 15 March 2000.

**122.** (1) Section 1029.8.21.37 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001, is replaced by the following :

**“1029.8.21.37.** A corporation is not a qualified corporation for a taxation year if its assets applicable to the year are equal to or greater than \$12,000,000 and, where the taxation year of the corporation is not its first fiscal period, if the corporation’s gross revenue applicable to the year is equal to or greater than \$25,000,000.

The assets of a corporation applicable to a taxation year are the assets shown in its financial statements submitted to the shareholders for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of that fiscal period.

The gross revenue of a corporation applicable to a taxation year corresponds to its gross revenue for its preceding taxation year.

For the purpose of determining the assets of a corporation in accordance with the second paragraph, the following rules apply :

(a) if the corporation’s financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, its assets are the assets that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles ; and

(b) if the corporation is a cooperative, the second paragraph shall be read as if the reference therein to “submitted to the shareholders” were a reference to “submitted to the members”.”

(2) Subsection 1 has effect from 15 March 2000.

**123.** (1) Section 1029.8.21.38 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001, is amended by replacing, in the first paragraph, “of section 1029.8.21.37” by “of the second paragraph of section 1029.8.21.37”.

(2) Subsection 1 has effect from 15 March 2000.

**124.** (1) Section 1029.8.21.39 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001, is replaced by the following :

**“1029.8.21.39.** For the purposes of the first paragraph of section 1029.8.21.37, where a corporation is a member of an associated group in a particular taxation year, its assets applicable to that year are equal to the amount by which the total of those assets, otherwise determined for the purposes of this division, and the aggregate of all amounts each of which is the assets of another member of the group applicable to its taxation year that ends in the particular year, exceeds the total of the amount of investments the members of the group own in each other and the balance of inter-corporate accounts.

The assets of a member of the associated group applicable to its taxation year that ends in the particular year is determined in accordance with the second paragraph of section 1029.8.21.37.”

(2) Subsection 1 has effect from 15 March 2000.

**125.** (1) Section 1029.8.21.41 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001, is replaced by the following :

**“1029.8.21.41.** For the purposes of the first paragraph of section 1029.8.21.37, where a corporation is a member of an associated group in a particular taxation year, its gross revenue applicable to that year is the amount that would be the gross revenue of that group if

(a) it were computed from the consolidated statement of earnings of the members of the group for the preceding taxation year ; and

(b) each member of the group had an establishment in Québec.

The consolidated statement of earnings of the members of the associated group for the preceding taxation year is established with reference to the statement of earnings of the corporation for that year and the statement of

earnings of each of the other members of the group for its taxation year that ends in the preceding taxation year.”

(2) Subsection 1 has effect from 15 March 2000.

**126.** (1) Section 1029.8.33.2 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001 and by section 54 of chapter 9 of the statutes of 2002, is again amended

(1) by replacing, in paragraph *a* of the definition of “eligible trainee” in the first paragraph, the words “qualification scheme” by the words “workplace apprenticeship program”;

(2) by replacing, in paragraph *b.1* of the definition of “eligible trainee” in the first paragraph, the words “in an undergraduate” by “in an undergraduate, Master’s or Doctoral”;

(3) by replacing, in subparagraph *a* of the third paragraph, the words “by a period of resumption of studies” by the words “by an evaluation prepared by the person responsible for such a program with the recognized educational institution”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2002.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of qualified training periods that begin after 29 March 2001.

**127.** (1) Section 1029.8.33.3 of the said Act is amended by replacing the fourth paragraph by the following:

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

(2) Subsection 1 applies in respect of qualified training periods that begin after 29 March 2001.

**128.** (1) Section 1029.8.33.6 of the said Act is amended by replacing, in the first paragraph, “1 January 2002” by “1 January 2006”.

(2) Subsection 1 has effect from 29 March 2001.

**129.** (1) Section 1029.8.33.7 of the said Act is amended by replacing, in the first paragraph, “1 January 2002” by “1 January 2006”.

(2) Subsection 1 has effect from 29 March 2001.

**130.** (1) Section 1029.8.33.10 of the said Act is amended, in the first paragraph,

(1) by replacing, in paragraph *a*, the words “qualification scheme” by the words “workplace apprenticeship program”;

(2) by replacing, in subparagraph *i* of subparagraph *b*, the words “of an undergraduate” by “of an undergraduate, Master’s or Doctoral”;

(3) by replacing, in subparagraph *b.1*, the words “by a period of resumption of studies” by “by an evaluation prepared by the person responsible for the education program, within the framework of which the training period is served, with the recognized educational institution”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2002.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of qualified training periods that begin after 29 March 2001.

**131.** (1) Section 1029.8.33.13 of the said Act is amended by replacing subparagraphs *a* to *e* of the third paragraph 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 after 24 March 1997, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer’s bill and to the amounts attributed after that date by the eligible taxpayer under section 42.11 to eligible employees;

“(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 after 24 March 1997 and to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer's bill ;

“(c) the amount paid under the provision mentioned in subparagraph i of paragraph a of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the eligible taxpayer in that calendar year to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer after 24 March 1997, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer's bill and to the amounts attributed after that date by the eligible taxpayer under section 42.11 to eligible employees ;

“(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, received or receivable for the taxation year by the eligible employees of the eligible taxpayer in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer after 24 March 1997, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer's bill and to the amounts attributed after that date by the eligible taxpayer under section 42.11 to eligible employees, and of any amount paid or payable in respect of the taxation year, under the provisions mentioned in subparagraphs 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

“(e) the aggregate of all amounts each of which is an amount paid, as an assessment, under the Act mentioned in paragraph a.1 of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to the gross wages, within the meaning of sections 289 and 289.1 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001), paid, allocated, granted, awarded or attributed by the eligible taxpayer in that calendar year to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer after 31 December 1999, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer's bill and to the amounts attributed after that date by the eligible taxpayer under section 42.11 to eligible employees.”

(2) Subsection 1 has effect from 29 June 2000.

**132.** (1) Section 1029.8.33.14 of the said Act is amended by replacing subparagraphs *a* to *e* of the fourth paragraph 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 after 24 March 1997, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer’s bill and to the amounts attributed after that date by the qualified partnership under section 42.11 to eligible employees ;

“(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 after 24 March 1997 and to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer’s bill ;

“(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of “qualified expenditure” in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips reported by eligible employees to the qualified partnership after 24 March 1997, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer’s bill and to the amounts attributed after that date by the qualified partnership under section 42.11 to eligible employees ;

“(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, received or receivable for the fiscal period by the eligible employees of the qualified partnership in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership after 24 March 1997, to the tips that eligible employees

received or benefited from after that date and that constitute service charges added to a customer's bill and to the amounts attributed after that date by the qualified partnership under section 42.11 to eligible employees, and of any amount paid or payable in respect of the fiscal period, under the provisions mentioned in subparagraphs 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

“(e) the aggregate of all amounts each of which is an amount paid, as an assessment, under the Act mentioned in paragraph *a.1* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to the gross wages, within the meaning of sections 289 and 289.1 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips reported by eligible employees to the qualified partnership after 31 December 1999, to the tips that eligible employees received or benefited from after that date and that constitute service charges added to a customer's bill and to the amounts attributed after that date by the qualified partnership under section 42.11 to eligible employees.”

(2) Subsection 1 has effect from 29 June 2000.

**133.** (1) Section 1029.8.33.17 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended by striking out, in the portion before paragraph *a*, “before 1 January 2002”.

(2) Subsection 1 has effect from 29 June 2000.

**134.** (1) Section 1029.8.33.18 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended by striking out, in the portion before paragraph *a*, “before 1 January 2002”.

(2) Subsection 1 has effect from 29 June 2000.

**135.** (1) Section 1029.8.33.19 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended by striking out, in the portion before paragraph *a*, “before 1 January 2002”.

(2) Subsection 1 has effect from 29 June 2000.

**136.** (1) Section 1029.8.35 of the said Act, amended by section 106 of chapter 51 of the statutes of 2001 and by section 57 of chapter 9 of the statutes of 2002, is again amended by replacing the portion of subparagraph *a.1* of the first paragraph before subparagraph *i* by the following :

“(a.1) where the qualified corporation, which is neither a corporation holding a broadcasting licence issued by the Canadian Radio-television and



Telecommunications Commission, nor a corporation which, at any time in the year or 24 months preceding the year, is not dealing at arm's length with a corporation holding such a licence, encloses with its fiscal return for the year a copy of the valid certificate issued to it for the year by the Société de développement des entreprises culturelles and certifying that it qualifies for the year as a regional corporation, and a copy of the document enclosed with the advance ruling given or the certificate issued in relation to the property and in which the Société de développement des entreprises culturelles breaks down the amount of the corporation's expenditure for services rendered outside the Montréal area into the items in the production budget of the property relating to that amount,".

(2) Subsection 1 has effect from 1 July 1999. However, where the portion of subparagraph *a.1* of the first paragraph of section 1029.8.35 of the said Act before subparagraph *i* applies in respect of property for which an application for an advance ruling or a certificate was filed with the Société de développement des entreprises culturelles before 30 June 2000, it shall be read as follows :

“(a.1) where the qualified corporation, which is neither a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, nor a corporation which, at any time in the year or 24 months preceding the year, is not dealing at arm's length with a corporation holding such a licence, encloses with its fiscal return for the year a copy of the valid certificate issued to it for the year by the Société de développement des entreprises culturelles, in relation to services rendered outside the Montréal area,”.

**137.** (1) The said Act is amended by inserting, after section 1029.8.36.0.0.15, enacted by section 117 of chapter 51 of the statutes of 2001, the following :

**“DIVISION II.6.0.0.6**

**“CREDIT FOR THE CREATION OF DIGITAL PRODUCTIONS**

“§1. — *Interpretation and general*

**“1029.8.36.0.0.16.** 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 qualified property, to the extent that the property is acquired before 1 January 2003, and that are included in the capital cost of the property ;

“associated group” has the meaning assigned by section 1029.8.36.0.0.17;

“eligible digital production” of a corporation for a taxation year means a digital production created in Québec and presented before an audience in Québec for the first time after 6 October 2000, in respect of which the

corporation holds, for the year, a certificate issued by Investissement Québec for the purposes of this division ;

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

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

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

“qualified labour expenditure” of a corporation for a taxation year in respect of an eligible digital production means, subject to the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances :

(a) the wages attributable to the creation of the eligible digital production incurred by the corporation in the year, before 1 January 2003, and paid, in respect of its employees of an establishment situated in Québec whose duties consist in working directly on the creation of the eligible digital production ;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the corporation, under the terms of a contract, for work in respect of the creation of the eligible digital production that was carried out on its behalf in the year, to a person or partnership who or which carried out all or a part of the work and with whom or with which the corporation is not dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the wages attributable to the work that the person or partnership paid in the year, before 1 January 2003, in respect of its employees of an establishment situated in Québec, or that could be so attributed if that person or partnership had such employees ; and

(c) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for work in respect of the creation of an eligible digital production, to a person or partnership with whom or with which the corporation is dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the work carried out on its behalf in the year, before 1 January 2003, by the employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees ;

“qualified property” of a corporation means

(a) in the case of property acquired by the corporation, property

i. that is depreciable property,

ii. that, before being acquired by the corporation, has not been used, or acquired for use or lease, for any purpose whatever,

iii. that is used by the corporation solely in connection with the creation and exploitation of an eligible digital production for a minimum period of two years without interruption following its first use by the corporation,

iv. that the corporation begins to use within a reasonable time after acquiring it, and

v. in respect of which Investissement Québec has issued a qualification certificate certifying that the property is equipment necessary for the creation of an eligible digital production ; or

(b) in the case of property leased by the corporation, property

i. that would be, had the corporation acquired it, depreciable property,

ii. that, before being leased by the corporation, has not been used, or acquired for use or lease, for any purpose whatever,

iii. that the corporation begins to use within a reasonable time after leasing it, and

iv. in respect of which Investissement Québec has issued a qualification certificate certifying that the property is equipment necessary for the creation of an eligible digital production ;

“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 the expenses are deductible in computing the income of the corporation under this Part and attributable to a lease period, preceding 1 January 2003, during which the property is used by the corporation in connection with the creation and exploitation of an eligible digital production ;

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

For the purposes of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, wages incurred by a corporation in respect of an employee are attributable to the creation of an eligible digital production only if the employee works directly on the creation of the eligible digital production and to the extent that they can reasonably be considered to relate to the eligible digital production having regard to the time spent by the employee thereon, and, in that respect, an employee who spends 90% or more of working time on the creation of an eligible digital production is deemed to spend all working time thereon.

**1029.8.36.0.0.17.** An associated group in a taxation year means the group formed by all of the corporations that are associated with each other in the year.

An associated group at the end of a taxation year means the group formed by all the corporations that would be associated with each other at that time if the portion of section 21.20 before paragraph *a* were read as if the reference to “in a taxation year” were a reference to “at the end of a taxation year” and the reference to “at any time in the year” were a reference to “at that time”.

**“1029.8.36.0.0.18.** For the purposes of this division, two or more corporations are deemed to be members of an associated group in a taxation year or at the end of a taxation year, as the case may be, if it may reasonably be considered that one of the main reasons for the separate existence of the corporations in that year or at the end of that year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division or to increase such an amount.

“§2. — *Credits*

**“1029.8.36.0.0.19.** A qualified corporation that, in a taxation year, creates an eligible digital production and encloses, with the fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information, a copy of the valid certificate issued by Investissement Québec for the year in respect of the eligible digital production and, if the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.0.0.22, 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 40% of its qualified labour expenditure for the year in respect of the eligible digital production.

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 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 to the period covered by the payment.

**“1029.8.36.0.0.20.** A qualified corporation that, in a taxation year, creates an eligible digital production and incurs, in the year, acquisition costs in respect of qualified property acquired in the year or pays, in the year, rental expenses in respect of qualified property of the corporation, 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 40% of the acquisition costs or rental expenses, as the case may be, if the corporation encloses, with the fiscal return it is required to file for that year under section 1000, the prescribed form containing the prescribed information, a copy of the valid certificate issued by Investissement Québec in respect of the qualified property and, if the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.0.0.22.

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 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 to the period covered by the payment.

**“1029.8.36.0.0.21.** The amount that a qualified corporation is deemed to have paid to the Minister for a taxation year, under sections 1029.8.36.0.0.19, 1029.8.36.0.0.20, 1029.8.36.0.0.26 and 1029.8.36.0.0.27 on account of its tax payable under this Part in respect of the creation of an eligible digital production, may not exceed, where the qualified corporation is a member of an associated group at the end of the year, the amount that is attributed to the corporation for the year pursuant to the agreement referred to in section 1029.8.36.0.0.22 or, in any other case, the amount by which \$8,000,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under sections 1029.8.36.0.0.19, 1029.8.36.0.0.20, 1029.8.36.0.0.26 and 1029.8.36.0.0.27

(a) by the qualified corporation for a preceding taxation year;

(b) where the qualified corporation is a member of an associated group in the year, by another corporation that is a member of the group, for a particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

**“1029.8.36.0.0.22.** The agreement to which section 1029.8.36.0.0.21 refers, in respect of a qualified corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which every corporation that is a member of the group at the end of the year attributes to the qualified corporation, for the purposes of this division, an amount for the year that is not greater than the amount by which \$8,000,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under sections 1029.8.36.0.0.19, 1029.8.36.0.0.20, 1029.8.36.0.0.26 and 1029.8.36.0.0.27

(a) by the qualified corporation for a preceding taxation year;

(b) in respect of the associated group in the year of which the qualified corporation is a member, by another member corporation of the group, for a

particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in paragraph *b*, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

**“1029.8.36.0.0.23.** Subject to sections 1010 to 1011 and for the purposes of this division, where Investissement Québec replaces or revokes, in whole or in part, a certificate that was issued to a corporation, 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) a certificate that is revoked, in whole or in part, is, as far as the whole or part so revoked is concerned, 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.

*“§3. — Government assistance, non-government assistance and other particulars*

**“1029.8.36.0.0.24.** For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.19, the amount of the wages incurred or of a portion of the consideration paid, included in the qualified labour expenditure of the corporation for the year, shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the wages or to the portion of the consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year.

**“1029.8.36.0.0.25.** For the purpose of computing the amount that is deemed to have been paid to the Minister, for a taxation year, by a qualified corporation under section 1029.8.36.0.0.20, the amount of the acquisition costs or rental expenses referred to in that section shall be reduced by the amount of any 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.

**“1029.8.36.0.0.26.** Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, before 1 January 2004,

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 a qualified labour 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 for the particular taxation year under section 1029.8.36.0.0.19, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.0.19 if any amount of such assistance so repaid at the latest at 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 1029.8.36.0.0.24, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.19 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.

**“1029.8.36.0.0.27.** Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, before 1 January 2004, 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 acquisition costs incurred or rental expenses paid 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 for the particular taxation year under section 1029.8.36.0.0.20, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.0.20 if any amount of such assistance so repaid at the latest at 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 1029.8.36.0.0.25, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.20 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.

**“1029.8.36.0.0.28.** For the purposes of section 1029.8.36.0.0.26, an amount of assistance is deemed to be repaid, in a taxation year, by a corporation, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.0.24, the qualified labour expenditure of the corporation for the purpose of computing the amount it is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.19;

(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.

**“1029.8.36.0.0.29.** For the purposes of section 1029.8.36.0.0.27, an amount of assistance is deemed to be repaid, in a taxation year, by a corporation, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.0.25, the acquisition costs or rental expenses of the corporation for the purpose of computing the amount it is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.20;

(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.

**“1029.8.36.0.0.30.** Where, in respect of a contract entered into in connection with the creation of an eligible digital production, 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 creation of the eligible digital production, 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, or a person or a partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage upon a determination by the Minister to that effect, the amount of the qualified labour expenditure of a qualified corporation 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 is deemed to have obtained or to be entitled to obtain, on or before the qualified corporation’s filing-due date for that taxation year.

**“1029.8.36.0.0.31.** 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 supply of services to the corporation or to a person with whom the corporation does not deal at arm’s length, or by the amount of the consideration for the disposition or lease



of other property to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the acquisition, lease or installation of the qualified property, or to the acquisition of property resulting from work related to the installation of the qualified property, or of property consumed in connection with such work.

**“1029.8.36.0.0.32.** 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 qualified 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 qualified corporation for that taxation year.”

(2) Subsection 1 applies in respect of eligible digital productions for which an application for a certificate is filed with Investissement Québec after 6 October 2000 and before 1 January 2003. However, where section 1029.8.36.0.0.16 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted, in the first paragraph, in alphabetical order:

““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, excluding

(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, excluding

(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;”.

(3) For the purposes of Division II.6.0.0.6 of Chapter III.1 of Title III of Book IX of Part I of the said Act, where section 1029.6.0.1.2 of the said Act applies to a taxation year that ends before 17 October 2002, it shall be read with “the day that is 12 months after the taxpayer’s filing-due date for the particular year” replaced by “the filing-due date for the taxpayer’s taxation year that includes 17 October 2002”.

**138.** Section 1029.8.36.0.3.11 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended

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

**“1029.8.36.0.3.11.** 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 was taken into account for the purpose of computing a particular qualified labour expenditure incurred by the corporation in respect of a property that is a multimedia title 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 1029.8.36.0.3.9 for a particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular taxation year under that section 1029.8.36.0.3.9, if any amount of such assistance the corporation so repaid at or before the end of the repayment year had reduced, for the payment year, the amount determined under paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.8, exceeds the aggregate of” ;

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

“(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.”

**139.** Section 1029.8.36.0.3.22 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended

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

**“1029.8.36.0.3.22.** 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 1029.8.36.0.3.21, the qualified labour expenditure of the corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular taxation

year under section 1029.8.36.0.3.19, in this section referred to as the “payment year”, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular taxation year under that section 1029.8.36.0.3.19, if any amount of government assistance or non-government assistance the corporation so repaid at or before the end of the repayment year had reduced, for the payment year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.3.21, exceeds the aggregate of”;

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

“(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.”

**140.** Section 1029.8.36.0.3.35 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“**1029.8.36.0.3.35.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing qualified wages incurred 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, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.3.30, 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”.

**141.** Section 1029.8.36.0.3.43 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“**1029.8.36.0.3.43.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that

was taken into account for the purpose of computing qualified wages incurred 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, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.3.40, 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".

**142.** (1) Section 1029.8.36.0.3.53 of the said Act, enacted by section 74 of chapter 9 of the statutes of 2002, is amended by striking out, in the first paragraph, the words "and for the purpose of determining the modified rate for a particular year of operation of a corporation that is subsequent to its fifth year of operation".

(2) Subsection 1 has effect from 12 May 2000.

**143.** (1) Section 1029.8.36.0.3.54 of the said Act, enacted by section 74 of chapter 9 of the statutes of 2002, is amended by striking out the words "and for the purpose of determining the modified rate for a particular year of operation of a corporation that is subsequent to its fifth year of operation".

(2) Subsection 1 has effect from 12 May 2000.

**144.** (1) Section 1029.8.36.0.3.55 of the said Act, enacted by section 74 of chapter 9 of the statutes of 2002, is amended

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

**"1029.8.36.0.3.55.** Subject to sections 1029.8.36.0.3.53 and 1029.8.36.0.3.54, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the "vendor", diminish or cease in relation to a particular business carried on by the vendor in Québec, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the "purchaser", begins, after the particular time, to carry on similar activities in the course of carrying on such a business in Québec or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, for the purposes of section 1029.8.36.0.3.50, the following rules apply, subject to the third, fourth and fifth paragraphs:" ;

(2) by replacing the words “preceding the particular time is of the number of days in the particular calendar year” by the words “which precede the particular time is of the number of days in the particular calendar year which precede the particular time and”, in the following provisions of the first paragraph :

- subparagraph i of subparagraph *b* ;
- subparagraph 2 of subparagraph ii of subparagraph *b* ;

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

“Where a person or partnership is, at a particular time in a calendar year, a purchaser in relation to activities carried on by another person or partnership and, at a subsequent time in the same calendar year, the person or partnership is a vendor in relation to part of those activities, for the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the amount that the person or partnership is deemed to have paid under subparagraphs i and ii of subparagraph *b* of the first paragraph, the following rules apply :

(*a*) the person’s or partnership’s employees are deemed to have been paid by the person or partnership only the portion of the wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the person or partnership continues to carry on after that subsequent time ; and

(*b*) the other person’s or partnership’s employees are deemed to have been paid by the other person or partnership only the portion of the wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the other person or partnership continues to carry on after that subsequent time.” ;

(4) by striking out the fifth paragraph ;

(5) by replacing, in the seventh paragraph, the word “sixth” by the word “fifth”.

(2) Subsection 1 applies in respect of wages incurred after 11 May 2000.

**145.** Section 1029.8.36.0.10 of the said Act is amended by replacing the portion before paragraph *a* 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, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.5 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".

**146.** Section 1029.8.36.0.11 of the said Act is amended by replacing the portion before paragraph *a* 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, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.6, 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".

**147.** Section 1029.8.36.0.30 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**"1029.8.36.0.30.** Where, in a taxation year, in this section referred to as the "repayment year", a corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing qualified wages paid by the corporation to an eligible employee in a taxation year, in this section referred to as the "payment year", and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.19 or 1029.8.36.0.20 for a particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the

repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.19 or 1029.8.36.0.20, as the case may be, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the payment year, the amount of any government assistance or non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.17, exceeds the aggregate of”.

**148.** Section 1029.8.36.0.31 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.31.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing specified wages incurred by the corporation in respect of a specified employee in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.22 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the specified wages, under section 1029.8.36.0.22, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate 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”.

**149.** Section 1029.8.36.0.32 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.32.** Where, in a taxation year, in this section referred to as the “repayment year”, a corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, pursuant to section 1029.8.36.0.29, acquisition costs to, or rental expenses of, the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.25, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.25, if any

amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.29, exceeds the aggregate of”.

**150.** Section 1029.8.36.0.37.15 of the said Act, enacted by section 78 of chapter 9 of the statutes of 2002, is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.37.15.** 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 1029.8.36.0.37.3 or 1029.8.36.0.37.4 for a particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.37.3 or 1029.8.36.0.37.4, as the case may be, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the payment year, the amount of any government assistance or non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.37.1, exceeds the aggregate of”.

**151.** Section 1029.8.36.0.37.16 of the said Act, enacted by section 78 of chapter 9 of the statutes of 2002, is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.37.16.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing specified wages incurred by the corporation in respect of a specified employee in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.5 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the specified wages, under section 1029.8.36.0.37.5, 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 1029.8.36.0.37.1, exceeds the aggregate of”.

**152.** Section 1029.8.36.0.37.17 of the said Act, enacted by section 78 of chapter 9 of the statutes of 2002, is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.37.17.** 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 1029.8.36.0.37.13, 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 1029.8.36.0.37.8, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.37.8 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 1029.8.36.0.37.13, exceeds the aggregate of”.

**153.** Section 1029.8.36.0.37.18 of the said Act, enacted by section 78 of chapter 9 of the statutes of 2002, is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.37.18.** 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 1029.8.36.0.37.14, eligible rental expenses of the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.37.9, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.37.9, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.37.14, exceeds the aggregate of”.

**154.** Section 1029.8.36.0.49 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.49.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 that was taken into account for the purpose of computing qualified wages incurred by the corporation in respect of an eligible employee in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.40 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.40, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that paragraph *b*, exceeds the aggregate of”.

**155.** Section 1029.8.36.0.50 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

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

**“1029.8.36.0.50.** Where, before 1 January 2012, a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.38 that was taken into account for the purpose of computing qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period ending in a particular taxation year and in respect of which a corporation that is a member of the partnership at the end of the particular fiscal period is deemed to have paid an amount to the Minister under section 1029.8.36.0.43 for the particular taxation year, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which” ;

(2) by striking out the second paragraph.

**156.** Section 1029.8.36.0.51 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

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

**“1029.8.36.0.51.** Where, before 1 January 2012, a corporation that is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance, in respect of wages included in computing qualified wages incurred by the partnership in respect of an eligible employee in a particular fiscal period, that is referred to in the portion of section 1029.8.36.0.47 before paragraph *a* and that, pursuant to that section, reduced the qualified wages for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.43, in respect of the qualified wages, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which” ;

(2) by striking out the second paragraph.

**157.** Section 1029.8.36.0.66 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.66.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in subparagraph ii of paragraph *b* of the definition of “qualified brokerage expenditure” in the first paragraph of section 1029.8.36.0.55 that was taken into account for the purpose of computing a qualified brokerage expenditure incurred by the corporation in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.57 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified brokerage expenditure, under section 1029.8.36.0.57, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate

determined under subparagraph ii of that paragraph *b*, exceeds the aggregate of”.

**158.** Section 1029.8.36.0.67 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

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

**“1029.8.36.0.67.** Where, before 1 January 2012, 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 the first paragraph of section 1029.8.36.0.55 that was taken into account for the purpose of computing a qualified brokerage expenditure incurred by the partnership in a particular fiscal period ending in a particular taxation year and in respect of which a corporation that is a member of the partnership at the end of the particular fiscal period is deemed to have paid an amount to the Minister under section 1029.8.36.0.60 for the particular taxation year, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which” ;

(2) by striking out the second paragraph.

**159.** Section 1029.8.36.0.68 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

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

**“1029.8.36.0.68.** Where, before 1 January 2012, a corporation that is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance, in respect of fees included in computing a qualified brokerage expenditure incurred by the partnership in a particular fiscal period, that is referred to in the portion of section 1029.8.36.0.64 before paragraph *a* and that, pursuant to that section, reduced the qualified brokerage expenditure for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.60, in respect of the qualified brokerage expenditure, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its

tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which” ;

(2) by striking out the second paragraph.

**160.** Section 1029.8.36.0.77 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.0.77.** Where, before 1 January 2012, a corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph *a* of the first paragraph of section 1029.8.36.0.75, acquisition costs incurred or rental expenses paid by the corporation, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year, in respect of the costs or expenses, under section 1029.8.36.0.73, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the costs or expenses, under section 1029.8.36.0.73, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that paragraph *a*, exceeds the aggregate of”.

**161.** Section 1029.8.36.0.78 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

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

**“1029.8.36.0.78.** Where, before 1 January 2012, a partnership pays, in a fiscal period, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.0.75, the share, for a particular fiscal period of the partnership, of a corporation that is a member of the partnership, of the acquisition costs incurred or rental expenses paid by the partnership, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.74, in respect of that share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for

that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which”;

(2) by striking out the second paragraph.

**162.** Section 1029.8.36.0.79 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

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

**“1029.8.36.0.79.** Where, before 1 January 2012, a corporation that is a member of a partnership pays, in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.0.75, the corporation’s share, for a particular fiscal period of the partnership, of the acquisition costs incurred or rental expenses paid by the partnership, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.74, in respect of that share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form with the fiscal return it is required to file for that year under section 1000 and is a member of the partnership at the end of the fiscal period of repayment, an amount equal to the amount by which”;

(2) by striking out the second paragraph.

**163.** (1) Section 1029.8.36.0.85 of the said Act, enacted by section 83 of chapter 9 of the statutes of 2002, is amended by replacing, in subparagraph *d* of the third paragraph, the words “sixth paragraph” by the words “seventh paragraph”.

(2) Subsection 1 has effect from 30 March 2001.

**164.** Section 1029.8.36.0.89 of the said Act, enacted by section 83 of chapter 9 of the statutes of 2002, is amended by replacing the portion before paragraph *a* by the following:

**“1029.8.36.0.89.** Where a corporation pays in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of section 1029.8.36.0.88, eligible expenses incurred by the corporation in respect of a

strategic building, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a particular taxation year, in respect of the expenses, under section 1029.8.36.0.85, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the expenses, under section 1029.8.36.0.85, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that section 1029.8.36.0.88, exceeds the aggregate of”.

**165.** (1) The said Act is amended by inserting, after section 1029.8.36.53, the following :

**“DIVISION II.6.4.1**

**“CREDIT FOR RACEHORSE MAINTENANCE**

**“1029.8.36.53.1.** In this division,

“eligibility date” relating to an eligible horse in respect of an eligible taxpayer means the latest of

- (a) the date on which the eligible horse is foaled ;
- (b) the date on which the eligible taxpayer acquires the eligible horse ; and
- (c) 30 June 2000 ;

“eligibility period” applicable to an eligible horse in relation to an eligible taxpayer for a taxation year means the period that begins on the eligibility date relating to the eligible horse in respect of the eligible taxpayer and that ends on the earliest of

- (a) the day on which the eligible horse ceases to be covered by the definition of “eligible horse” ;
- (b) the date on which the eligible taxpayer disposes of the eligible horse ; and
- (c) 31 December 2003 ;

“eligible horse” means a Standardbred colt or filly under the age of three, sired by a stallion registered in the stallion registry of the Régie des alcools, des courses et des jeux or out of a brood mare entered in the annual inventory of the Société nationale du cheval de course, which has not participated in a betting race with a purse as part of a race program recognized by the Société

nationale du cheval de course or any other association in Canada or the United States, and foaled after 30 June 1997 but before 1 January 2004;

“eligible taxpayer” for a taxation year means a taxpayer, other than a tax-exempt taxpayer, who is an individual resident in Québec on 31 December of the year, or that is a corporation that has an establishment in Québec in the year, and that is the owner of an eligible horse during all or part of the year;

“qualified expenditure” made by an eligible taxpayer in a taxation year means the following expenditures, to the extent that they are reasonable and are paid, that an eligible taxpayer incurs in Québec at any time in the year, after 29 June 2000 and before 1 January 2004, for services rendered in Québec, in respect of an eligible horse owned by the eligible taxpayer at that time, other than the costs of transporting the eligible horse and expenditure incurred with a taxpayer with whom the eligible taxpayer or a specified shareholder of the eligible taxpayer is not dealing at arm’s length:

(a) ongoing maintenance and training expenditures, including expenditures incurred under a contract for services;

(b) the fees for membership in an equestrian association;

(c) nomination, sustaining and starting fees required for participation in a race; and

(d) veterinary charges, including charges in connection with the foaling of the eligible horse;

“tax-exempt taxpayer” means

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

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

(c) a trust one of the capital or income beneficiaries of which is a person described in paragraph *a* or *b*.

**“1029.8.36.53.2.** An eligible taxpayer who, for a taxation year, encloses with the fiscal return the eligible taxpayer is required to file for the year under section 1000, or would be required to so file if tax were payable by the eligible taxpayer under this Part, a copy of the registration certificate issued by Standardbred Canada in respect of the eligible horse and the prescribed form containing prescribed information in respect of the eligible horse, is deemed to have paid to the Minister, on the eligible taxpayer’s balance-due day for the year, on account of the eligible taxpayer’s tax payable for the year under this Part, an amount equal to 30% of the aggregate of all



amounts each of which is a qualified expenditure made by the eligible taxpayer in the year in respect of the eligible horse.

However, for the purposes of the first paragraph, the aggregate of all amounts each of which is a qualified expenditure made by an eligible taxpayer in a taxation year in respect of an eligible horse shall not exceed \$12,000.

**“1029.8.36.53.3.** For the purpose of computing the amount that an eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.2 in respect of an eligible horse, where the number of days in the portion of the eligibility period applicable to the eligible horse in relation to the eligible taxpayer that is included in the year is less than 365, the amount of \$12,000 referred to in the second paragraph of section 1029.8.36.53.2 shall be replaced by the product obtained by multiplying \$12,000 by the proportion that the number of days is of 365.

**“1029.8.36.53.4.** For the purpose of computing the amount that an eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.2, the amount of a qualified expenditure shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the qualified expenditure, 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.

**“1029.8.36.53.5.** Where, in a taxation year, in this section referred to as the “repayment year”, but not later than 31 December 2005, 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 section 1029.8.36.53.4, a qualified expenditure made by the taxpayer in a particular taxation year in respect of an eligible horse 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 1029.8.36.53.2 in respect of the qualified expenditure, the taxpayer is deemed, if the taxpayer encloses the prescribed form with the fiscal return the taxpayer is required to file for the repayment year under section 1000, or would be required to so file if tax were payable by the taxpayer under this Part, to have paid to the Minister on the taxpayer’s balance-due day for the repayment year, on account of the taxpayer’s tax payable for that year under this Part, 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 that section 1029.8.36.53.2, in respect of the qualified expenditure, 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 1029.8.36.53.4, exceeds the aggregate of

(a) the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.53.2 for the particular year in respect of the qualified expenditure; and

(b) any amount that the taxpayer 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.

**“1029.8.36.53.6.** For the purposes of section 1029.8.36.53.5, an amount of assistance is deemed to be repaid, in a taxation year, by a taxpayer pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.53.4, the amount of a qualified expenditure of the taxpayer for the purpose of computing the amount the taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.2;

(b) was not received by the taxpayer; and

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

**“1029.8.36.53.7.** For the purpose of computing the amount that an eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.2, where, in respect of a qualified expenditure relating to an eligible horse, 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 maintenance and training of the eligible horse, 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 qualified expenditure 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 eligible taxpayers’s filing-due date for that year.

**“1029.8.36.53.8.** For the purposes of this division, an eligible taxpayer who is an individual who was resident in Québec immediately before the individual’s death is deemed to be resident in Québec on 31 December of the year of the death.

**“1029.8.36.53.9.** For the purposes of this Part and the regulations, the amount that an eligible taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.2 or 1029.8.36.53.5 is deemed not to be assistance or an inducement received by the taxpayer from a government.”

(2) Subsection 1 applies to taxation years that end after 29 June 2000. However, where section 1029.8.36.53.1 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order :

““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 ;

““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;”.

**166.** Section 1029.8.36.59.5 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“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, if the taxpayer encloses the prescribed form with the fiscal return the taxpayer is required to file for the repayment year under section 1000, to have paid to the Minister on the taxpayer’s balance-due day for the repayment year, on account of the taxpayer’s tax payable for that year under this Part, 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 that 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”.

**167.** Section 1029.8.36.59.6 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“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 on the taxpayer’s balance-due day for the taxpayer’s taxation year in which the fiscal period of repayment ends, on account of the taxpayer’s tax payable for that year under this Part, 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”.

**168.** Section 1029.8.36.59.7 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“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 on the taxpayer’s balance-due day for the taxpayer’s taxation year in which the fiscal period of repayment ends, on account of the taxpayer’s tax payable for that year under this Part, 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”.

**169.** (1) Section 1029.8.36.72.1 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 89 of chapter 9 of the statutes of 2002, is again amended, in the first paragraph,

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

““recognized business” of a corporation for a taxation year means a business carried on by the corporation in the year in respect of which a qualification certificate was issued by the Minister of Industry and Trade, and that is any of the following businesses :

(*a*) a business manufacturing and, as the case may be, commercializing apparatus or equipment related to the optics, photonics or laser sector ; or

(*b*) a business the activities of which are related to a business described in paragraph *a* ;” ;

(2) by striking out the words “referred to therein” in the following provisions :

— the portion of paragraph *a* of the definition of “repayment of eligible assistance” before subparagraph *i* ;

— the portion of paragraph *b* of the definition of “repayment of eligible assistance” before subparagraph *i* ;

(3) by replacing the portion of paragraph *c* of the definition of “repayment of eligible assistance” before subparagraph *i* by the following :

“(c) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be

considered to be a repayment of assistance referred to in subparagraph *i* of paragraph *b* of section 1029.8.36.72.7 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.4 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.3, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.4 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and the amount determined in accordance with that section 1029.8.36.72.4 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of”.

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

**170.** (1) Section 1029.8.36.72.7 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 91 of chapter 9 of the statutes of 2002, is again amended

(1) by replacing, in subparagraph *i* of paragraph *a*, the words “paid by the qualified corporation under” by the words “referred to in”;

(2) by replacing, in subparagraph *i* of paragraph *b*, the word “under” by the words “referred to in”.

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

**171.** (1) Section 1029.8.36.72.8 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing paragraph *a* by the following :

“(a) reduced the amount of salaries or wages for the purpose of computing,

i. in the case of assistance referred to in paragraph *a* of section 1029.8.36.72.7, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.72.2 or 1029.8.36.72.3, or

ii. in the case of assistance referred to in paragraph *b* of section 1029.8.36.72.7, the excess amount referred to in paragraph *a* of section 1029.8.36.72.4 determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the Québec area and that are associated with each other;”.

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

**172.** (1) Section 1029.8.36.72.9 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing, in the portion of subparagraph *b* of the first paragraph before subparagraph *i*, the words “for the calendar year” by the words “for the taxation year in which the calendar year ends”.

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

**173.** (1) Section 1029.8.36.72.10 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing, in the portion of paragraph *b* before subparagraph *i*, the words “for the calendar year” by the words “for the taxation year in which the calendar year ends”.

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

**174.** (1) Section 1029.8.36.72.11 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

“**1029.8.36.72.11.** Subject to sections 1029.8.36.72.9 and 1029.8.36.72.10, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the particular calendar year ends and for the taxation year in which the following calendar year ends:”;

(2) by replacing, in the portion of subparagraph *a* of the first paragraph before the formula, the words “is deemed to be equal to the amount by which the amount” by “, is deemed to be equal to the amount by which the aggregate”;

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

“(b) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period of the particular calendar year preceding the particular time for which the employee is an eligible employee,

or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period of the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area, is deemed, for the purpose of determining the amount that the vendor is deemed to have paid to the Minister under this division for the taxation year in which the calendar year following the particular calendar year ends, to be equal to the amount by which the aggregate otherwise determined exceeds the amount determined by the formula”;

(4) by replacing the words “preceding the particular time is of the number of days in the particular calendar year” by the words “which precede the particular time is of the number of days in the particular calendar year which precede the particular time and”, in the following provisions of the first paragraph :

- subparagraph i of subparagraph *c* ;
- subparagraph 2 of subparagraph ii of subparagraph *c* ;

(5) by replacing the third and fourth paragraphs by the following :

“Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and its base amount in relation to that year :

(a) the corporation’s employees are deemed to have been paid by the corporation only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time ; and

(b) the person’s or partnership’s employees are deemed to have been paid by the person or partnership only the portion of the salaries or wages that may

reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time.”;

(6) by striking out the fifth paragraph.

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

**175.** (1) Section 1029.8.36.72.15 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 92 of chapter 9 of the statutes of 2002, is again amended

(1) by replacing the portion of the definition of “eligible employee” in the first paragraph before paragraph *a* by the following :

““eligible employee” for a period within a calendar year means an employee who, during that period, reports for work at an establishment of the employer situated in the Saguenay–Lac-Saint-Jean area and who, throughout that period, spends, when at work, at least 75% of the time undertaking, supervising or supporting”;

(2) by adding, after paragraph *b* of the definition of “eligible employee” in the first paragraph, the following paragraph :

“(c) work that is directly related to reclamation and recycling of waste and residues from the processing of aluminum and that constitutes a business carried on by the employer in the Saguenay–Lac-Saint-Jean area;”;

(3) by striking out the definition of “excluded employee” in the first paragraph;

(4) by replacing the definition of “recognized business” in the first paragraph by the following :

““recognized business” of a corporation for a taxation year means a business that is carried on by the corporation in the year and in respect of which a qualification certificate has been issued by Investissement Québec, and that is any of the following businesses :

(a) a business that manufactures and, as the case may be, commercializes finished or semi-finished products made from aluminum which has already undergone primary processing ;

(b) a business that manufactures and, as the case may be, commercializes specialized equipment for businesses producing or processing aluminum ; or

(c) a business that reclaims and recycles waste and residues from the processing of aluminum;”;



(5) by striking out the definition of “specified member” in the first paragraph;

(6) by inserting, in the first paragraph, the following definition in alphabetical order:

““eligibility period” of a corporation means, subject to the fifth paragraph, the five-year period that begins on 1 January 2000 or on 1 January of the calendar year, preceding the calendar year 2005, in which the corporation begins to carry on a recognized business in the Saguenay–Lac-Saint-Jean area, if that latter date is later than the former;”;

(7) by replacing the definition of “base period” in the first paragraph by the following:

““base period” of a corporation, in relation to a calendar year means, subject to the fifth paragraph,

(a) in the case of a corporation that began to carry on a recognized business before the calendar year 2001, the period within the calendar year 1999 during which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect for its taxation year in which the calendar year 1999 ended, was carried on in Québec by the corporation; and

(b) in the case of a corporation that began to carry on a recognized business in the Saguenay–Lac-Saint-Jean area in a particular calendar year that is subsequent to the calendar year 2000, the calendar year preceding the particular calendar year;”;

(8) by replacing “paragraph *a* of section 1029.8.36.72.21” by “subparagraph *a* of the first paragraph of section 1029.8.36.72.21” and by striking out the words “referred to therein”, in the following provisions of the definition of “repayment of eligible assistance” in the first paragraph:

— the portion of paragraph *a* before subparagraph *i*;

— the portion of paragraph *b* before subparagraph *i*;

(9) by replacing the portion of paragraph *c* of the definition of “repayment of eligible assistance” in the first paragraph before subparagraph *i* by the following:

“(c) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.72.21 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* of

section 1029.8.36.72.18 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.17, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and the amount determined in accordance with that section 1029.8.36.72.18 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of”;

(10) by replacing, in paragraph *a* of the definition of “salary or wages” in the first paragraph, the words “of finished or semi-finished products made from aluminum which has already undergone primary processing or specialized equipment for businesses producing or processing aluminum” by “of the activities or products of a business described in any of paragraphs *a* to *c* of the definition of “recognized business””;

(11) by replacing the portion of the third paragraph before subparagraph *a* by the following :

“For the purposes of the definition of “recognized business” in the first paragraph, a corporation is deemed to carry on in a taxation year a business referred to in paragraph *a* or *b* of that definition where”;

(12) by inserting, after the fourth paragraph, the following paragraph :

“For the purposes of the definitions of “base period” and “eligibility period” in the first paragraph, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the following rules apply :

(*a*) the eligibility period of the corporation is deemed to have begun on the date on which the eligibility period of the other corporation began ; and

(*b*) the base period of the corporation is deemed to be the same as the base period of the other corporation.”

(2) Paragraphs 1, 3, 5 and 12 of subsection 1 have effect from 1 January 2001.

(3) Paragraphs 2, 4 and 6 to 11 of subsection 1 have effect from 1 January 2000. However,

(1) where the definition of “eligibility period” in the first paragraph of section 1029.8.36.72.15 of the said Act applies before 1 January 2001, it shall be read as follows :

““eligibility period” of a corporation means the five-year period that begins on 1 January 2000 or on 1 January of the calendar year, preceding the calendar year 2005, in which the corporation begins to carry on a recognized business in the Saguenay–Lac-Saint-Jean area, if that latter date is later than the former;”;

(2) where the portion of the definition of “base period” in the first paragraph of section 1029.8.36.72.15 of the said Act before paragraph *a* applies before 1 January 2001, it shall be read as follows :

““base period” of a corporation in relation to a calendar year means”.

**176.** (1) Section 1029.8.36.72.16 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

**“1029.8.36.72.16.** A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of”;

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

“For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends, and its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph

for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.”

(2) Subsection 1 has effect from 1 January 2000.

**177.** (1) Section 1029.8.36.72.17 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 93 of chapter 9 of the statutes of 2002, is again amended

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

**“1029.8.36.72.17.** A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period and encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of” ;

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

“For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year within the qualified corporation’s eligibility period ends, and its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.” ;

(3) by inserting, in subparagraph *c* of the third paragraph, after “1029.8.36.72.18”, the word “filed”.

(2) Subsection 1 has effect from 1 January 2000.

**178.** (1) Section 1029.8.36.72.19 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is repealed.

(2) Subsection 1 has effect from 1 January 2000.

**179.** (1) Section 1029.8.36.72.21 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 94 of chapter 9 of the statutes of 2002, is again amended

(1) by replacing, in the portion before paragraph *a*, the words “the following rules apply” by “the following rules apply, subject to the second paragraph”;

(2) by replacing, in subparagraph *i* of paragraph *a*, the words “paid by the qualified corporation under” by the words “referred to in”;

(3) by replacing, in subparagraph *i* of paragraph *b*, the word “under” by the words “referred to in”;

(4) by adding the following paragraph :

“The aggregate of the amounts referred to in subparagraphs *i* to *iii* of subparagraph *a* or *b* of the first paragraph, in this paragraph referred to as the “reduction amounts”, that reduced the amount of the salaries or wages paid by the qualified corporation in respect of a period within the qualified corporation’s base period in relation to a calendar year, shall not exceed the aggregate of the reduction amounts of the salaries or wages paid by the corporation in respect of the calendar year ending in the corporation’s particular taxation year referred to in the first paragraph.”

(2) Subsection 1 has effect from 1 January 2000.

**180.** (1) Section 1029.8.36.72.22 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing paragraph *a* by the following :

“(a) reduced the amount of salaries or wages for the purpose of computing,

*i.* in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.21, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.72.16 or 1029.8.36.72.17, or

*ii.* in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.21, the excess amount referred to in paragraph *a* of section 1029.8.36.72.18 determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the Saguenay–Lac-Saint-Jean area and that are associated with each other;”.

(2) Subsection 1 has effect from 1 January 2000.

**181.** (1) Section 1029.8.36.72.23 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing, in the portion of subparagraph *b* of the first paragraph before subparagraph *i*, the words “for the calendar year” by the words “for the taxation year in which the calendar year ends”.

(2) Subsection 1 has effect from 1 January 2000.

**182.** (1) Section 1029.8.36.72.24 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing, in the portion of paragraph *b* before subparagraph *i*, the words “for the calendar year” by the words “for the taxation year in which the calendar year ends”.

(2) Subsection 1 has effect from 1 January 2000.

**183.** (1) Section 1029.8.36.72.25 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

“**1029.8.36.72.25.** Subject to sections 1029.8.36.72.23 and 1029.8.36.72.24, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(*a*) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period in relation to the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in its base period in relation to the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, is deemed to be equal to the amount by which the aggregate otherwise determined exceeds the amount determined by the formula” ;

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

“(b) the purchaser is deemed

i. to have an eligible amount for the particular calendar year equal to the aggregate of its eligible amount for the year otherwise determined and the amount that is that proportion of the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the employee may reasonably be considered to have been assigned to the carrying on of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year which precede the particular time is of the number of days in the particular calendar year which precede the particular time and during which the vendor carried on those activities, and

ii. to have a base amount in relation to the particular calendar year equal to the aggregate of

(1) the base amount of the purchaser otherwise determined in relation to the particular calendar year,

(2) the amount that is that proportion of the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the salaries or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year which precede the particular time is of the number of days in the particular calendar year which precede the particular time and during which the vendor carried on those activities, and

(3) the aggregate of all amounts each of which is the salaries or wages paid by the purchaser to an employee in a period of the particular calendar year and after the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, that were paid by the purchaser in a period of the particular calendar year and after the particular time for which the employee would be an eligible employee of the purchaser if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the salaries or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time.”;

(3) by striking out subparagraph *c* of the first paragraph;

(4) 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.”;

(5) by striking out subparagraph *d* of the second paragraph;

(6) by replacing the third and fourth paragraphs by the following:

“Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and its base amount in relation to that year:

(*a*) the corporation’s employees are deemed to have been paid by the corporation only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time; and

(*b*) the person’s or partnership’s employees are deemed to have been paid by the person or partnership only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time.”;

(7) by striking out the fifth paragraph.

(2) Subsection 1 has effect from 1 January 2000.

**184.** (1) Section 1029.8.36.72.26 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing “paragraph *a* or *b* of section 1029.8.36.72.21” by “subparagraph *a* or *b* of the first paragraph of section 1029.8.36.72.21”.



(2) Subsection 1 has effect from 1 January 2000.

**185.** (1) Section 1029.8.36.72.28 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is replaced by the following:

**“1029.8.36.72.28.** The Minister may obtain the advice of Investissement Québec to determine, for the purposes of this division, whether an activity is directly related to the activities of a business referred to in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.15.”

(2) Subsection 1 has effect from 1 January 2000.

**186.** (1) Section 1029.8.36.72.29 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 95 of chapter 9 of the statutes of 2002, is again amended, in the definition of “repayment of eligible assistance” in the first paragraph,

(1) by striking out the words “referred to therein”, in the following provisions:

- the portion of paragraph *a* before subparagraph *i*;
- the portion of paragraph *b* before subparagraph *i*;

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

“(c) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of paragraph *b* of section 1029.8.36.72.35 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.32 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.31, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.32 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and the amount determined in accordance with that section 1029.8.36.72.32 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of”.

(2) Subsection 1 has effect from 1 January 2000.

**187.** (1) Section 1029.8.36.72.35 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001 and amended by section 97 of chapter 9 of the statutes of 2002, is again amended

(1) by replacing, in subparagraph i of paragraph *a*, the words “paid by the qualified corporation under” by the words “referred to in”;

(2) by replacing, in subparagraph i of paragraph *b*, the word “under” by the words “referred to in”.

(2) Subsection 1 has effect from 1 January 2000.

**188.** (1) Section 1029.8.36.72.36 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing paragraph *a* by the following:

“(a) reduced the amount of salaries or wages for the purpose of computing,

i. in the case of assistance referred to in paragraph *a* of section 1029.8.36.72.35, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.72.30 or 1029.8.36.72.31, or

ii. in the case of assistance referred to in paragraph *b* of section 1029.8.36.72.35, the excess amount referred to in paragraph *a* of section 1029.8.36.72.32 determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the Angus Technopole and that are associated with each other;”.

(2) Subsection 1 has effect from 1 January 2000.

**189.** (1) Section 1029.8.36.72.37 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing, in the portion of subparagraph *b* of the first paragraph before subparagraph i, the words “for the calendar year” by the words “for the taxation year in which the calendar year ends”.

(2) Subsection 1 has effect from 1 January 2000.

**190.** (1) Section 1029.8.36.72.38 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by replacing, in the portion of paragraph *b* before subparagraph i, the words “for the calendar year” by the words “for the taxation year in which the calendar year ends”.

(2) Subsection 1 has effect from 1 January 2000.

**191.** (1) Section 1029.8.36.72.39 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

**“1029.8.36.72.39.** Subject to sections 1029.8.36.72.37 and 1029.8.36.72.38, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the particular calendar year ends and for the taxation year in which the following calendar year ends :” ;

(2) by replacing, in the portion of subparagraph *a* of the first paragraph before the formula, the words “is deemed to be equal to the amount by which the amount” by “, is deemed to be equal to the amount by which the aggregate” ;

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

“(b) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period of the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period of the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Angus Technopole, is deemed, for the purpose of determining the amount that the vendor is deemed to have paid to the Minister under this division for the taxation year in which the calendar year following the particular calendar year ends, to be equal to the amount by which the aggregate otherwise determined exceeds the amount determined by the formula” ;

(4) by replacing the words “preceding the particular time is of the number of days in the particular calendar year” by the words “which precede the particular time is of the number of days in the particular calendar year which precede the particular time and” in the following provisions of the first paragraph :

- subparagraph i of subparagraph c ;
- subparagraph 2 of subparagraph ii of subparagraph c ;

(5) by replacing the third and fourth paragraphs by the following :

“Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and its base amount in relation to that year :

(a) the corporation’s employees are deemed to have been paid by the corporation only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time ; and

(b) the person’s or partnership’s employees are deemed to have been paid by the person or partnership only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time.” ;

(6) by striking out the fifth paragraph.

(2) Subsection 1 has effect from 1 January 2000.

**192.** (1) Section 1029.8.36.72.43 of the said Act, enacted by section 98 of chapter 9 of the statutes of 2002, is amended, in the first paragraph,

(1) by striking out, in the definition of “eligible employee”, “, other than an excluded employee at any time in that period,” ;

(2) by striking out the definition of “excluded employee” ;

(3) by striking out the definition of “specified member” ;

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

““eligibility period” of a corporation means, subject to the fourth paragraph, the five-year period that begins on 1 January 2000 or on 1 January of the calendar year, preceding the calendar year 2005, in which the corporation begins to carry on a recognized business in an eligible region, if that latter date is later than the former;” ;

(5) by replacing the portion of paragraph *c* of the definition of “eligible repayment of assistance” before subparagraph *i* by the following :

“(c) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.72.48 that reduced the amount of the salaries or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.46 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.45, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.46 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and the amount determined pursuant to that section 1029.8.36.72.46 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of”.

(2) Subsection 1 has effect from 1 January 2000. However, where the definition of “eligibility period” in the first paragraph of section 1029.8.36.72.43 of the said Act applies before 1 January 2001, it shall be read as follows :

““eligibility period” of a corporation means the five-year period that begins on 1 January 2000 or on 1 January of the calendar year, preceding the calendar year 2005, in which the corporation begins to carry on a recognized business in an eligible region, if that latter date is later than the former;”.

**193.** (1) Section 1029.8.36.72.44 of the said Act, enacted by section 98 of chapter 9 of the statutes of 2002, is amended by replacing the second paragraph by the following :

“For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that

subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year comprised in the qualified corporation's eligibility period ends, and its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year."

(2) Subsection 1 has effect from 1 January 2000.

**194.** (1) Section 1029.8.36.72.45 of the said Act, enacted by section 98 of chapter 9 of the statutes of 2002, is amended by replacing the third paragraph by the following :

"For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year comprised in the qualified corporation's eligibility period ends, and its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year."

(2) Subsection 1 has effect from 1 January 2000.

**195.** (1) Section 1029.8.36.72.52 of the said Act, enacted by section 98 of chapter 9 of the statutes of 2002, is amended

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

**"1029.8.36.72.52.** Subject to sections 1029.8.36.72.50 and 1029.8.36.72.51, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the "vendor", in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease, and where it may reasonably be considered that, as

a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends:”;

(2) by replacing the third and fourth paragraphs by the following :

“Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and its base amount in relation to that year :

(a) the corporation’s employees are deemed to have been paid by the corporation only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time ; and

(b) the person’s or partnership’s employees are deemed to have been paid by the person or partnership only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time.”;

(3) by striking out the fifth paragraph.

(2) Subsection 1 has effect from 1 January 2000.

**196.** (1) Section 1029.8.36.72.66 of the said Act, enacted by section 98 of chapter 9 of the statutes of 2002, is amended

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

**“1029.8.36.72.66.** Subject to sections 1029.8.36.72.64 and 1029.8.36.72.65, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that would have been a recognized business if a qualification certificate had been issued in its respect, diminish or cease, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the particular calendar year ends and for the taxation year in which the following calendar year ends:”;

(2) by replacing the third and fourth paragraphs by the following :

“Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and its base amount in relation to that year :

(*a*) the corporation’s employees are deemed to have been paid by the corporation only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time ; and

(*b*) the person’s or partnership’s employees are deemed to have been paid by the person or partnership only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time.”;



(3) by striking out the fifth paragraph.

(2) Subsection 1 has effect from 1 January 2001.

**197.** (1) The said Act is amended by inserting, after section 1029.8.36.72.69, enacted by section 98 of chapter 9 of the statutes of 2002, the following :

**“DIVISION II.6.6.6**

**“CREDIT FOR JOB CREATION IN THE RESOURCE REGIONS**

**“§1. — *Definitions and general***

**“1029.8.36.72.70.** In this division,

“base amount” of a corporation, in relation to a calendar year, means the amount that would be the eligible amount of the corporation for its base period in relation to the calendar year if the reference to a calendar year, in the definition of “eligible amount”, were replaced by a reference to a base period in relation to a calendar year or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.80 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero ;

“base period” of a corporation in relation to a calendar year means, subject to the fifth paragraph,

(a) in the case of a corporation that began to carry on a recognized business before the calendar year 2002, the period within the calendar year 2000 during which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect for its taxation year in which the calendar year 2000 ended, was carried on in Québec by the corporation ; and

(b) in the case of a corporation that began to carry on a recognized business in an eligible region in a particular calendar year that is subsequent to the calendar year 2001, the calendar year preceding the particular calendar year ;

“eligibility period” of a corporation means, subject to the fifth paragraph, the five-year period that begins on 1 January 2001 or on 1 January of the calendar year, preceding the calendar year 2005, in which the corporation begins to carry on a recognized business in an eligible region, if that latter date is later than the former ;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an

establishment of the corporation situated in Québec, that were paid by the corporation in a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in an eligible region ;

“eligible employee” for a period within a calendar year means an employee who, during that period, reports for work at an establishment of the employer situated in an eligible region and who, throughout that period, spends, when at work, at least 75% of the time undertaking, supervising or supporting work that is directly related to the activities of any of the businesses described in paragraphs *a* to *h* of the definition of “recognized business”, carried on by the employer in an eligible region ;

“eligible region” means

(*a*) one of the following administrative regions described in Order in Council 2000-87 dated 22 December 1987 concerning the revision of the boundaries of the administrative regions of Québec, as amended :

- i. administrative region 01 Bas-Saint-Laurent,
- ii. administrative region 02 Saguenay–Lac-Saint-Jean,
- iii. administrative region 04 Mauricie,
- iv. administrative region 08 Abitibi-Témiscamingue,
- v. administrative region 09 Côte-Nord,
- vi. administrative region 10 Nord-du-Québec, or
- vii. administrative region 11 Gaspésie–Îles-de-la-Madeleine ; or

(*b*) one of the following regional county municipalities :

- i. Municipalité régionale de comté d’Antoine-Labelle,
- ii. Municipalité régionale de comté de La Vallée-de-la-Gatineau, or
- iii. Municipalité régionale de comté de Pontiac ;

“eligible repayment of assistance” for a taxation year of a qualified corporation means the aggregate of

(*a*) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.75 that reduced the amount of the salaries or wages paid by the qualified corporation to an employee for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of

section 1029.8.36.72.71 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.71 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance ;

(*b*) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.75 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.72 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business in an eligible region for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.72 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;  
and

(*c*) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.72.75 that reduced the amount of the salaries or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.73 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that

were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.72, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.73 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and the amount determined pursuant to that section 1029.8.36.72.73 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.72, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;

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

(a) a corporation that is exempt from tax under Book VIII for the taxation year in which the calendar year ends ; or

(b) a corporation that would be exempt from tax under section 985 for the taxation year in which the calendar year ends, but for section 192 ;

“recognized business” of a corporation for a taxation year means, subject to the third paragraph, a business carried on by the corporation in the year, in respect of which a qualification certificate has been issued by Investissement Québec, and that is

(a) a business that manufactures, processes and, as the case may be, commercializes any of the following products :

i. finished or semi-finished products using wood, metals, peat, slate, gemstones or semi-precious stones, or

ii. paper or paperboard products ;

(b) a business that manufactures, processes and, as the case may be, commercializes food products ;

(c) a business that manufactures and, as the case may be, commercializes specialized equipment for logging operations, wood processing, paper or paperboard manufacturing, mining, metal processing or fresh-water aquaculture ;

(d) a business that produces and, as the case may be, commercializes ecological non-conventional energy using the biomass or hydrogen ;

(e) a business that manufactures and, as the case may be, commercializes products or specialized equipment for the production or use of energy ;

(f) a business that reclaims, recycles and, as the case may be, commercializes residues and waste from the development or processing of natural resources ;

(g) a business engaged in fresh-water aquaculture and, as the case may be, the commercialization of that activity ; or

(h) a business the activities of which are related to any of the businesses described in paragraphs *a* to *g* ;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include

(a) for an employee whose activities relate to the commercialization of the activities or products of a business described in any of paragraphs *a* to *h* of the definition of “recognized business”, directors’ fees, premiums, compensation for hours worked in addition to normal working hours or benefits referred to in Division II of Chapter II of Title II of Book III ; or

(b) for all other employees, directors’ fees, premiums, incentive bonuses, compensation for hours worked in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III.

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

(a) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in an eligible region and at an establishment of the qualified corporation situated outside the eligible region, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the eligible region, or

ii. to report for work only at the establishment situated outside the eligible region if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside the eligible region ; and

(b) where, during a period within a calendar year, an employee is not required to report for work at an establishment of a qualified corporation and the employee's salary or wages in relation to that period are paid from such an establishment situated in an eligible region, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of the definition of "recognized business" in the first paragraph, the following activities do not constitute activities of a recognized business :

(a) activities of any of the businesses described in the definition of "recognized business" in the first paragraph of section 1029.8.36.72.15 ;

(b) activities of any of the businesses described in paragraphs *a* to *f* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.43 ;

(c) activities of any of the businesses described in paragraphs *a* to *h* of the definition of "recognized business" in the first paragraph that are carried on by a corporation whose principal business is the provision of services and, in that respect, wholesale or retail trade activities and lodging or restaurant services are deemed to be services ;

(d) activities relating to pulp, paper or paperboard manufacturing ;

(e) activities relating to primary processing of metals ;

(f) activities relating to the manufacturing of finished or semi-finished non-metallic mineral products ;

(g) activities relating to the sawing of logs and bolts to produce structural timber or similar products ;

(h) activities relating to the setting of gemstones or semi-precious stones ;  
and

(i) activities relating to the manufacture of jewellery.

For the purposes of the definition of "eligible amount" in the first paragraph,

(a) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in Québec and at an establishment of the qualified corporation situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the qualified corporation situated outside Québec ; and

(b) where, during a period within a calendar year, an employee is not required to report for work at an establishment of a qualified corporation and the employee's salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of the definitions of “base period” and “eligibility period” in the first paragraph, where, in a taxation year, a corporation carries on a business in respect of which a qualification certificate has been issued by Investissement Québec, and the business, according to Investissement Québec, is the continuation of a recognized business or part of a recognized business previously carried on by another corporation, the following rules apply :

(a) the eligibility period of the corporation is deemed to have begun on the date on which the eligibility period of the other corporation began ; and

(b) the base period of the corporation is deemed to be the same as the base period of the other corporation.

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“§2. — *Credits*

**“1029.8.36.72.71.** A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation's eligibility period and that encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in an eligible region, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation's base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the

case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.79 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the qualified corporation's base amount in relation to that calendar year; and

(b) the qualified corporation's eligible repayment of assistance for the taxation year.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year comprised in the qualified corporation's eligibility period ends, and its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.

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

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

(b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business.

**“1029.8.36.72.72.** A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation's eligibility period and encloses the documents referred to in the fourth paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in an eligible region, subject to the second paragraph, the least of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee



exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation's base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.79 applies in relation to the calendar year, ends in the first taxation year of the qualified corporation, an amount equal to zero,

ii. the amount by which the aggregate of the qualified corporation's eligible amount for the calendar year and the eligible amount for the calendar year of each corporation with which the qualified corporation is associated at the end of the calendar year exceeds the aggregate of the qualified corporation's base amount in relation to that calendar year and the base amount of each corporation with which the qualified corporation is associated at the end of that calendar year in relation to that calendar year, and

iii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the qualified corporation's base amount in relation to that calendar year; and

(b) the qualified corporation's eligible repayment of assistance for the taxation year.

Where the qualified corporation referred to in subparagraph *a* of the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in an eligible region in the taxation year in which the calendar year ends, the amount determined under subparagraph *a* shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.72.73.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable under this Part, for a particular taxation year that is subsequent to the first taxation year in which the first calendar year comprised in the qualified corporation's eligibility period ends, and its tax payable for that particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the product obtained by multiplying the lesser of the amount determined under the first paragraph for the taxation year preceding the particular taxation year and the amount determined under that paragraph for the particular taxation year by the proportion that 1 is of the number of payments required to be made by the qualified corporation in that particular taxation year.

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

(a) the prescribed form containing the prescribed information ;

(b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business ; and

(c) where the second paragraph applies, the agreement referred to in section 1029.8.36.72.73 filed in prescribed form.

**“1029.8.36.72.73.** The agreement to which the second paragraph of section 1029.8.36.72.72 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business in an eligible region and that are associated with each other at the end of that calendar year attribute to one or more of their number, for the purposes of this division, one or more amounts the aggregate of which for the calendar year does not exceed the lesser of

(a) the amount by which the aggregate of all amounts each of which is the salaries or wages paid by one such corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the corporation’s base period in relation to that calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.79 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero ; and

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of one such corporation for the calendar year exceeds the aggregate of all amounts each of which is the base amount of one such corporation in relation to that calendar year.

**“1029.8.36.72.74.** Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.72.72, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in an eligible region and that are associated with each other at the end of that calendar year exceeds the particular amount that is the excess amount determined for that calendar year in respect of those corporations under section 1029.8.36.72.73, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.72, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.

*“§3. — Government assistance, non-government assistance and other particulars*

**“1029.8.36.72.75.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a

particular taxation year, under section 1029.8.36.72.71 or 1029.8.36.72.72, the following rules apply, subject to the second paragraph :

(a) the amount of the salaries or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.70, subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.71 or subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.72 paid by the corporation and the amount of the salaries or wages referred to in subparagraph ii of subparagraph a of the first paragraph of section 1029.8.36.72.72 paid by a corporation associated with the corporation shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of the salaries or wages referred to in subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation’s filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be ; and

(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.72.73 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages referred to in subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the particular qualified corporation.

The aggregate of the amounts referred to in subparagraphs i to iii of subparagraph *a* or *b* of the first paragraph, in this paragraph referred to as the "reduction amounts", that reduced the amount of the salaries or wages paid by the qualified corporation in respect of a period within its base period in relation to a calendar year, shall not exceed the aggregate of the reduction amounts of the salaries or wages paid by the corporation in respect of the calendar year ending in the corporation's particular taxation year referred to in the first paragraph.

**"1029.8.36.72.76.** For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation where that amount

(*a*) reduced the amount of salaries or wages for the purpose of computing,

i. in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.75, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.72.71 or 1029.8.36.72.72, or

ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.75, the excess amount referred to in paragraph *a* of section 1029.8.36.72.73 determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in an eligible region and that are associated with each other;

(*b*) was not received by the qualified corporation; and

(*c*) ceased in the calendar year to be an amount that the qualified corporation may reasonably expect to receive.

**"1029.8.36.72.77.** 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 a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by one of the predecessor corporations, and ending immediately before the amalgamation; and

(b) for the purpose of determining the amount that the new corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year ends, the new corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by a predecessor corporation to an employee in a period within the preceding period for which the employee

i. is an eligible employee of the predecessor corporation, or

ii. if the employee reports for work at an establishment of the predecessor corporation situated in Québec, would be an eligible employee of the predecessor corporation if the establishment where the employee so reported for work had been situated in an eligible region.

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

**“1029.8.36.72.78.** 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 section 556, the following rules apply :

(a) if the parent corporation, within the meaning of section 556, has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by the subsidiary, and ending immediately before the beginning of the parent corporation’s base period otherwise determined; and

(b) for the purpose of determining the amount that the parent corporation is deemed to have paid to the Minister under this division for the taxation year in which the calendar year ends, the parent corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the

salaries or wages paid by the subsidiary to an employee in a period within the preceding period for which the employee

i. is an eligible employee of the subsidiary, or

ii. if the employee reports for work at an establishment of the subsidiary situated in Québec, would be an eligible employee of the subsidiary if the establishment where the employee so reported for work had been situated in an eligible region.

**“1029.8.36.72.79.** Subject to sections 1029.8.36.72.77 and 1029.8.36.72.78, where, at a particular time in a particular calendar year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease, and where it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after that time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the taxation year in which the particular calendar year ends and for the taxation year in which a subsequent calendar year ends :

(a) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period in relation to the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, paid by the vendor in its base period in relation to the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in an eligible region, is deemed to be equal to the amount by which that aggregate otherwise determined exceeds the amount determined by the formula

$A \times B \times C$  ;

(b) the purchaser is deemed

i. to have an eligible amount for the particular calendar year equal to the aggregate of the purchaser’s eligible amount for the year otherwise determined and the amount that is the proportion of the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, paid by the vendor in a period within the particular calendar year for which the employee would be an

eligible employee of the vendor if the establishment where the employee so reported for work had been situated in an eligible region, to the extent that the employee may reasonably be considered to have been assigned to the carrying on of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year which precede the particular time is of the number of days in the particular calendar year which precede the particular time and during which the vendor carried on those activities, and

ii. to have a base amount in relation to the particular calendar year equal to the aggregate of

(1) the base amount of the purchaser otherwise determined in relation to the particular calendar year,

(2) the amount that is the proportion of the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in an eligible region, to the extent that the salaries or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year which precede the particular time is of the number of days in the particular calendar year which precede the particular time and during which the vendor carried on those activities, and

(3) the aggregate of all amounts each of which is the salaries or wages paid by the purchaser to an employee in a period of the particular calendar year and after the particular time, for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, paid by the purchaser in a period of the particular calendar year and after the particular time for which the employee would be an eligible employee of the purchaser if the establishment where the employee so reported for work had been situated in an eligible region, to the extent that the salaries or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time.

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

(*a*) *A* is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period for the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, paid by the vendor in a period within the year for which the employee would be an eligible employee of the vendor if the establishment

where the employee so reported for work had been situated in an eligible region;

(b) B is the proportion that the number of the vendor's employees referred to in subparagraph *a* who are assigned to the part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees assigned to those activities immediately before the particular time; and

(c) C, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, the particular corporation is a vendor in relation to all of those activities, this section does not apply to the particular corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division, the particular corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and its base amount in relation to that year:

(a) the corporation's employees are deemed to have been paid by the corporation only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time; and

(b) the person's or partnership's employees are deemed to have been paid by the person or partnership only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees assigned to the part of the activities that the corporation continues to carry on after that subsequent time.

**“1029.8.36.72.80.** For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or



advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of the corporation in relation to a calendar year ends, in respect of a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of subparagraph *a* or *b* of the first paragraph of section 1029.8.36.72.75, as the case may be, the amount of the salaries or wages paid by the corporation in its base period, in relation to the business, so as to cause a corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that a corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be equal to zero.

**“1029.8.36.72.81.** Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

**“1029.8.36.72.82.** The Minister may obtain the advice of Investissement Québec to determine, for the purposes of this division, whether an activity is directly related to the activities of a business described in any of paragraphs *a* to *h* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.70.”

(2) Subsection 1 has effect from 1 January 2001. However, where section 1029.8.36.72.70 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order in the first paragraph :

““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 ;”.

**198.** (1) Section 1029.8.36.95 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001 and by section 104 of chapter 9 of the statutes of 2002, is again amended, in the first paragraph,

(1) by replacing, in the definition of “qualification certificate”, “1 January 2002” by “1 July 2003”;

(2) by replacing, in paragraph *a* of the definition of “qualified wages”, “\$62,500” by “\$75,000”.

(2) Paragraph 2 of subsection 1 applies in respect of wages attributable to a work week that begins after 29 March 2001.

**199.** Section 1029.8.36.98 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001 and replaced by section 107 of chapter 9 of the statutes of 2002, is again amended by replacing the portion before paragraph *a* by the following :

**“1029.8.36.98.** 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 individual for a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.96 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.96 in respect of the qualified wages, if any amount so paid as repayment of such assistance 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 paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.95, exceeds the aggregate of”.

**200.** (1) Section 1029.8.36.115 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph,

(1) by replacing, in the definition of “eligible specialist”, “1 January 2002” by “1 July 2003”;

(2) by replacing, in paragraph *a* of the definition of “qualified wages”, “\$62,500” by “\$75,000”.

(2) Paragraph 2 of subsection 1 applies in respect of wages attributable to a work week that begins after 29 March 2001.

**201.** (1) Sections 1029.8.36.121 to 1029.8.36.123 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, are replaced by the following:

**“1029.8.36.121.** 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 referred to in subparagraph ii of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.115, that was taken into account for the purpose of computing the qualified wages attributed to a particular taxation year and paid to an individual by the corporation, and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.116 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.116 in respect of the qualified wages, if any amount so paid as repayment of such assistance at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that subparagraph ii, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.116 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 paid as repayment of that assistance.

**“1029.8.36.122.** Where, in a fiscal period, in this section referred to as the “fiscal period of repayment”, a partnership pays, 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 wages” in the first paragraph of section 1029.8.36.115, that was taken into account for the purpose of computing qualified wages attributed to a particular fiscal period ending in a particular taxation year and paid to an individual by the partnership, and in respect of which a taxpayer who 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 1029.8.36.117 for the particular taxation year, the taxpayer is deemed, if the taxpayer meets the conditions set out in the third paragraph, to have paid to the Minister on the taxpayer’s balance-due day for the taxpayer’s taxation year in which the fiscal period of repayment ends, on account of the taxpayer’s tax payable for that year under this Part, 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 1029.8.36.117

in respect of the qualified wages, exceeds the amount referred to in the second paragraph, if

(a) 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 that subparagraph ii; and

(b) 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.

The amount to which the first paragraph refers means the aggregate of

(a) the amount that the taxpayer would be deemed to have paid to the Minister for the particular year under section 1029.8.36.117 in respect of the qualified wages, 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

(b) 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 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.

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

(a) the taxpayer encloses the prescribed form 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 repayment ends; and

(b) the taxpayer is a member of the partnership at the end of the fiscal period of repayment.

**“1029.8.36.123.** Where, in a fiscal period of a partnership, in this section referred to as the “fiscal period of repayment”, a taxpayer who is a member of the partnership pays, 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 the qualified wages attributed to a particular fiscal period of the partnership and paid by the partnership to an individual, that is referred to in the portion of section 1029.8.36.119 before paragraph *a* and that, pursuant to that section, was taken into account in determining the qualified wages for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.117, in respect of the qualified wages, for the taxpayer's taxation year in which the particular fiscal period ended, the taxpayer is deemed, if the taxpayer meets the conditions set out in the third paragraph, to have paid to the Minister on the taxpayer's balance-due day for the taxpayer's taxation year in which the fiscal period of repayment ends, on account of the

taxpayer's tax payable for that year under this Part, an amount equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.117, in respect of the qualified wages, for the taxpayer's taxation year in which the particular fiscal period ends, exceeds the amount referred to in the second paragraph, if

(a) the aggregate of the amounts referred to in subparagraph ii of paragraph b of the definition of "qualified wages" in the first paragraph of section 1029.8.36.115 and determined with reference to section 1029.8.36.119, had been reduced, for the particular fiscal period, by the product obtained by multiplying every amount of the assistance so repaid at or before the end of the fiscal period of repayment by the proportion that the partnership's income or loss for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for the fiscal period of repayment are nil, the partnership's income for that fiscal period is equal to \$1,000,000; and

(b) except for the purposes of section 1029.8.36.119, 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.

The amount to which the first paragraph refers means the aggregate of

(a) the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.117, in respect of the qualified wages, for the taxpayer's taxation year in which the particular fiscal period ends if, except for the purposes of section 1029.8.36.119, 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

(b) 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 assistance repaid by the taxpayer if, except for the purposes of section 1029.8.36.119, 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.

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

(a) the taxpayer encloses the prescribed form 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 repayment ends; and

(b) the taxpayer is a member of the partnership at the end of the fiscal period of repayment."

(2) Subsection 1 applies to taxation years that end after 30 December 1998.

**202.** (1) Section 1029.8.36.147 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is amended

(1) by replacing paragraph *b* of the definition of “qualified wages” in the first paragraph by the following :

“(b) the amount by which the aggregate of all amounts each of which is an amount of wages paid by the corporation to the individual for a week ending in the eligibility period applicable to the individual for the year in relation to the corporation, 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 that taxation year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to the individual’s employment with the corporation as an eligible financial analyst, 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;”;

(2) by replacing, in paragraph *b* of the definition of “Québec corporation” in the first paragraph, the words “at least” by the words “more than”;

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

“(b) for the purpose of determining the proportion of the wages of a corporation’s employees that the corporation paid to employees of an establishment situated in Québec, the following rules apply :

i. except where a commission is paid to a person who is not an employee of the corporation, an amount paid under an agreement by the corporation to a person for services that would normally be rendered by the employees of the corporation is deemed to be wages paid to such an employee of the establishment of the corporation to which the services are reasonably attributable and to the extent that they are so attributable, and

ii. where an employee renders a service to or on behalf of a corporation that is not the employer of the employee, an amount that may reasonably be considered to be the wages earned by the employee for the rendering of the service is deemed, for the taxation year during which the wages are paid to the employee, to be wages paid by the corporation to an employee of an establishment of the corporation to which the service is reasonably attributable, if the amount is not otherwise included in the aggregate of the wages paid by

the corporation that are determined for the purposes of this division and if the service rendered by the employee is

(1) performed by the employee in the normal course of the employee's duties for the employer,

(2) rendered to or on behalf of the corporation as part of the regular, ongoing activities of carrying on a business by the corporation, and

(3) of the same type as services rendered by employees of entities carrying on the same type of business as the business referred to in subparagraph 2."

(2) Subsection 1 has effect from 30 June 2000.

**203.** (1) Section 1029.8.36.148 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is replaced by the following :

**"1029.8.36.148.** A corporation is not a Québec corporation in respect of a taxation year of a particular corporation, in this section referred to as the "base year", if the following conditions are satisfied :

(a) the corporation's assets applicable to its taxation year, in this section and in section 1029.8.36.150 referred to as the "particular year", that ends in the base year is equal to or greater than \$1,000,000,000 ; and

(b) where the particular year is not the corporation's first fiscal period, the corporation's market capitalization applicable to the particular year is equal to or greater than \$1,000,000,000.

The assets of a corporation applicable to a taxation year are the corporation's assets shown in its financial statements submitted to the shareholders for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of that fiscal period.

The market capitalization of a corporation applicable to a taxation year corresponds to the corporation's market capitalization at the end of its preceding taxation year.

For the purpose of determining the assets of a corporation in accordance with the second paragraph, the following rules apply :

(a) if the corporation's financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, the corporation's assets are the assets that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles ; and

(b) if the corporation is a cooperative, the second paragraph shall be read as if the reference therein to "submitted to the shareholders" were a reference to "submitted to the members"."

(2) Subsection 1 has effect from 30 June 2000.

**204.** (1) Section 1029.8.36.149 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is amended by replacing, in the first paragraph, “of section 1029.8.36.148” by “of the second paragraph of section 1029.8.36.148”.

(2) Subsection 1 has effect from 30 June 2000.

**205.** (1) Section 1029.8.36.150 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is replaced by the following :

“**1029.8.36.150.** For the purposes of the first paragraph of section 1029.8.36.148, where a corporation is a member of an associated group in the particular year, the following rules apply :

(a) the corporation’s assets applicable to the particular year are equal to the amount by which the total of the assets, otherwise determined for the purposes of this division, and the aggregate of all amounts each of which is the assets of another member of the group applicable to its taxation year that ends in the particular year, exceeds the total of the amount of investments the members of the group own in each other and the balance of inter-corporate accounts ; and

(b) the corporation’s market capitalization applicable to the particular year is equal to the amount by which the total of the market capitalization, otherwise determined for the purposes of this division, and the aggregate of all amounts each of which is the market capitalization of another member of the group applicable to its taxation year that ends in the particular year, exceeds the aggregate of all amounts each of which is the portion of the market capitalization of a member of the group that relates to shares of the capital stock of that member of the group that are owned by one or more other members.

The assets, or the market capitalization, of a member of the associated group applicable to its taxation year that ends in the particular year, are determined in accordance with the second or third paragraph of section 1029.8.36.148, as the case may be.”

(2) Subsection 1 has effect from 30 June 2000.

**206.** (1) Section 1029.8.36.154 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is amended by replacing, in the portion before paragraph *a*, the words “the amount of any government assistance or non-government assistance referred to in” by “the aggregate determined under subparagraph *i* of”.

(2) Subsection 1 has effect from 30 June 2000.



**207.** (1) Section 1029.8.36.155 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is amended by replacing, in paragraph *a*, “of paragraph *b*” by “of subparagraph *i* of paragraph *b*”.

(2) Subsection 1 has effect from 30 June 2000.

**208.** (1) Section 1029.8.36.156 of the said Act, enacted by section 113 of chapter 9 of the statutes of 2002, is repealed.

(2) Subsection 1 has effect from 30 June 2000.

**209.** (1) The said Act is amended by inserting, after section 1029.8.36.156, enacted by section 113 of chapter 9 of the statutes of 2002, the following :

#### **“DIVISION II.6.14**

#### **“CREDIT RELATING TO COMMUNICATIONS BETWEEN CORPORATIONS AND STOCK MARKET INVESTORS**

“§1. — *Interpretation and general*

**“1029.8.36.157.** In this division,

“associated group” in a taxation year means the group formed by all of the corporations that are associated with each other in the year ;

“communications expenditure” in respect of an eligible road show of a qualified corporation for a taxation year means an expenditure that is reasonable in the circumstances, that is incurred by the corporation in the taxation year, after 29 June 2000 and before 1 July 2003, and that corresponds to the amount by which the expenses described in any of the following paragraphs exceed the amount determined pursuant to the second paragraph :

(*a*) the travel and accommodation expenses of an employee of the qualified corporation who participates in the eligible road show ;

(*b*) expenses relating to food and beverages consumed by an employee referred to in paragraph *a* or by persons for whom the eligible road show conducted by the qualified corporation is intended ;

(*c*) rental expenses for the premises or data processing and audio-visual equipment necessary for the production and holding of a public presentation in connection with the eligible road show ;

(*d*) expenses relating to the preparation of documents made available to the persons for whom the eligible road show conducted by the qualified corporation is intended ;

(e) the expenses of public relations consultants or event management consultants that relate to the eligible road show ; and

(f) publicity expenses in relation to the eligible road show ;

“eligible communications expenditure” of a qualified corporation for a taxation year means the lesser of

(a) the amount determined for the year pursuant to section 1029.8.36.158 ;

(b) the aggregate of all amounts each of which is a communications expenditure in respect of an eligible road show of the corporation for the year ;

“eligible road show” of a qualified corporation for a taxation year means a promotional activity in respect of which a qualification certificate or provisional certificate, as the case may be, is issued to the corporation for the year by the Minister of Finance for the purposes of this division ;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax 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 under section 985, but for section 192 ;

“qualified corporation” for a taxation year means, subject to section 1029.8.36.159, a corporation, other than an excluded corporation, that, in the year, carries on a business in Québec and has an establishment in Québec, and that holds, for the year, a certificate issued by the Minister of Finance certifying that, at any time in the year, a class of shares of its capital stock is listed, or is in the process of being listed, on a Canadian stock exchange or a foreign stock exchange and that more than 50% of the wages paid by it to employees in the preceding taxation year or, where the corporation is in its first taxation year, paid by it in the year, were paid to employees of an establishment situated in Québec ;

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

The amount to which the definition of “communications expenditure” in the first paragraph refers, in relation to expenses, is equal to the aggregate of

(a) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such 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 the year ; and

(b) the aggregate of all amounts each of which is a benefit or advantage, in respect of such expenses, other than a benefit or advantage that may reasonably be associated with the eligible road show, 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.

For the purposes of the definition of "eligible communications expenditure" in the first paragraph, the amount of a communications expenditure shall in no case exceed the amount that would be deductible in respect of that expenditure in computing the corporation's income for the taxation year in which the corporation has incurred the expenditure if the amount actually paid or payable in respect of that expenditure was equal, for the purpose of computing such income, to the amount by which the amount otherwise actually paid or payable in respect of that expenditure exceeds the aggregate of all amounts each of which is an amount referred to in paragraph *a* or *b* of the second paragraph in respect of that expenditure.

For the purposes of the definition of "qualified corporation" in the first paragraph and for the purpose of determining the proportion of the wages of a corporation's employees that the corporation paid to employees of an establishment situated in Québec, the following rules apply :

(a) except where a commission is paid to a person who is not an employee of the corporation, an amount paid under an agreement by the corporation to a person for services that would normally be rendered by the employees of the corporation is deemed to be wages paid to such an employee of the establishment of the corporation to which the services are reasonably attributable and to the extent that they are so attributable ; and

(b) where an employee renders a service to or on behalf of a corporation that is not the employer of the employee, an amount that may reasonably be considered to be the wages earned by the employee for the rendering of the service is deemed, for the taxation year during which the wages are paid to the employee, to be wages paid by the corporation to an employee of an establishment of the corporation to which the service is reasonably attributable, if the amount is not otherwise included in the aggregate of the wages paid by the corporation that are determined for the purposes of this division and if the service rendered by the employee is

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

ii. rendered to or on behalf of the corporation as part of the regular, ongoing activities of carrying on a business by the corporation, and

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

**“1029.8.36.158.** The amount to which paragraph *a* of the definition of “eligible communications expenditure” in the first paragraph of section 1029.8.36.157 refers, for a taxation year of a qualified corporation, means an amount equal,

(*a*) where the taxation year of the corporation includes 30 June 2000, to the amount obtained by multiplying \$100,000 by the proportion that the number of days in the taxation year after 29 June 2000 is of 365;

(*b*) where the taxation year of the corporation includes 30 June 2003, to the amount obtained by multiplying \$100,000 by the proportion that the number of days in the taxation year before 1 July 2003 is of 365; and

(*c*) in any other case, to the amount obtained by multiplying \$100,000 by the proportion that the number of days in the taxation year is of 365.

**“1029.8.36.159.** A corporation is not a qualified corporation for a taxation year if the corporation’s assets applicable to the year are equal to or greater than \$1,000,000,000 and, where the taxation year of the corporation is not the corporation’s first fiscal period, if the corporation’s market capitalization applicable to the year is equal to or greater than \$1,000,000,000.

The assets of a corporation applicable to a taxation year are the corporation’s assets shown in its financial statements submitted to the shareholders for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of that fiscal period.

The market capitalization of a corporation applicable to a taxation year corresponds to the corporation’s market capitalization at the end of its preceding taxation year.

For the purpose of determining the assets of a corporation in accordance with the second paragraph, the following rules apply:

(*a*) if the corporation’s financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, its assets are the assets that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles; and

(*b*) if the corporation is a cooperative, the second paragraph shall be read as if the reference therein to “submitted to the shareholders” were a reference to “submitted to the members”.

**“1029.8.36.160.** For the purposes of the second paragraph of section 1029.8.36.159, 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.

All or part of an expenditure made in respect of intangible assets is deemed to be nil if it consists of shares of the capital stock of the corporation or shares of the capital of a cooperative.

**“1029.8.36.161.** For the purposes of the first paragraph of section 1029.8.36.159, where a corporation is a member of an associated group in a particular taxation year, the following rules apply :

(a) the corporation’s assets applicable to the particular year are equal to the amount by which the total of the assets, otherwise determined for the purposes of this division, and the aggregate of all amounts each of which is the assets of another member of the group applicable to its taxation year that ends in the particular year, exceeds the total of the amount of investments the members of the group own in each other and the balance of inter-corporate accounts ; and

(b) the corporation’s market capitalization applicable to the particular year is equal to the amount by which the total of the market capitalization, otherwise determined for the purposes of this division, and the aggregate of all amounts each of which is the market capitalization of another member of the group applicable to its taxation year that ends in the particular year, exceeds the aggregate of all amounts each of which is the portion of the market capitalization of a member of the group that relates to shares of the capital stock of that member of the group that are owned by one or more other members.

The assets, or the market capitalization, of a member of the associated group applicable to its taxation year that ends in the particular year, are determined in accordance with the second or third paragraph of section 1029.8.36.159, as the case may be.

**“1029.8.36.162.** Where, in a taxation year, a corporation or, if the corporation is a member of an associated group, another member of that group reduces its assets by any transaction and, but for that reduction, the corporation would not be a qualified corporation by reason of section 1029.8.36.159, the assets are deemed for the purposes of this division not to have been so reduced unless the Minister decides otherwise.

“§2. — *Credit*

**“1029.8.36.163.** A qualified corporation for a taxation year that encloses with the fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the qualification certificate or of the provisional certificate, as the case may be, that was issued by the Minister of Finance for the year, is deemed, subject to the second paragraph and section 1029.8.36.164, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to 40% of its eligible communications expenditure for the year, to the extent that the expenses that constitute a communications expenditure included in computing the eligible communications expenditure are paid.

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

**“1029.8.36.164.** Subject to sections 1010 to 1011 and 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 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.

**“1029.8.36.165.** 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 a communications expenditure incurred by the corporation, in respect of an eligible road show, in a particular taxation year included in computing the corporation’s eligible communications expenditure for the particular taxation year in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.163 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation’s balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.163, if any amount so paid as repayment of such assistance 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 second paragraph of section 1029.8.36.157, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.163 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 paid as repayment of that assistance.

**“1029.8.36.166.** For the purposes of section 1029.8.36.165, 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 *a* of the second paragraph of section 1029.8.36.157, a communications expenditure included in computing the eligible communications expenditure for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.163;

(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.

#### **“DIVISION II.6.15**

#### **“CREDIT RELATING TO MINING, PETROLEUM, GAS OR OTHER RESOURCES**

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

**“1029.8.36.167.** In this division,

“Canadian renewable and conservation expense in Canada” has the meaning assigned by section 399.7;

“eligible expenses” of a corporation for a taxation year or of a partnership for a fiscal period means expenses incurred, after 29 March 2001, by the corporation in the taxation year or by the partnership in the fiscal period and that consist of

(a) any Canadian exploration expense that would be described in any of paragraphs *a*, *b.1* and *c* of section 395 if the reference therein to “Canada”, wherever it appears, except in subparagraph *iv* of paragraph *b.1*, were a reference to “Québec, but outside the northern exploration zone” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership’s fiscal period;

(b) any Canadian development expense that would be described in paragraph *a* or *a.1* of section 408 if the reference therein to “Canada” and “Canada,” wherever they appear, were a reference to “Québec, but outside the northern exploration zone,” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer;

(c) any Canadian exploration expense that would be described in any of paragraphs *a*, *b.1* and *c* of section 395 if the reference therein to “in Canada”, wherever it appears, except in subparagraph iv of paragraph *b.1*, were a reference to “in the northern exploration zone” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership’s fiscal period;

(d) any Canadian development expense that would be described in paragraph *a* or *a.1* of section 408 if the reference therein to “in Canada”, wherever it appears, were a reference to “in the northern exploration zone” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer;

(e) any Canadian renewable and conservation expense, to the extent that it is incurred in respect of work carried out by the corporation or partnership in Québec under a project related to a business carried on by the corporation or partnership in Québec;

(f) any Canadian exploration expense that would be described in paragraph *c* of section 395 if the reference therein to “mineral resource in Canada,” were a reference to “natural resource in Québec, that is granite, sandstone, limestone, marble or slate, to the extent that the resources are used for the production of dimension stones, cemetery monuments, building stones, paving stones, curbing and roof tiles,” and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer;

“northern exploration zone” has the meaning assigned by section 726.4.17.18;

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

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

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

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

The expenses referred to in the definition of “qualified expenses” in the first paragraph do not include

(a) an amount included in the Canadian exploration and development overhead expense of a taxpayer, within the meaning of paragraph *f.1* of section 360R2 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1);



(b) an amount relating to Canadian exploration expense or Canadian development expense renounced by a corporation in respect of a share under this Act; and

(c) an amount relating to financing, including expenses incurred before the beginning of the carrying on of a business.

For the purposes of this division, the Minister may obtain the advice of the Ministère des Ressources naturelles to determine whether a natural resource is within the scope of paragraph *f* of the definition of “eligible expenses” in the first paragraph.

“§2. — *Credits*

“**1029.8.36.168.** A qualified corporation for a taxation year, other than such a corporation referred to in the second paragraph of section 1029.8.36.170, that encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of

(a) 20% of the eligible expenses of the corporation for the year that constitute such expenses by reason of any of paragraphs *a*, *b* and *f* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;

(b) 25% of the eligible expenses of the corporation for the year that constitute such expenses by reason of paragraph *c* or *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid; and

(c) 40% of the eligible expenses of the corporation for the year that constitute such expenses by reason of paragraph *e* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the 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.

“**1029.8.36.169.** A qualified corporation for a taxation year that is a member of a qualified partnership, other than such a partnership referred to in

the second paragraph of section 1029.8.36.171, at the end of a particular fiscal period of the partnership that ends in the year, and that encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of

(a) 20% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of any of paragraphs *a*, *b* and *f* of the definition of "eligible expenses" in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;

(b) 25% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of paragraph *c* or *d* of the definition of "eligible expenses" in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid; and

(c) 40% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of paragraph *e* of the definition of "eligible expenses" in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the particular 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 the 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 the fiscal period that 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.

For the purposes of the first paragraph, a qualified corporation's share of an amount for a fiscal period of a qualified partnership is equal to the proportion of the amount that the corporation's share of the income or loss of the partnership for the partnership's fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

**"1029.8.36.170.** A qualified corporation for a taxation year that is described in the second paragraph and that encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation's balance-due day for the year,

on account of its tax payable for the year under this Part, an amount equal to the aggregate of

(a) 20% of the eligible expenses of the corporation for the year that constitute such expenses by reason of paragraph *f* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;

(b) 40% of the eligible expenses of the corporation for the year that constitute such expenses by reason of any of paragraphs *a*, *b* and *e* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid; and

(c) 45% of the eligible expenses of the corporation for the year that constitute such expenses by reason of paragraph *c* or *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid.

A corporation to which the first paragraph refers is a corporation that does not operate a mineral resource or an oil or gas well and that is not related to a corporation operating a mineral resource or an oil or gas well.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the 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.

For the purposes of this section, the operation of a mineral resource or an oil or gas well shall be interpreted as such an operation carried out in reasonable commercial quantities.

**“1029.8.36.171.** A qualified corporation for a taxation year that is a member of a qualified partnership described in the second paragraph at the end of a particular fiscal period of the qualified partnership that ends in the year, and that encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of

(a) 20% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of paragraph *f* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid;

(b) 40% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of any of paragraphs *a*, *b* and *e* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid; and

(c) 45% of its share of the eligible expenses of the partnership for the particular fiscal period that constitute such expenses by reason of paragraph *c* or *d* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167, to the extent that the expenses are paid.

A partnership to which the first paragraph refers is a partnership that does not operate a mineral resource or an oil or gas well and no member of which operates, or is related to a corporation operating, a mineral resource or an oil or gas well.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, 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 the 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 the fiscal period that 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.

For the purposes of this section, the following rules apply:

(a) the operation of a mineral resource or an oil or gas well shall be interpreted as such an operation carried out in reasonable commercial quantities; and

(b) a qualified corporation’s share of an amount for a fiscal period of a qualified partnership is equal to the proportion of the amount that the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership’s income for the fiscal period is equal to \$1,000,000.

“§3. — *Government assistance, non-government assistance and other particulars*

“**1029.8.36.172.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a taxation year, under any of sections 1029.8.36.168 to 1029.8.36.171, the following rules apply:

(a) the amount of the eligible expenses referred to in any of paragraphs *a* to *c* of the first paragraph of section 1029.8.36.168 or 1029.8.36.170, as the case may be, shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the expenses that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the year;

(b) the corporation's share of the eligible expenses of a qualified partnership, referred to in any of paragraphs *a* to *c* of the first paragraph of section 1029.8.36.169 or 1029.8.36.171, as the case may be, for a fiscal period of the partnership that ends in the taxation year, shall be reduced, where applicable,

i. by the corporation's share, for the fiscal period, of any amount of government assistance or non-government assistance attributable to the 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, and

ii. by the amount of any government assistance or non-government assistance attributable to the expenses that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the year.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, a qualified corporation's share of an amount for a fiscal period of a qualified partnership is equal to the proportion of the amount that the corporation's share of the income or loss of the partnership for the partnership's fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

**“1029.8.36.173.** Where a corporation pays in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph *a* of the first paragraph of section 1029.8.36.172, eligible expenses of the corporation, for the purpose of computing the amount that it is deemed to have paid to the Minister under section 1029.8.36.168 or 1029.8.36.170, in respect of the expenses, for a particular taxation year, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file under section 1000 for the repayment year, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister under section 1029.8.36.168 or 1029.8.36.170, as the case may be, for the particular year, in respect of the expenses, 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 that section 1029.8.36.172, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.168 or 1029.8.36.170, as the case may be, in respect of the expenses; and

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

**“1029.8.36.174.** 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 1029.8.36.172, a corporation’s share of the eligible expenses of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.169 or 1029.8.36.171, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, subject to the second paragraph, to have paid to the Minister under section 1029.8.36.169 or 1029.8.36.171, as the case may be, for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(*a*) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.169 or 1029.8.36.171, as the case may be, for its taxation year in which the particular fiscal period ends, in respect of the eligible expenses of 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; and

(*b*) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the 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 particular amount to which the first paragraph refers shall be computed as if

(a) any amount of assistance 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 1029.8.36.172; and

(b) 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.

**“1029.8.36.175.** Where a corporation is a member of a partnership at the end of a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, and pays in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.172, its share of the eligible expenses of the partnership for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.169 or 1029.8.36.171, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, subject to the second paragraph, to have paid to the Minister under section 1029.8.36.169 or 1029.8.36.171, as the case may be, for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.169 or 1029.8.36.171, as the case may be, for its taxation year in which the particular fiscal period ends, in respect of the 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

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the 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 particular amount to which the first paragraph refers shall be computed as if

(a) any amount of assistance 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 1029.8.36.172; and

(b) 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.

**“1029.8.36.176.** For the purposes of sections 1029.8.36.173 to 1029.8.36.175, 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 1029.8.36.172, eligible expenses or the share of such expenses of a corporation that is a member of the partnership, 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 any of sections 1029.8.36.168 to 1029.8.36.171;

(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.

**“1029.8.36.177.** Where, in respect of eligible expenses of a qualified corporation or a qualified partnership, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to work resulting from the eligible expenses, 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 the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.168 or 1029.8.36.170, as the case may be, the amount of the eligible expenses referred to in any of subparagraphs *a* to *c* of the first paragraph of that section 1029.8.36.168 or 1029.8.36.170 shall be reduced by the amount of the benefit or advantage relating to the eligible expenses that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the qualified corporation for the taxation 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 1029.8.36.169 or 1029.8.36.171, as the case may be, by a qualified corporation that is a member of the qualified partnership referred to in that section, the share, referred to in



any of subparagraphs *a* to *c* of the first paragraph of that section 1029.8.36.169 or 1029.8.36.171, of the qualified corporation, for a fiscal period of the partnership that ends in the taxation year, of the amount of the eligible expenses, shall be reduced

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

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

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the share, for a fiscal period of a qualified partnership, of a qualified corporation that is a member of the partnership of the amount of the benefit or advantage that the partnership, or a person referred to in subparagraph i, has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the proportion of the amount that the corporation's share of the income or loss of the partnership for the fiscal period is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

**“1029.8.36.178.** For the purposes of this Part and of the regulations, the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.168 to 1029.8.36.171 and 1029.8.36.173 to 1029.8.36.175 is deemed not to be assistance or an inducement received by the corporation from a government.”

(2) Subsection 1, where it enacts Division II.6.14 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies in respect of a communications expenditure incurred after 29 June 2000. However, where section 1029.8.36.157 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order in the first paragraph:

““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;”.

(3) Subsection 1, where it enacts Division II.6.15 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies in respect of eligible expenses incurred after 29 March 2001. However,

(1) where that Division II.6.15 applies in respect of eligible expenses incurred before 2 November 2001,

(a) the definition of “eligible expenses” in the first paragraph of section 1029.8.36.167 of the said Act shall be read without reference to paragraph *f* thereof;

(b) section 1029.8.36.167 of the said Act shall be read without reference to the third paragraph thereof;

(c) subparagraph *a* of the first paragraph of sections 1029.8.36.168 and 1029.8.36.169 of the said Act shall be read with “of any of paragraphs *a*, *b* and *f*” replaced by “of paragraph *a* or *b*”;

(d) sections 1029.8.36.170 and 1029.8.36.171 of the said Act shall be read without reference to subparagraph *a* of the first paragraph thereof;

(2) where that Division II.6.15 applies before 20 December 2001, section 1029.8.36.167 of the said Act shall be read with the following definitions inserted in alphabetical order in the first paragraph:

““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;

““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;”.

**210.** (1) Section 1029.8.67 of the said Act, amended by section 195 of chapter 51 of the statutes of 2001 and by section 222 of chapter 53 of the statutes of 2001, is again amended by replacing the portion of paragraph *b* of the definition of “earned income” before paragraph *h* of section 312 of the said Act, enacted by paragraph *b*, by the following:

“(b) the amount by which the amount deducted in computing the individual’s income or that would be so deducted, but for paragraph *e* of that section 488R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), under section 78.6, is exceeded by all amounts included in computing the individual’s income or that would be so included, but for paragraphs *e*, *w* and *y* of that section 488R1, under sections 34 to 58.3, paragraphs *e.2* to *e.4* of section 311, paragraph *g* of section 312 as a scholarship, or fellowship or bursary, or paragraph *h* of that section 312 if it were read as follows:”.

(2) Subsection 1 applies from the taxation year 2001.

**211.** (1) Section 1029.8.101 of the said Act is amended

(1) by replacing the portion of the definition of “eligible spouse” before paragraph *b* by the following :

““eligible spouse” of an eligible individual for a taxation year means the person who is the eligible individual’s spouse at the end of 31 December of the year and who, at that time,

(a) is not living separate and apart from the eligible individual; and”;

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

““eligible individual” for a taxation year means an individual, other than a trust, who is resident in Québec at the end of 31 December of the year and who is, at that time, an emancipated minor, 19 years of age or over, the spouse of another individual, or the father or mother of a child, but who is not one of the following persons :

(a) a person in respect of whom another individual deducts an amount in computing tax payable for the year under section 752.0.1, by virtue of any of paragraphs *b* to *e* of that section ;

(b) a person designated as a dependant for the year by another individual under the first paragraph of section 776.32; or

(c) a person in respect of whom another individual includes an amount, by virtue of paragraph *c* of section 1029.8.114, for the purpose of determining the amount that that other individual is deemed to have paid for the year under that section;”;

(3) by replacing the portion of the definition of “family income” before paragraph *b* by the following :

““family income” of an eligible individual for a taxation year means the amount by which \$26,000 is exceeded by the aggregate of

(a) the income of the eligible individual for the year, computed with reference to the rules in Title II of Book V.2.1; and”.

(2) Subsection 1 applies from the taxation year 2001.

**212.** (1) Section 1029.8.102 of the said Act is replaced by the following :

**“1029.8.102.** For the purposes of the definition of “eligible spouse” in section 1029.8.101, a person shall not be considered to be living separate and apart from an eligible individual at the end of 31 December of a taxation year unless the person was living separate and apart from the eligible 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 2001.

**213.** (1) Section 1029.8.104 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 2001.

**214.** (1) Sections 1029.8.105 and 1029.8.105.1 of the said Act are replaced by the following :

**“1029.8.105.** An eligible individual for a taxation year is deemed, provided that the eligible individual makes an application therefor in the fiscal return the eligible individual is required to file under section 1000 for the year, or would be required to file if tax were payable under this Part by the eligible individual for the year, to have paid to the Minister, in each of the months specified for that year, on account of tax payable by the eligible individual under this Part for the year, an amount equal to half of the amount by which the total of the following amounts exceeds 3% of the eligible individual’s family income for the year :

(a) \$154 in respect of the eligible individual ;

(b) \$154 in respect of the eligible individual’s eligible spouse for the year, where applicable ; and

(c) \$103 if the eligible individual, throughout the year, does not have a spouse and ordinarily lives in a self-contained domestic establishment in which no other eligible individual for the year lives.

**“1029.8.105.1.** The aggregate of all amounts each of which is an amount that an eligible 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 eligible individual or, as the case may be, the eligible 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 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.”

(2) Subsection 1 applies from the taxation year 2001. In addition, where section 1029.8.105.1 of the said Act 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 provided for in any of sections 10.2, 10.3, 16.2 and 16.3 of the Regulation respecting income security enacted 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 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; or

(b) 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 provided for in any of sections 10.2, 10.3, 16.2 and 16.3 of the Regulation respecting income security enacted under section 91 of that Act.”

**215.** (1) The said Act is amended by inserting, after section 1029.8.105.1, the following section :

**“1029.8.105.2.** An individual, other than a trust, who is resident in Québec at the end of 30 November 2001 and who is deemed to have paid, under section 1029.8.105 and before the application of section 1029.8.105.1, an amount greater than zero for the taxation year 2000, is deemed to have paid to the Minister, in December 2001, on account of the individual's tax payable for that year under this Part, an amount equal to the aggregate of

(a) \$100 in respect of the individual; and

(b) \$100 in respect of the individual's eligible spouse for the year, where applicable.

For the purposes of the first paragraph, where an individual dies after 31 December 2000 and before 1 December 2001 and the individual was resident in Québec immediately before the death, the individual is deemed to be resident in Québec at the end of 30 November 2001.”

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

**216.** (1) Section 1029.8.106 of the said Act is amended by replacing paragraphs *a* to *c* by the following:

“(a) where, for a taxation year, an eligible individual is the eligible spouse of another eligible individual, only one of them may make the application referred to in that section for the year;

“(b) where, for a taxation year, the aggregate of the amounts deemed under that section to be paid by an eligible individual during the months specified for the year is equal to or less than \$50, the eligible individual is deemed to have paid that aggregate during the first month specified for the year and no other amount is deemed to be paid under that section by the eligible individual for the year; and

“(c) no amount is deemed to be paid under that section by an eligible individual for a taxation year during a month specified for that year if the eligible individual was not resident in Québec at the beginning of that month.”

(2) Subsection 1 applies from the taxation year 2001.

**217.** (1) Sections 1029.8.107 to 1029.8.109 of the said Act are replaced by the following:

“**1029.8.107.** An eligible individual shall not be deemed to have paid to the Minister an amount under section 1029.8.105 for a taxation year during a month specified for that year if the eligible individual or the eligible individual’s eligible spouse for the year, where applicable, 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).

“**1029.8.108.** An eligible individual shall not be deemed to have paid to the Minister an amount under section 1029.8.105 for a taxation year during a month specified for that year if, at the end of 31 December of the year, the eligible individual has during the year been confined to a prison or similar institution for one or more periods totalling more than six months.

“**1029.8.109.** Where, before the beginning of a month specified for a taxation year, an eligible individual dies, the eligible individual shall not be deemed to have paid to the Minister, during that month, an amount under section 1029.8.105 for the year.

However, the amount that, but for the first paragraph, would be deemed to have been paid to the Minister by a deceased eligible individual during a month specified for a taxation year is deemed, subject to paragraph *c* of section 1029.8.106, to have been paid to the Minister by the eligible individual’s eligible spouse for the year, during that month specified, on account of tax

payable under this Part for the year, if the eligible individual's eligible spouse for the year did not die before the beginning of that month and provided the eligible spouse makes an application therefor in writing to the Minister, on or before the day on which the legal representative of the eligible individual is required to file with the Minister under section 1000 the eligible individual's fiscal return for the year of the eligible individual's death, or would be required to file if tax were payable under this Part by the eligible individual for that year."

(2) Subsection 1 applies from the taxation year 2001.

**218.** (1) The said Act is amended by inserting, after section 1029.8.109, the following section :

**"1029.8.109.1.** Where, before 1 December 2001, an individual dies, the individual shall not be deemed to have paid to the Minister, during that month, an amount under section 1029.8.105.2 for the taxation year 2000.

The amount that, but for the first paragraph, would be deemed to have been paid to the Minister by a deceased individual during the month of December 2001 is deemed to have been paid to the Minister by the individual's eligible spouse for the year, during that month, on account of tax payable under this Part for the taxation year 2000, if the individual's eligible spouse for the year did not die before the beginning of that month, is resident in Québec at the end of 30 November 2001 and makes an application therefor in writing to the Minister, on or before the day on which the legal representative of the individual is required to file with the Minister under section 1000 the individual's fiscal return for the year of the individual's death, or would be required to file if tax were payable under this Part by the individual for that year.

Notwithstanding the second paragraph, the eligible spouse is not required to make the application referred to in that paragraph, where the eligible spouse made the application referred to in the second paragraph of section 1029.8.109 in relation to an amount that, but for the first paragraph of that section 1029.8.109, would be deemed to have been paid to the Minister by the deceased individual in a month specified on account of tax payable for the taxation year 2000."

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

**219.** (1) Section 1029.8.110 of the said Act is amended

(1) by replacing the definition of "eligible spouse" by the following :

"“eligible spouse” of an eligible individual for a taxation year means the person who is the eligible individual's spouse at the end of 31 December of the year and who, at that time, is not living separate and apart from the eligible individual;” ;

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

““eligible individual” for a taxation year means an individual, other than a trust, who is resident in Québec at the end of 31 December of the year and who is, at that time, an emancipated minor, 19 years of age or over, the spouse of another individual, or the father or mother of a child, but who is not one of the following persons :

(a) a person in respect of whom another individual deducts an amount in computing tax payable for the year under section 752.0.1, by virtue of any of paragraphs *b* to *e* of that section ; or

(b) a person designated as a dependant for the year by another individual under the first paragraph of section 776.32 ;” ;

(3) by replacing the portion of the definition of “family income” before paragraph *b* by the following :

““family income” of an eligible individual for a taxation year means the amount by which \$26,000 is exceeded by the aggregate of

(a) the income of the eligible individual for the year, computed with reference to the rules in Title II of Book V.2.1 ; and”.

(2) Subsection 1 applies from the taxation year 2001.

**220.** (1) Section 1029.8.111 of the said Act is replaced by the following :

“**1029.8.111.** For the purposes of the definition of “eligible spouse” in section 1029.8.110, a person shall not be considered to be living separate and apart from an eligible individual at the end of 31 December of a taxation year unless the person was living separate and apart from the eligible 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 2001.

**221.** (1) Sections 1029.8.113 and 1029.8.114 of the said Act are replaced by the following :

“**1029.8.113.** For the purposes of paragraph *c* of section 1029.8.114, a person is a dependant, during a taxation year, of an eligible individual for the year or the eligible individual’s eligible spouse for the year if, during the year the person is, in respect of the individual or spouse, a person who would be described in paragraph *b* of section 752.0.1 but for subparagraph *v* of that paragraph, other than a person who is an eligible individual for the year.

“**1029.8.114.** An eligible individual for a taxation year is deemed, provided that the eligible individual makes an application therefor in the fiscal



return the eligible individual is required to file under section 1000 for the year, or would be required to file if tax were payable under this Part by the eligible individual for the year, to have paid to the Minister, in each of the months specified for that year, on account of the eligible individual's tax payable under this Part for the year, an amount equal to half of the amount by which 15% of the eligible individual's family income for the year is exceeded by the amount obtained by multiplying the total of the following amounts by the number of months in the year during which the eligible individual lives in the territory of a northern village :

(a) \$35 in respect of the eligible individual ;

(b) \$35 in respect of the eligible individual's eligible spouse for the year, where applicable ; and

(c) \$15 in respect of each dependant, during the year, of the eligible individual or the eligible individual's eligible spouse for the year."

(2) Subsection 1 applies from the taxation year 2001.

**222.** (1) Section 1029.8.115 of the said Act is amended by replacing, wherever it appears in paragraphs *a* to *c*, the word "individual" by the words "eligible individual".

(2) Subsection 1 applies from the taxation year 2001.

**223.** (1) Section 1029.8.116 of the said Act is amended by replacing, wherever they appear, the words "individual" and "individual's" by the words "eligible individual" and "eligible individual's", respectively.

(2) Subsection 1 applies from the taxation year 2001.

**224.** (1) Section 1029.8.117 of the said Act is amended, in the first paragraph,

(1) by replacing paragraph *c* of the definition of "eligible individual" by the following :

"(c) the aggregate of whose income for the year from all offices and employments, computed without reference to section 43, and from all businesses each of which is a business carried on by the individual either alone or as a partner actively engaged in the business, and of any amount included in computing the individual's income for the year under paragraph *e.2* of section 311, is at least \$2,500;"

(2) by replacing the definition of "family income" by the following :

"family income" of an individual for a taxation year means the aggregate of all amounts each of which is the income of the individual for the year,

computed with reference to the rules in Title II of Book V.2.1, and of the person who is the individual's spouse at the end of 31 December of the year and who, at that time, is not living separate and apart from the individual.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2001.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1998.

**225.** (1) Section 1038 of the said Act, amended by section 120 of chapter 9 of the statutes of 2002, is again amended by adding, after the fourth paragraph, the following paragraphs :

“Notwithstanding the first paragraph, a corporation referred to in the sixth paragraph 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 been a qualified corporation, within the meaning of section 737.18.18, for the year.

The corporation to which the fifth paragraph refers is a corporation that is not a qualified corporation, for the purposes of Title VII.2.4 of Book IV, for the year and

(a) would be such a qualified corporation for the year, but for section 737.18.23; or

(b) was such a qualified corporation for the preceding taxation year and would be such a qualified corporation for the year, but for section 737.18.23 and if the definition of “qualified corporation” in the first paragraph of that section 737.18.18 were read without reference to paragraph c.”

(2) Subsection 1 applies to taxation years that end after 29 March 2001.

**226.** (1) Section 1049.4 of the said Act is amended by replacing the second paragraph by the following :

“The first paragraph does not apply, however, to a replacement, for which the only consideration was a share, as a result of a transaction referred to in section 544, of a share that forms part of a qualified investment, where the replacement occurs

(a) in the 24 months following the acquisition of the investment, if the share issued in replacement is a qualified investment; or

(b) after the expiry of 12 months following the day on which the investment was acquired, where the transaction involves the corporation and the qualified legal person, within the meaning of the Act respecting Québec business investment companies, which benefited from the investment and Investissement Québec authorizes the transaction for the purposes of this section.”

(2) Subsection 1 has effect from 26 November 1999.

**227.** 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), is liable to a penalty equal to 40% of the total amount of a qualified investment where

(a) in the 12 months preceding the date of the qualified investment or in the months preceding that date in the case of a corporation that has been in operation for less than 12 months, the corporation did not pay at least 50%, or a lower percentage determined by Investissement Québec under paragraph 3 of section 13.2 of the Act respecting Québec business investment companies, of the wages paid to its employees to employees of an establishment situated in Québec; or

(b) in the 12 months following the date of the investment, the corporation did not pay at least 50% of the wages paid to its employees to employees of an establishment situated in Québec.”

**228.** Section 1049.11.3 of the said Act is repealed.

**229.** (1) Section 1089 of the said Act, amended by section 242 of chapter 53 of the statutes of 2001, is again amended, in the first paragraph,

(1) by replacing subparagraph *a* 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, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, 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, 737.22.0.3 and 737.22.0.7 if the individual’s taxable income were determined under Part I;”;

(2) by replacing subparagraph *g* 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, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning

of section 737.22.0.5, 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, 737.22.0.3 and 737.22.0.7 if the individual's taxable income were determined under Part I;"

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

**230.** (1) Section 1090 of the said Act, amended by section 243 of chapter 53 of the statutes of 2001, is again amended, in the first paragraph,

(1) by replacing subparagraph *a* 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, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, 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, 737.22.0.3 and 737.22.0.7 if the individual's taxable income were determined under Part I;”;

(2) by replacing subparagraph *g* 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, a foreign specialist within the meaning of section 737.22.0.1 or a foreign professor within the meaning of section 737.22.0.5, 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, 737.22.0.3 and 737.22.0.7 if the individual's taxable income were determined under Part I;”.

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

**231.** (1) Section 1091 of the said Act, amended by section 245 of chapter 53 of the statutes of 2001, is again amended by replacing, in paragraph *c*, “and 737.22.0.3” by “, 737.22.0.3 and 737.22.0.7”.

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

**232.** (1) Section 1129.0.0.1 of the said Act, enacted by section 204 of chapter 51 of the statutes of 2001 and amended by section 121 of chapter 9 of the statutes of 2002, is again amended by replacing “III.0.2, III.1, III.1.0.1 to III.1.1, III.1.1.4, III.1.1.5, III.1.4 to III.1.6 and III.10.1.1 to III.10.2,” by “III.1 to III.1.1 and III.10.1.1 to III.10.2,” in the portion of the first paragraph before the definition of “government assistance” and in the second paragraph.

(2) Subsection 1 has effect from 20 December 2001.

**233.** (1) Section 1129.0.1 of the said Act, amended by section 205 of chapter 51 of the statutes of 2001, is again amended by inserting, in alphabetical order, the following definitions :

““eligible research contract” has the meaning assigned by paragraph *a.2* of section 1029.8.1 ;

““university research contract” has the meaning assigned by paragraph *b* of section 1029.8.1 ;”.

(2) Subsection 1 has effect from 1 April 1998.

**234.** (1) Sections 1129.0.2 to 1129.0.5 of the said Act are replaced by the following :

**“1129.0.2.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.7, on account of the taxpayer’s tax payable under Part I, in relation to scientific research and experimental development, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages or a part of a consideration paid in respect of the research and development, or in respect of work relating to the research and development, is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister under section 1029.7, in relation to the research and development, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, in relation to the research and development, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages or a part of a consideration paid by the taxpayer in respect of the research and development, or in respect of work relating to the research and development, were refunded, paid or allocated in the taxation year in which the scientific research and experimental development to which the wages or part of the consideration relate was undertaken ; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the research and development.

**“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, in relation to scientific research and experimental development, shall pay the tax referred to in the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to wages or a part of a consideration paid in respect of the research and development, or in respect of work relating to the research and development, is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8, in relation to the scientific research and development, if the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the taxpayer’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the research and development, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to wages or a part of a consideration that the partnership paid in respect of the research and development, or in respect of work relating to the research and development, were refunded, paid or allocated in the partnership’s fiscal period in which the scientific research and experimental development to which the wages or part of the consideration relate was undertaken, and

ii. the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the taxpayer’s share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the research and development, if the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the preceding taxation year were the same as the taxpayer’s share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000.

**“1129.0.4.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.6, on account of the taxpayer's tax payable under Part I, in relation to a university research contract or an eligible research contract under which scientific research and experimental development has been undertaken, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to a qualified expenditure paid in respect of the contract is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.6, in relation to the contract, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, in relation to the contract, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the amount of a qualified expenditure paid by the taxpayer in respect of the contract, were refunded, paid or allocated in the taxation year in which the scientific research and experimental development to which the expenditure relates was undertaken; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the contract.

**“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, in relation to a university research contract or an eligible research contract under which scientific research and experimental development has been undertaken, shall pay the tax referred to in the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to a qualified expenditure paid in respect of the

contract is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.7, in relation to the contract, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the contract, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to the amount of a qualified expenditure paid by the partnership in respect of the contract, were refunded, paid or allocated in the partnership's fiscal period in which the scientific research and experimental development to which the expenditure relates was undertaken, and

ii. the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the contract, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."



(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

**235.** (1) Section 1129.0.6 of the said Act, amended by section 206 of chapter 51 of the statutes of 2001, is replaced by the following :

**“1129.0.6.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.9.0.3, on account of the taxpayer’s tax payable under Part I, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to an eligible fee, or an eligible fee balance, of the taxpayer is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.9.0.3, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an eligible fee, or an eligible fee balance, of the taxpayer for a taxation year, were refunded, paid or allocated in that taxation year; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year.”

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998. However, where the first paragraph of section 1129.0.6 of the said Act and subparagraph *a* of the second paragraph of that section apply to taxation years of a taxpayer that end before 23 December 1999, they shall be read without reference to “, or an eligible fee balance,”.

**236.** (1) Section 1129.0.7 of the said Act, amended by section 207 of chapter 51 of the statutes of 2001, 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, in relation to the partnership, shall pay the tax referred to in the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to an eligible fee, or an eligible fee balance, of the partnership is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.9.0.4, in relation to the partnership, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the partnership, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to an eligible fee, or an eligible fee balance, of the partnership for a fiscal period, were refunded, paid or allocated in that fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer would be required to pay to the Minister under this section, in relation to the partnership, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998. However, where the first paragraph of section 1129.0.7 of the said Act and subparagraph i of subparagraph a of the second paragraph of that section apply to taxation years of a taxpayer that end before 23 December 1999, they shall be read without reference to " , or an eligible fee balance,".

**237.** (1) Sections 1129.0.8 and 1129.0.9 of the said Act are replaced by the following :

**“1129.0.8.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.10, on account of the taxpayer’s tax payable under Part I, in relation to an agreement under which scientific research and experimental development has been undertaken, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to a qualified expenditure that is made in respect of the agreement is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.10, in relation to the agreement, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, in relation to the agreement, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to a qualified expenditure made by the taxpayer in respect of the agreement, were refunded, paid or allocated in the taxation year in which the scientific research and experimental development to which the expenditure relates was undertaken ; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the agreement.

**“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, in relation to an agreement under which scientific research and experimental development has been undertaken, shall pay the tax referred to in the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to a qualified expenditure that is made in respect of the agreement is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.11, in relation to the agreement, if the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the taxpayer’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the agreement, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to a qualified expenditure made by the partnership in respect of the agreement, were refunded, paid or allocated in the partnership's fiscal period in which the scientific research and experimental development to which the expenditure relates was undertaken, and

ii. the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the agreement, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

**238.** (1) Section 1129.0.9.1 of the said Act, amended by section 208 of chapter 51 of the statutes of 2001, is replaced by the following :

**"1129.0.9.1.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.16.6, on account of its tax payable under Part I for a particular taxation year, in relation to its eligible amount for that particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the "repayment year", in which an amount relating to an expenditure included, in whole or in part, in

computing the eligible amount is, directly or indirectly, refunded or otherwise paid to the corporation or to a partnership of which it is a member, or allocated to a payment to be made by the corporation or partnership.

The tax to which the first paragraph refers is equal to the amount by which the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.16.6, in relation to its eligible amount for that particular year, exceeds the total of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section, for that particular year, if every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to an expenditure included in whole or in part in computing the eligible amount, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section, for a taxation year preceding the repayment year, in relation to the eligible amount.

For the purposes of the second paragraph, an amount referred to in subparagraph *a* of that paragraph that is refunded or otherwise paid to a partnership of which the corporation is a member or allocated to a payment to be made by that partnership is deemed to be an amount

(a) that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the corporation's share of the income or loss of the partnership for the fiscal period of the partnership ending in the repayment year is of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

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

**239.** (1) Section 1129.0.9.2 of the said Act is repealed.

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

**240.** (1) Section 1129.0.9.3 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000. In addition, where section 1129.0.9.3 of the said Act applies after 30 June 1999, it shall be read with "1129.0.9.2" replaced by "1129.0.9.1".

**241.** (1) Section 1129.0.10 of the said Act is amended by replacing "1000 to 1024" by "1000 to 1024 and 1026.0.1".

(2) Subsection 1 has effect from 1 April 1998.

**242.** (1) Sections 1129.0.12 and 1129.0.13 of the said Act are replaced by the following:

**“1129.0.12.** Every corporation that 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 a particular taxation year, in relation to a qualified expenditure incurred in the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in computing the qualified expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.21.22 or 1029.8.21.26, in relation to the qualified expenditure, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.22 or 1029.8.21.26, in relation to the qualified expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing the qualified expenditure were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified 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 of the partnership that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to an expenditure included in computing the qualified expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.21.23, 1029.8.21.27 and 1029.8.21.28, in relation to the qualified expenditure, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year

were the same as the corporation's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.21.23, 1029.8.21.27 and 1029.8.21.28, for a taxation year, in relation to the qualified expenditure, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to an expenditure included in computing the qualified expenditure, were refunded, paid or allocated in the particular fiscal period, and

ii. the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the corporation's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the qualified expenditure, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the corporation's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated 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 partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 9 March 1999.

**243.** (1) Sections 1129.0.17 and 1129.0.18 of the said Act, enacted by section 210 of chapter 51 of the statutes of 2001, are replaced by the following:

**"1129.0.17.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.21.42 or 1029.8.21.44, on account of its tax payable under Part I, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the "repayment year", if

(a) an amount relating to an expenditure included in an eligible production expenditure of the corporation is, in the repayment year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(b) an amount relating to an eligible production expenditure of a partnership of which the corporation is a member and in respect of which the corporation is so deemed to have paid an amount under section 1029.8.21.44 is, in the fiscal period of the partnership that ends in the repayment year, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.21.42, or an amount it would be deemed to have paid to the Minister for a particular taxation year under section 1029.8.21.44, in relation to a partnership of which the corporation is a member at the end of the partnership's fiscal period that ends in the repayment year, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the particular year were the same as the corporation's share for the fiscal period of the partnership that ends in the repayment year, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister,

i. under section 1029.8.21.42, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in an eligible production expenditure of the corporation for a taxation year, were refunded, paid or allocated in the taxation year, or

ii. under section 1029.8.21.44, for a particular taxation year, in relation to a partnership of which the corporation is a member at the end of the partnership's fiscal period that ends in the repayment year, in this subparagraph referred to as the "fiscal period of repayment", if

(1) every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to an expenditure included in an eligible production expenditure of the partnership for a fiscal period, were refunded, paid or allocated in the fiscal period, and

(2) the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the particular taxation year were the same as the corporation's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the repayment year, if the corporation's share of the income or loss of a partnership for the partnership's fiscal period that ends in the preceding



taxation year were the same as the corporation's share for the partnership's fiscal period that ends in the repayment year.

For the purposes of subparagraph *a* of the second paragraph, an amount that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, in relation to an expenditure included in an eligible production expenditure of a partnership of which the corporation is a member at the end of the partnership's fiscal period that ends in the repayment year, is deemed to be an amount

(*a*) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(*b*) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the partnership's fiscal period that ends in the repayment year is of the corporation's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000.

**“1129.0.18.** For the purposes of section 1129.0.17, the amount determined in the second paragraph, in relation to a particular expenditure that is included in the eligible production expenditure of a corporation for a particular taxation year in respect of an eligible e-commerce solution, is deemed to be refunded to the corporation in its taxation year that includes 1 April 2003, in this section referred to as the “repayment year”, if

(*a*) the eligible e-commerce solution ceased to be eligible, for all or part of the particular year, as the case may be, because the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” in the first paragraph of section 1029.8.21.32 had not been satisfied or had not again been satisfied, as the case may be, in respect of the corporation, on or before 31 March 2003; or

(*b*) application software, the cost of which is a production expenditure that is included in the eligible production expenditure, or may reasonably be attributed to the portion of a consideration that is included in computing the eligible production expenditure, was not integrated into the eligible e-commerce solution before 1 April 2003.

The amount to which the first paragraph refers is equal to,

(*a*) in the case provided for in subparagraph *a* of the first paragraph, the amount by which the portion of the particular expenditure that may reasonably be attributed to the portion of the particular year for which the eligible e-commerce solution ceased to be eligible, exceeds the aggregate of all amounts each of which is an amount that relates to the portion of the particular expenditure that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded, otherwise paid or allocated to a payment to be made by the corporation; or

(b) in the case provided for in subparagraph *b* of the first paragraph, the amount by which the portion of the particular expenditure that may reasonably be attributed to the cost of application software, unless the portion is included in computing an amount that is deemed to be refunded under subparagraph *a*, exceeds the aggregate of all amounts each of which is an amount that relates to the portion of the particular expenditure that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded, otherwise paid or allocated to a payment to be made by the corporation.

No tax is payable for a taxation year under section 1129.0.17 in respect of any amount that is refunded or otherwise paid to the corporation, or is allocated to a payment to be made by the corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in the taxation year or a preceding taxation year.”

(2) Subsection 1 has effect from 15 March 2000.

**244.** (1) Section 1129.0.19 of the said Act, enacted by section 210 of chapter 51 of the statutes of 2001, is repealed.

(2) Subsection 1 has effect from 15 March 2000.

**245.** (1) Section 1129.0.20 of the said Act, enacted by section 210 of chapter 51 of the statutes of 2001, is replaced by the following:

“**1129.0.20.** For the purposes of section 1129.0.17, the amount determined in the second paragraph, in relation to a particular expenditure that is included in the eligible production expenditure of a partnership of which a corporation is a member for a particular fiscal period in respect of an eligible e-commerce solution, is deemed to be refunded to the partnership in its fiscal period that includes 1 April 2003, in this section referred to as the “fiscal period of repayment”, if

(a) the eligible e-commerce solution ceased to be eligible, for all or part of the particular fiscal period, as the case may be, because the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” in the first paragraph of section 1029.8.21.32 had not been satisfied or had not again been satisfied, as the case may be, in respect of the partnership, on or before 31 March 2003; or

(b) application software, the cost of which is a production expenditure that is included in the eligible production expenditure, or may reasonably be attributed to the portion of a consideration that is included in computing the eligible production expenditure, was not integrated into the eligible e-commerce solution before 1 April 2003.

The amount to which the first paragraph refers is equal to,

(a) in the case provided for in subparagraph *a* of the first paragraph, the amount by which the portion of the particular expenditure that may reasonably

be attributed to the portion of the particular fiscal period for which the eligible e-commerce solution ceased to be eligible, exceeds the aggregate of all amounts each of which is an amount that relates to the portion of the particular expenditure that, in a fiscal period preceding the fiscal period of repayment but subsequent to the particular fiscal period, was refunded, otherwise paid or allocated to a payment to be made by the partnership or corporation ; or

(b) in the case provided for in subparagraph *b* of the first paragraph, the amount by which the portion of the particular expenditure that may reasonably be attributed to the cost of application software, unless the portion is included in computing an amount that is deemed to be refunded under subparagraph *a*, exceeds the aggregate of all amounts each of which is an amount that relates to the portion of the particular expenditure that, in a fiscal period preceding the fiscal period of repayment but subsequent to the particular fiscal period, was refunded, otherwise paid or allocated to a payment to be made by the partnership or corporation.

For the purposes of the second paragraph, an amount that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, in relation to the portion of a particular expenditure, is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated 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 partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000.

No tax is payable for a taxation year under section 1129.0.17 in respect of any amount that is refunded or otherwise paid to the partnership or corporation, or is allocated to a payment to be made by the partnership or corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in a fiscal period of the partnership that ends in the taxation year or in a preceding taxation year."

(2) Subsection 1 has effect from 15 March 2000.

**246.** (1) Section 1129.0.21 of the said Act, enacted by section 210 of chapter 51 of the statutes of 2001, is amended by replacing paragraph *b* by the following :

"(b) tax paid to the Minister by a corporation at any time, under section 1129.0.17, in relation to an expenditure that is included in an eligible production expenditure of a partnership of which the corporation is a member, is deemed to be an amount of assistance repaid by that partnership at that time in respect of that expenditure, pursuant to a legal obligation."

(2) Subsection 1 has effect from 15 March 2000.

**247.** Section 1129.1 of the said Act, amended by section 211 of chapter 51 of the statutes of 2001, is again amended by striking out, in the portion before the definition of “government assistance”, “unless the context indicates otherwise.”.

**248.** (1) The said Act is amended by inserting, after section 1129.4.0.20, enacted by section 214 of chapter 51 of the statutes of 2001, the following :

**“PART III.1.0.6**

**“SPECIAL TAX RELATING TO THE CREDIT FOR THE CREATION OF DIGITAL PRODUCTIONS**

**“1129.4.0.21.** In this Part,

“acquisition costs” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.16 ;

“eligible digital production” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.16 ;

“Minister” means the Minister of Revenue ;

“qualified labour expenditure” has the meaning assigned by section 1029.8.36.0.0.16 ;

“qualified property” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.16 ;

“rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.16 ;

“taxation year” has the meaning assigned by Part I.

**“1129.4.0.22.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.0.19 or 1029.8.36.0.0.20, on account of its tax payable under Part I, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in a qualified labour expenditure of the corporation, or acquisition costs incurred or rental expenses paid by the corporation in respect of qualified property is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under any of sections 1029.8.36.0.0.19, 1029.8.36.0.0.20, 1029.8.36.0.0.26 and 1029.8.36.0.0.27, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of those sections, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in a qualified labour expenditure of the corporation, or acquisition costs incurred or rental expenses paid by the corporation, were refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure to which the amount refunded, paid or allocated relates, or incurred the acquisition costs or paid the rental expenses to which that amount 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.

**“1129.4.0.23.** For the purposes of section 1129.4.0.22, the amount determined in the second paragraph, in relation to a particular expenditure included in the qualified labour expenditure of the corporation for a particular taxation year in respect of an eligible digital production, is deemed to be refunded to the corporation in a subsequent taxation year, in this section referred to as the “repayment year”, in which Investissement Québec revokes, in whole or in part, the certificate that was issued for the particular year to the corporation in respect of the eligible digital production.

The amount to which the first paragraph refers is equal to the amount by which the portion of the particular expenditure that may reasonably be attributed to the part of the certificate that is revoked, exceeds the aggregate of all amounts each of which is an amount relating to the portion of the particular expenditure that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded, otherwise paid or allocated to a payment to be made by the corporation.

No tax is payable for a taxation year under section 1129.4.0.22, in respect of any amount that is refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in that taxation year or in a preceding taxation year.

**“1129.4.0.24.** For the purposes of section 1129.4.0.22, the amount determined in the second paragraph, in relation to the acquisition costs incurred by the corporation in a particular taxation year in respect of qualified property or rental expenses paid by the corporation in the particular year in respect of such property, is deemed to be refunded to the corporation in a subsequent taxation year, in this section referred to as the “repayment year”, in which Investissement Québec revokes the certificate that was issued in respect of the property.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of acquisition costs incurred by the corporation in the particular year and on the effective date specified in the notice of revocation or subsequently, or the aggregate of rental expenses paid by the corporation in

the particular year and on that effective date or subsequently, exceeds the aggregate of all amounts each of which is an amount relating to those costs or expenses that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded, otherwise paid or allocated to a payment to be made by the corporation.

No tax is payable for a taxation year under section 1129.4.0.22, in respect of any amount that is refunded or otherwise paid to the corporation, or is allocated to a payment to be made by the corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in that taxation year or a preceding taxation year.

**“1129.4.0.25.** For the purposes of Part I, except for Division II.6.0.0.6 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under section 1129.4.0.22, 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.

**“1129.4.0.26.** 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 6 October 2000.

**249.** Section 1129.4.1 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended by striking out, in the portion before the definition of “eligible operating receipts”, “unless the context indicates otherwise,”.

**250.** (1) Section 1129.4.3.1 of the said Act is amended by inserting, in alphabetical order, the following definition:

““eligible production costs” has the meaning assigned by section 1029.8.36.0.3.3;”.

(2) Subsection 1 has effect from 10 May 1996.

**251.** (1) Section 1129.4.3.2 of the said Act is replaced by the following:

**“1129.4.3.2.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.4, on account of its tax payable under Part I, in relation to a property that is a multimedia title, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in computing a qualified labour expenditure of the corporation in respect of the property, or its eligible production costs in respect 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 tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.4, in relation to the property, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, in relation to the property, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing a qualified labour expenditure of the corporation in respect of the property, or its eligible production costs in respect of the property, were refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure 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 relation to the property.”

(2) Subsection 1 has effect from 10 May 1996.

**252.** (1) Section 1129.4.3.6 of the said Act is replaced by the following :

**“1129.4.3.6.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.9, on account of its tax payable under Part I for a particular taxation year, in relation to its qualified labour expenditure for the particular year in respect of a property that is a multimedia title, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in computing the qualified labour expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, in relation to its qualified labour expenditure for the particular year in respect of the property, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, in relation to the qualified labour expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing the qualified labour expenditure, were refunded, paid or allocated in the particular year ; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified labour expenditure.”

(2) Subsection 1 has effect from 10 May 1996.

**253.** (1) Section 1129.4.3.10 of the said Act is replaced by the following :

**“1129.4.3.10.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.19, on account of its tax payable for a particular taxation year under Part I, in relation to its qualified labour expenditure for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in computing the qualified labour expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.19 or 1029.8.36.0.3.22, in relation to its qualified labour expenditure for the particular year, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.19 or 1029.8.36.0.3.22, in relation to the qualified labour expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing the qualified labour expenditure, were refunded, paid or allocated in the particular year ; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified labour expenditure.”

(2) Subsection 1 has effect from 10 May 1996.

**254.** (1) Section 1129.4.3.14 of the said Act is replaced by the following :

**“1129.4.3.14.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.30, on account of its tax payable under Part I for a particular taxation year, in relation to qualified wages incurred in the particular year in respect of an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.



The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.30 or 1029.8.36.0.3.35, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.30 or 1029.8.36.0.3.35, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.”

(2) Subsection 1 has effect from 16 June 1998.

**255.** (1) Section 1129.4.3.19 of the said Act is replaced by the following :

**“1129.4.3.19.** Every corporation that 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, in relation to qualified wages incurred in the particular year in respect of an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.40 or 1029.8.36.0.3.43, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.40 or 1029.8.36.0.3.43, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.”

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

**256.** (1) Section 1129.4.3.23 of the said Act, enacted by section 122 of chapter 9 of the statutes of 2002, is replaced by the following :

**“1129.4.3.23.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.48, on account of its tax payable for a particular taxation year under Part I, or that would be deemed to have paid such an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, in relation to qualified wages incurred in the particular year in respect of an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.48 or 1029.8.36.0.3.57, or would be deemed to have paid to the Minister under either of those sections if section 1029.8.36.0.3.48 were read without reference to the fourth and fifth paragraphs thereof, and section 1029.8.36.0.3.57 were read without reference to the second paragraph thereof, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, or under section 1029.8.36.0.3.57 if it were read without reference to the second paragraph thereof, in relation to the qualified wages and, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.

However, no tax is payable under this section if section 1129.4.3.23.1 applies in respect of the qualified wages for the repayment year or for a preceding taxation year.”

(2) Subsection 1 has effect from 12 May 2000. However, where section 1129.4.3.23 of the said Act applies in respect of wages incurred in a taxation year that ends before 20 March 2002, it shall be read without reference, in the first paragraph, to “or that would be deemed to have paid such an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof,” and in the portion of the second paragraph before subparagraph *a*, to “or would be deemed to have paid to the Minister under either of those sections if section 1029.8.36.0.3.48 were read without reference to the fourth and fifth

paragraphs thereof, and section 1029.8.36.0.3.57 were read without reference to the second paragraph thereof,” and by replacing, in subparagraph *a* of the second paragraph, “under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, or under section 1029.8.36.0.3.57 if it were read without reference to the second paragraph thereof,” by “under section 1029.8.36.0.3.48 or 1029.8.36.0.3.57”.

**257.** (1) The said Act is amended by inserting, after section 1129.4.3.23, enacted by section 122 of chapter 9 of the statutes of 2002, the following section :

**“1129.4.3.23.1.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.48, on account of its tax payable for a taxation year under Part I, or that would be deemed to have paid such an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, in relation to qualified wages incurred in the taxation year in respect of an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “particular year”, in which the Minister of Finance revokes a qualification certificate issued by the Minister of Finance for the taxation year to the corporation for the purposes of Division II.6.0.1.6 of Chapter III.1 of Title III of Book IX of Part I.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.48 or 1029.8.36.0.3.57, or would be deemed to have paid to the Minister under either of those sections if section 1029.8.36.0.3.48 were read without reference to the fourth and fifth paragraphs thereof, and section 1029.8.36.0.3.57 were read without reference to the second paragraph thereof, in relation to the qualified wages, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.4.3.23 for a taxation year preceding the particular year, in relation to the qualified wages.”

(2) Subsection 1 has effect from 12 May 2000. However, where section 1129.4.3.23.1 of the said Act applies in respect of wages incurred in a taxation year that ends before 20 March 2002, it shall be read without reference, in the first paragraph, to “or that would be deemed to have paid such an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof,” and in the second paragraph, to “or would be deemed to have paid to the Minister under either of those sections if section 1029.8.36.0.3.48 were read without reference to the fourth and fifth paragraphs thereof, and section 1029.8.36.0.3.57 were read without reference to the second paragraph thereof;”.

**258.** (1) Section 1129.4.3.24 of the said Act, enacted by section 122 of chapter 9 of the statutes of 2002, is amended by replacing “under section 1129.4.3.23 in relation to qualified wages” by “under section 1129.4.3.23 or 1129.4.3.23.1, in relation to qualified wages;”.

(2) Subsection 1 has effect from 12 May 2000.

**259.** (1) Section 1129.4.4.1 of the said Act is replaced by the following :

**“1129.4.4.1.** Every corporation that 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, in relation to qualified wages paid to an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax referred to in the first paragraph is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.5 or 1029.8.36.0.5.1 or under section 1029.8.36.0.10, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.5 or 1029.8.36.0.5.1 or under section 1029.8.36.0.10, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the taxation year in 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 relation to the qualified wages.”

(2) Subsection 1 has effect from 26 March 1997.

**260.** (1) The said Act is amended by inserting, after section 1129.4.4.1, the following sections :

**“1129.4.4.2.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6, on account of its tax payable under Part I, in relation to acquisition costs incurred in respect of qualified property or rental expenses paid in respect of such property, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to the acquisition costs or rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.6 or

1029.8.36.0.11, in relation to the acquisition costs or rental expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.6 or 1029.8.36.0.11, in relation to the acquisition costs or rental expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the costs or expenses, were refunded, paid or allocated in the taxation year during which the corporation incurred the acquisition costs or 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 section for a taxation year preceding the repayment year, in relation to the acquisition costs or rental expenses.

However, no tax is payable under this section if section 1129.4.4.3 applies in respect of the qualified property for the repayment year or for a preceding taxation year.

**“1129.4.4.3.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6, on account of its tax payable under Part I, in relation to acquisition costs incurred in respect of qualified property, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “particular year”, if, at any time in the period referred to in the third paragraph 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 tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.6 or 1029.8.36.0.11, in relation to the acquisition costs, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.4.4.2, for a taxation year preceding the particular year, in relation to the acquisition costs.

The period to which the first paragraph refers is the period that begins the day after the corporation’s filing-due date for the taxation year in which the corporation acquired the qualified property and ends on the earlier of the last day 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 particular year.”

(2) Subsection 1 has effect from 26 March 1997.

**261.** (1) Section 1129.4.5 of the said Act is amended by replacing “under section 1129.4.4.1” by “under section 1129.4.4.1, 1129.4.4.2 or 1129.4.4.3”.

(2) Subsection 1 has effect from 26 March 1997.

**262.** (1) Sections 1129.4.8 to 1129.4.10 of the said Act are replaced by the following :

**“1129.4.8.** Every corporation that 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 a particular taxation year, in relation to qualified wages paid to an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax referred to in the first paragraph is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.19 or 1029.8.36.0.20 or under section 1029.8.36.0.30, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.19 or 1029.8.36.0.20 or under section 1029.8.36.0.30, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the taxation year in 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 relation to the qualified wages.

**“1129.4.9.** Every corporation that 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 a particular taxation year, in relation to specified wages incurred in the particular year in respect of a specified employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the specified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.22 or 1029.8.36.0.31, in relation to the specified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.22 or 1029.8.36.0.31, in relation to the specified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the specified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the 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, on account of its tax payable under Part I, in relation to acquisition costs incurred in respect of qualified property or rental expenses paid in respect of such property, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to the acquisition costs or rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.25 or 1029.8.36.0.32, in relation to the acquisition costs or rental expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.25 or 1029.8.36.0.32, in relation to the acquisition costs or rental expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the costs or expenses, were refunded, paid or allocated in the taxation year during which the corporation incurred the acquisition costs or 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 section for a taxation year preceding the repayment year, in relation to the acquisition costs or rental expenses.

However, no tax is payable under this section if section 1129.4.10.1 applies in respect of the property for the repayment year or for a preceding taxation year.”

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

**263.** (1) The said Act is amended by inserting, after section 1129.4.10, the following section:

**“1129.4.10.1.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.25, on account of its tax payable under Part I, in relation to acquisition costs incurred in respect of qualified property, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “particular year”, if, at any time in the period described in the third paragraph 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 any part of a new economy centre.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.25 or 1029.8.36.0.32, in relation to the acquisition costs, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.4.10, for a taxation year preceding the particular year, in relation to the acquisition costs.

The period to which the first paragraph refers is the period that begins the day after the corporation’s filing-due date for the taxation year in which the corporation acquired the qualified property and ends on the earlier of the last day 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 particular year.”

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

**264.** (1) Section 1129.4.11 of the said Act is amended by replacing “under section 1129.4.8, 1129.4.9 or 1129.4.10” by “under any of sections 1129.4.8, 1129.4.9, 1129.4.10 and 1129.4.10.1”.

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

**265.** (1) Sections 1129.4.14 and 1129.4.15 of the said Act are replaced by the following:

**“1129.4.14.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.40, on account of its tax payable for a particular taxation year under Part I, in relation to qualified wages incurred in the particular year in respect of an eligible employee, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.40 or 1029.8.36.0.49, in relation to the qualified wages, exceeds the total of



(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.40 or 1029.8.36.0.49, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.

**“1129.4.15.** 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 for a particular taxation year under Part I, in relation to qualified wages incurred by the partnership, in respect of an eligible employee, in a particular fiscal period of the partnership that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.0.43, 1029.8.36.0.50 and 1029.8.36.0.51, in relation to the qualified wages, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.0.43, 1029.8.36.0.50 and 1029.8.36.0.51, for a taxation year, in relation to the qualified wages if,

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular fiscal period, and

ii. the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the qualified wages, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the corporation's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph *a* of that paragraph that is refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation is deemed to be an amount

(*a*) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(*b*) that is determined by multiplying the amount refunded, paid or allocated 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 partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

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

**266.** (1) Sections 1129.4.19 and 1129.4.20 of the said Act are replaced by the following:

**"1129.4.19.** Every corporation that 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 a particular taxation year, in relation to a qualified brokerage expenditure incurred in the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the "repayment year", in which an amount relating to fees included in computing the qualified brokerage expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.57 or 1029.8.36.0.66, in relation to the qualified brokerage expenditure, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.57 or 1029.8.36.0.66, in relation to the qualified brokerage expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to fees included in computing the qualified brokerage expenditure, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified 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 of the partnership that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to fees included in computing the qualified brokerage expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.0.60, 1029.8.36.0.67 and 1029.8.36.0.68, in relation to the qualified brokerage expenditure, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.0.60, 1029.8.36.0.67 and 1029.8.36.0.68, for a taxation year, in relation to the qualified brokerage expenditure, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to fees included in computing the qualified brokerage expenditure, were refunded, paid or allocated in the particular fiscal period, and

ii. the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the qualified brokerage expenditure, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the preceding taxation year were the same as the corporation’s share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise

paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated 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 partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

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

**267.** (1) Sections 1129.4.24 and 1129.4.25 of the said Act are replaced by the following:

**"1129.4.24.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.73, on account of its tax payable for a particular taxation year under Part I, in relation to acquisition costs incurred or rental expenses paid, in respect of qualified property in the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the "repayment year", in which an amount relating to the acquisition costs or rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.73 or 1029.8.36.0.77, in relation to the acquisition costs or rental expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.73 or 1029.8.36.0.77, in relation to the acquisition costs or rental expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the costs or expenses, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the acquisition costs or rental 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 for a particular taxation year under Part I, in relation to acquisition costs incurred or rental expenses paid by

the partnership, in respect of qualified property, in a particular fiscal period of the partnership that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to the acquisition costs or rental expenses is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.0.74, 1029.8.36.0.78 and 1029.8.36.0.79, in relation to the acquisition costs or rental expenses, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.0.74, 1029.8.36.0.78 and 1029.8.36.0.79, for a taxation year, in relation to the acquisition costs or rental expenses if,

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the costs or expenses, were refunded, paid or allocated in the particular fiscal period, and

ii. the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the corporation’s share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the acquisition costs or rental expenses, if the corporation’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the preceding taxation year were the same as the corporation’s share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated 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 partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

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

**268.** (1) Sections 1129.4.29 and 1129.4.30 of the said Act, enacted by section 124 of chapter 9 of the statutes of 2002, are replaced by the following :

**"1129.4.29.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.85, on account of its tax payable for a particular taxation year under Part I, in relation to eligible expenses incurred in the particular year in respect of a strategic building, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the "repayment year", in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.85 or 1029.8.36.0.89, in relation to the eligible expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.85 or 1029.8.36.0.89, in relation to the eligible expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section or section 1129.4.30 for a taxation year preceding the repayment year, in relation to the eligible expenses.

However, no tax is payable under this section if section 1129.4.30.1 applies in respect of the strategic building for the repayment year or for a preceding taxation year.

**"1129.4.30.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.85, on account of its tax payable for a taxation year under Part I, in relation to the eligible expenses incurred in the particular year in respect of a strategic building, shall pay the tax referred to in the second paragraph for a taxation year of its filing period, in this section referred to as the "particular year", in respect of which the corporation is in default by reason of either of the following situations :

(a) the corporation fails to file the qualification certificate relating to the strategic building with the Minister as required by section 1029.8.36.0.87, for the particular year; or

(b) the corporation disposes of the strategic building in the particular year.

The tax to which the first paragraph refers is equal to,

(a) where the particular year is one of the first five taxation years of the corporation's filing period, 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 1029.8.36.0.85 or 1029.8.36.0.89, in relation to the eligible expenses, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.4.29 for the particular year or for a preceding taxation year, in relation to the eligible expenses; or

(b) where the particular year is one of the last nine taxation years of the corporation's filing period, the amount determined by the formula

$$A \times [(15 - B) \times 10] / 100.$$

In the formula provided for in subparagraph *b* of the second paragraph,

(a) *A* is the amount that would be determined under subparagraph *a* of the second paragraph, if that subparagraph applied to the particular year; and

(b) *B* is the number of taxation years, including the particular year, following the taxation year that includes the completion date of the work.

However, no tax is payable under this section if the section applied in respect of the strategic building for a taxation year preceding the particular year or if section 1129.4.30.1 applies in respect of the building for the particular year or for a preceding taxation year.”

(2) Subsection 1 has effect from 30 June 2000.

**269.** (1) The said Act is amended by inserting, after section 1129.4.30, enacted by section 124 of chapter 9 of the statutes of 2002, the following section:

**“1129.4.30.1.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.85, on account of its tax payable for a taxation year under Part I, in relation to eligible expenses incurred in respect of a strategic building in the taxation year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “particular year”, in which the Minister of Finance revokes a qualified certificate issued by the Minister of Finance to the corporation in respect of the strategic building.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.85 or

1029.8.36.0.89, in relation to the eligible expenses, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.4.29 or 1129.4.30, for a taxation year preceding the particular year, in relation to the eligible expenses.”

(2) Subsection 1 has effect from 30 June 2000.

**270.** (1) Section 1129.4.31 of the said Act, enacted by section 124 of chapter 9 of the statutes of 2002, is amended by replacing “under section 1129.4.29 or 1129.4.30” by “under any of sections 1129.4.29, 1129.4.30 and 1129.4.30.1,”.

(2) Subsection 1 has effect from 30 June 2000.

**271.** Section 1129.5 of the said Act is amended by striking out, in the portion before the definition of “Minister”, “unless the context indicates otherwise,”.

**272.** Section 1129.12.1 of the said Act is amended by striking out, in the portion before the definition of “Minister”, “unless the context indicates otherwise,”.

**273.** Part III.3 of the said Act is repealed.

**274.** Section 1129.16 of the said Act is amended by striking out, in the portion before the definition of “accredited museum”, “unless the context indicates otherwise,”.

**275.** Section 1129.20 of the said Act is amended by striking out, in the portion before the definition of “eligible entity”, “unless the context indicates otherwise,”.

**276.** Section 1129.24 of the said Act is amended by striking out, in the portion before the definition of “Fund”, “unless the context indicates otherwise,”.

**277.** Section 1129.27.1 of the said Act, enacted by section 125 of chapter 9 of the statutes of 2002, is amended by striking out, in the portion before the definition of “Corporation”, “unless the context indicates otherwise,”.

**278.** Section 1129.27.5 of the said Act, enacted by section 125 of chapter 9 of the statutes of 2002, is amended by replacing the portion before the definition of “Corporation” by the following :

**“1129.27.5.** In this Part,”.

**279.** Section 1129.28 of the said Act is amended by striking out, in the portion before the definition of “Minister”, “unless the context indicates otherwise,”.



**280.** Section 1129.34 of the said Act is amended by striking out, in the portion before the definition of “fiscal period”, “unless the context indicates otherwise,”.

**281.** Section 1129.38 of the said Act is amended by striking out, in the portion before the definition of “fiscal period”, “unless the context indicates otherwise,”.

**282.** Section 1129.42 of the said Act is amended by striking out, in the portion before the definition of “fiscal period”, “unless the context indicates otherwise,”.

**283.** (1) Section 1129.45.1 of the said Act is amended

(1) by striking out, in the portion before the definition of “eligible vessel”, “unless the context indicates otherwise,”;

(2) by inserting, in alphabetical order, the following definitions :

““cost of construction” has the meaning assigned by Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I;

““cost of conversion” has the meaning assigned by Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I;”.

(2) Paragraph 2 of subsection 1, where it enacts the definition of “cost of construction” in section 1129.45.1 of the said Act, applies in respect of expenses incurred after 9 May 1996 and, where it enacts the definition of “cost of conversion” in that section 1129.45.1, applies in respect of expenses incurred after 25 March 1997.

**284.** (1) Section 1129.45.2 of the said Act is replaced by the following :

**“1129.45.2.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.55, on account of its tax payable under Part I, in relation to an eligible vessel, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in computing a qualified construction expenditure of the corporation in respect of the vessel, or the cost of construction of the vessel to the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.55, in relation to the eligible vessel, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, in relation to the vessel, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing a qualified construction expenditure of the corporation in respect of the vessel or in computing the cost of construction of the vessel to the corporation, were refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure 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 relation to the vessel.”

(2) Subsection 1 applies in respect of expenditures incurred after 9 May 1996.

**285.** (1) The said Act is amended by inserting, after section 1129.45.2, the following section:

**“1129.45.2.1.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.55.1, on account of its tax payable under Part I, in relation to an eligible vessel, shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in computing a qualified conversion expenditure of the corporation in respect of the vessel, or the cost of conversion of the vessel to the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.55.1, in relation to the eligible vessel, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, in relation to the vessel, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing a qualified conversion expenditure of the corporation in respect of the vessel or in computing the cost of conversion of the vessel to the corporation, were refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure 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 relation to the vessel.”

(2) Subsection 1 applies in respect of expenditures incurred after 25 March 1997.

**286.** (1) Sections 1129.45.3.2 and 1129.45.3.3 of the said Act are replaced by the following :

**“1129.45.3.2.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.36.59.2, on account of its tax payable for a particular taxation year under Part I, in relation to the taxpayer’s property taxes for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which 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.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.59.2 or 1029.8.36.59.5, in relation to the property taxes, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.59.2 or 1029.8.36.59.5, in relation to the property taxes, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the property taxes, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the 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 for a particular taxation year under Part I, in relation to property taxes of the partnership for a particular fiscal period of the partnership that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to the property taxes is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.59.3, 1029.8.36.59.6 and 1029.8.36.59.7, in relation to the property taxes, if the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the taxpayer’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under any of sections 1029.8.36.59.3, 1029.8.36.59.6 and 1029.8.36.59.7, for a taxation year, in relation to the property taxes if,

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the property taxes, were 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 partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the property taxes, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer, or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

(2) Subsection 1 has effect from 23 December 1998.

**287.** (1) Section 1129.45.3.5 of the said Act is amended by replacing "1000 to 1024" by "1000 to 1024 and 1026.0.1".

(2) Subsection 1 has effect from 23 December 1998.

**288.** (1) Section 1129.45.3.7 of the said Act, enacted by section 218 of chapter 51 of the statutes of 2001, is amended

(1) by striking out the words "referred to therein" in the following provisions:

— subparagraph i of paragraph a;

— subparagraph *i* of paragraph *b* ;

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

“(c) where, in the particular calendar year ending in the particular taxation year, any 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 the amount of the salaries or wages paid to an employee by the corporation for its base period, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.4 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this paragraph referred to as the “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.4 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and the amount determined pursuant to that section 1029.8.36.72.4 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and” ;

(3) by replacing the portion of paragraph *f* before subparagraph *ii* by the following :

“(f) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.4 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.4 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and the amount determined, pursuant to that section 1029.8.36.72.4, had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”.

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

**289.** (1) Section 1129.45.3.10 of the said Act, enacted by section 218 of chapter 51 of the statutes of 2001, is amended by striking out, in the definitions of “base period” and “recognized business” in the first paragraph, the words “the first paragraph of”.

(2) Subsection 1 has effect from 1 January 2000.

**290.** (1) The said Act is amended by inserting, after section 1129.45.3.10, enacted by section 218 of chapter 51 of the statutes of 2001, the following section:

**“1129.45.3.10.1.** Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.16 or 1029.8.36.72.17, 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 by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have so paid to the Minister, under section 1029.8.36.72.16 or 1029.8.36.72.17, in relation to the salaries or wages for the taxation year, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in relation to the salaries or wages for a taxation year preceding the particular year, if in the particular year, Investissement Québec revokes a qualification certificate issued to the corporation for the purposes of Division II.6.6.2 of Chapter III.1 of Title III of Book IX of Part I.”

(2) Subsection 1 has effect from 1 January 2000.

**291.** (1) Section 1129.45.3.11 of the said Act, enacted by section 218 of chapter 51 of the statutes of 2001, is amended

(1) by inserting, in the portion before paragraph *a*, after the words “aggregate of”, “the following amounts except where section 1129.45.3.10.1 applies in relation to the salaries or wages for the taxation year:”;

(2) by striking out the words “referred to therein” in the following provisions:

— subparagraph i of paragraph *a*;

— subparagraph i of paragraph *b*;

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

“(c) where, in the particular calendar year ending in the particular taxation year, any 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 the amount of the salaries or wages paid to an employee by the corporation for its base period for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.18 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this paragraph referred to as the “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and the amount determined pursuant to that section 1029.8.36.72.18 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”;

(4) by replacing the portion of paragraph *f* before subparagraph ii by the following:

“(f) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.18 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that

corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and the amount determined, pursuant to that section 1029.8.36.72.18, had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”.

(2) Subsection 1 has effect from 1 January 2000.

**292.** (1) Section 1129.45.3.15 of the said Act, enacted by section 218 of chapter 51 of the statutes of 2001, is amended

(1) by striking out the words “referred to therein” in the following provisions:

— subparagraph i of paragraph *a*;

— subparagraph i of paragraph *b*;

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

“(c) where, in the particular calendar year ending in the particular taxation year, any 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 the amount of the salaries or wages paid to an employee by the corporation for its base period for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.32 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this paragraph referred to as the “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year, exceeds the aggregate of



i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.32 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and the amount determined pursuant to that section 1029.8.36.72.32 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”;

(3) by replacing the portion of paragraph *f* before subparagraph ii by the following:

“(f) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.32 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.32 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and the amount determined, pursuant to that section 1029.8.36.72.32, had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”.

(2) Subsection 1 has effect from 1 January 2000.

**293.** (1) The said Act is amended by inserting, after section 1129.45.3.18, enacted by section 126 of chapter 9 of the statutes of 2002, the following section:

**“1129.45.3.18.1.** Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.44 or 1029.8.36.72.45, 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 by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have so paid to the Minister, under section 1029.8.36.72.44 or 1029.8.36.72.45, in relation to the salaries or wages for the taxation year, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in relation to the salaries or wages for a taxation year preceding the particular year, if in the particular year, Investissement Québec revokes a qualification certificate issued to the corporation for the purposes of Division II.6.6.4 of Chapter III.1 of Title III of Book IX of Part I.”

(2) Subsection 1 has effect from 1 January 2000.

**294.** (1) Section 1129.45.3.19 of the said Act, enacted by section 126 of chapter 9 of the statutes of 2002, is amended

(1) by inserting, in the portion before paragraph *a*, after the words “aggregate of”, “the following amounts except where section 1129.45.3.18.1 applies in relation to the salaries or wages for the taxation year:”;

(2) by striking out the words “referred to therein” in the following provisions:

— subparagraph *i* of paragraph *a*;

— subparagraph *i* of paragraph *b*;

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

“*i.* the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.45, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.46 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and the amount determined pursuant to that section 1029.8.36.72.46 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”;

(4) by replacing subparagraph *i* of paragraph *f* by the following:

“*i.* the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.45, taking into account the second paragraph of that section, in respect of the corporation, in relation to

that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.46 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and the amount determined pursuant to that section 1029.8.36.72.46 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”.

(2) Subsection 1 has effect from 1 January 2000.

**295.** (1) Section 1129.45.3.23 of the said Act, enacted by section 126 of chapter 9 of the statutes of 2002, is amended

(1) by striking out the words “referred to therein” in the following provisions:

— subparagraph *i* of paragraph *a*;

— subparagraph *i* of paragraph *b*;

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

“*i.* the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.58, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.59 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year and the amount determined pursuant to that section 1029.8.36.72.59 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”;

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

“*i.* the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.58, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.59 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages and the amount determined pursuant to that section 1029.8.36.72.59 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”.

(2) Subsection 1 has effect from 1 January 2001.

**296.** (1) The said Act is amended by inserting, after section 1129.45.3.25, enacted by section 126 of chapter 9 of the statutes of 2002, the following :

**“PART III.10.1.7**

**“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION IN THE RESOURCE REGIONS**

**“1129.45.3.26.** In this Part,

“base period” has the meaning assigned by section 1029.8.36.72.70;

“eligible region” has the meaning assigned by the first paragraph of section 1029.8.36.72.70;

“Minister” means the Minister of Revenue;

“recognized business” has the meaning assigned by section 1029.8.36.72.70;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.70;

“taxation year” has the meaning assigned by Part I.

For the purposes of this Part, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

**“1129.45.3.27.** Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.71 or 1029.8.36.72.72, 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 by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have so paid to the Minister, under section 1029.8.36.72.71 or 1029.8.36.72.72, in relation to the salaries or wages for the taxation year, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in relation to the salaries or wages for a taxation year preceding the particular year, if in the particular year, Investissement Québec revokes a qualification certificate issued to the corporation in relation to the recognized business for the purposes of Division II.6.6.6 of Chapter III.1 of Title III of Book IX of Part I.

**“1129.45.3.28.** Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.71 or 1029.8.36.72.72, on account of the corporation’s tax payable under Part I for any taxation year,

shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of the following amounts, except where section 1129.45.3.27 applies in relation to the salaries or wages for the taxation year :

(a) where the corporation pays, in the particular taxation 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 the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.71, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. the aggregate of all amounts each of which is an amount paid by the corporation in a taxation year preceding the particular taxation year and is a repayment to which this paragraph has applied ;

(b) where any corporation pays, in the particular calendar year ending in the particular taxation 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 the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.72, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business in an eligible region for its taxation year in which the preceding calendar year ended, the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salaries or wages had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid in a taxation year preceding the particular taxation year and is a repayment to which this paragraph has applied ;

(c) where any corporation pays, in the particular calendar year ending in the particular taxation 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 the amount of the salaries or wages paid to an employee by the corporation for its base period for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.73 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this paragraph referred to as the “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.73 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year and the amount determined pursuant to that section 1029.8.36.72.73 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid in a calendar year preceding the particular calendar year by a member corporation of the particular group and is a repayment of assistance relating to such salaries or wages to which this paragraph has applied ;

(d) where, in the particular taxation year, an amount in relation to salaries or wages paid to an employee by the corporation that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.71 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than salaries or wages paid in the base period of the corporation in relation to that preceding calendar year, 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 particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.71 in respect of the corporation in

relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salaries or wages, had been government assistance or non-government assistance received by the corporation in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this paragraph has applied;

(e) where, in the particular calendar year ending in the particular taxation year, an amount in relation to salaries or wages paid to an employee by any corporation that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.72 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in an eligible region for its taxation year in which the preceding calendar year ended, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by it, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.72 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this paragraph has applied; and

(f) where, in the particular calendar year ending in the particular taxation year, an amount in relation to salaries or wages paid to an employee by any corporation that are included in computing the excess amount referred to in paragraph *a* of section 1029.8.36.72.73 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by it, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.72, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of paragraph *a* of section 1029.8.36.72.73 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and the amount determined pursuant to that section 1029.8.36.72.73 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this paragraph has applied.

**“1129.45.3.29.** For the purposes of Part I, except Division II.6.6.6 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the salaries or wages pursuant to a legal obligation.

**“1129.45.3.30.** 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, section 1029.8.36.72.76 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 1 January 2001. However, where section 1129.45.3.26 of the said Act applies before 20 December 2001, it shall be read with the following definitions inserted in alphabetical order in the first paragraph:

““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 Division II.6.6.6 of Chapter III.1 of Title III of Book IX of Part I;

““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 Division II.6.6.6 of Chapter III.1 of Title III of Book IX of Part I;”.



**297.** (1) Section 1129.45.10 of the said Act, replaced by section 219 of chapter 51 of the statutes of 2001, is again replaced by the following :

**“1129.45.10.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.90, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to an expenditure included in a qualified start-up expenditure of the corporation in respect of a qualified investment fund is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.90, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in a qualified start-up expenditure of the corporation for a taxation year, were refunded, paid or allocated in the taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.”

(2) Subsection 1 has effect from 1 January 1998.

**298.** (1) Section 1129.45.14 of the said Act, replaced by section 127 of chapter 9 of the statutes of 2002, is again replaced by the following :

**“1129.45.14.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.96, on account of its tax payable for a particular taxation year under Part I, in relation to qualified wages paid to an individual for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.96 or 1029.8.36.98, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section

1029.8.36.96 or 1029.8.36.98, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.”

(2) Subsection 1 has effect from 1 April 1998.

**299.** (1) Section 1129.45.17 of the said Act is amended by striking out the definition of “balance-due day”.

(2) Subsection 1 applies to taxation years that end after 31 March 1998.

**300.** (1) Sections 1129.45.18 and 1129.45.19 of the said Act are replaced by the following :

**“1129.45.18.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.104, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to a qualified solicitation expenditure of the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.104, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to a qualified solicitation expenditure of the corporation for a taxation year, were refunded, paid or allocated in the taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year.

**“1129.45.19.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.36.105, on account of the taxpayer’s tax payable under Part I, in relation to that partnership, shall pay the tax referred to in the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount

relating to a qualified solicitation expenditure of the partnership is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.36.105, in relation to that partnership, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the partnership, if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to a qualified solicitation expenditure of the partnership for a fiscal period, were refunded, paid or allocated in that fiscal period, and

ii. the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer would be required to pay to the Minister under this section, in relation to the partnership, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

(2) Subsection 1, where it replaces section 1129.45.18 of the said Act, applies to taxation years that end after 31 March 1998, and where it replaces section 1129.45.19 of the said Act, applies to taxation years that end after 23 June 1998.

**301.** (1) Section 1129.45.21 of the said Act is amended by replacing “and sections 1000 to 1024 and” by “sections 1000 to 1024 and 1026.0.1, subparagraph *b* of the first paragraph of section 1027 and sections”.

(2) Subsection 1 applies to taxation years that end after 31 March 1998. However, where section 1129.45.21 of the said Act applies to taxation years that end before 24 June 1998, it shall be read without reference to “and 1026.0.1”.

**302.** (1) Section 1129.45.22 of the said Act is amended by striking out the definition of “balance-due day”.

(2) Subsection 1 applies to taxation years that end after 30 December 1998.

**303.** (1) Sections 1129.45.23 and 1129.45.24 of the said Act are replaced by the following :

**“1129.45.23.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.116, on account of its tax payable for a particular taxation year under Part I, in relation to the qualified wages attributed to the particular year and paid to an individual by the corporation, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.116 or 1029.8.36.121, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.116 or 1029.8.36.121, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year ; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.

**“1129.45.24.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.36.117, on account of the taxpayer’s tax payable for a particular taxation year under Part I, in relation to the qualified wages attributed to a particular fiscal period of the partnership that ends in the particular year and paid to an individual by the partnership, shall pay the tax referred to in the

second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.36.117, 1029.8.36.122 or 1029.8.36.123, in relation to the qualified wages, if the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the taxation year were the same as the taxpayer’s share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.117, 1029.8.36.122 or 1029.8.36.123, for a taxation year, in relation to the qualified wages if,

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were 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 partnership’s fiscal period that ends in the taxation year were the same as the taxpayer’s share for the fiscal period of repayment ; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the qualified wages, if the taxpayer’s share of the income or loss of the partnership for the partnership’s fiscal period that ends in the preceding taxation year were the same as the taxpayer’s share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer, or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership ; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer’s share of that income or loss, on the assumption that, if the partnership’s income and loss for that fiscal period are nil, the partnership’s income is equal to \$1,000,000.”

(2) Subsection 1 applies to taxation years that end after 30 December 1998.

**304.** (1) Section 1129.45.26 of the said Act is amended by replacing “and sections 1000 to 1024 and” by “sections 1000 to 1024 and 1026.0.1, subparagraph *b* of the first paragraph of section 1027 and sections”.

(2) Subsection 1 applies to taxation years that end after 30 December 1998.

**305.** (1) Section 1129.45.27 of the said Act, enacted by section 220 of chapter 51 of the statutes of 2001, is amended by striking out the definition of “balance-due day”.

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**306.** (1) Sections 1129.45.28 and 1129.45.29 of the said Act, enacted by section 220 of chapter 51 of the statutes of 2001, are replaced by the following :

**“1129.45.28.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.129, on account of its tax payable under Part I shall pay the tax referred to in the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which an amount relating to a qualified solicitation expenditure made 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.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.129, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to a qualified solicitation expenditure made by the corporation, were refunded, paid or allocated in the taxation year in which the corporation made the expenditure ; 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.

**“1129.45.29.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.36.132, on account of the taxpayer’s tax payable under Part I, in relation to the partnership, shall pay the tax referred to in the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to a qualified solicitation expenditure made by the partnership is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.36.132, in relation to the partnership, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the partnership if,

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to a qualified solicitation expenditure made by the partnership, were refunded, paid or allocated in the fiscal period in which the partnership made the expenditure, and

ii. the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the taxpayer's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer would be required to pay to the Minister under this section, in relation to the partnership, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the taxpayer's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the taxpayer, or allocated to a payment to be made by the taxpayer is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the taxpayer's share of that income or loss, on the assumption that, if the partnership's income and loss for that fiscal period are nil, the partnership's income is equal to \$1,000,000."

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**307.** (1) Section 1129.45.31 of the said Act, enacted by section 220 of chapter 51 of the statutes of 2001, is amended by replacing "sections 1000 to 1024" by "sections 1000 to 1024 and 1026.0.1".

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**308.** (1) Section 1129.45.33 of the said Act, enacted by section 128 of chapter 9 of the statutes of 2002, is replaced by the following :

**“1129.45.33.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.152, on account of its tax payable for a particular taxation year under Part I, in relation to qualified wages paid to an individual for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.152 or 1029.8.36.154, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.152 or 1029.8.36.154, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year ; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.”

(2) Subsection 1 has effect from 30 June 2000.

**309.** (1) The said Act is amended by inserting, after section 1129.45.35, enacted by section 128 of chapter 9 of the statutes of 2002, the following :

**“PART III.10.9**

**“SPECIAL TAX IN RESPECT OF THE CREDIT RELATING TO COMMUNICATIONS BETWEEN CORPORATIONS AND STOCK MARKET INVESTORS**

**“1129.45.36.** In this Part,

“communications expenditure” has the meaning assigned by section 1029.8.36.157 ;

“eligible communications expenditure” has the meaning assigned by section 1029.8.36.157 ;



“eligible road show” has the meaning assigned by section 1029.8.36.157;

“Minister” means the Minister of Revenue ;

“taxation year” has the meaning assigned by Part I.

**“1129.45.37.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.163, on account of its tax payable for a particular taxation year under Part I, in relation to its eligible communications expenditure for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to expenses taken into account in determining a communications expenditure included in computing the eligible communications expenditure is, directly or indirectly, refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.163 or 1029.8.36.165, in relation to its eligible communications expenditure for the particular year, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.163 or 1029.8.36.165, in relation to the eligible communications expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to expenses taken into account in determining a communications expenditure included in computing the eligible communications expenditure, were refunded, paid or allocated in the particular taxation year ; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section, for a taxation year preceding the repayment year, in relation to the eligible communications expenditure.

However, no tax is payable under this section if section 1129.45.39 applies, for the repayment year or a preceding taxation year, in respect of the eligible communications expenditure.

**“1129.45.38.** For the purposes of section 1129.45.37, the amount determined in the second paragraph, in relation to particular expenses taken into account in determining a communications expenditure included in computing the eligible communications expenditure of the corporation for a particular taxation year, is deemed to be refunded to the corporation in a subsequent taxation year, in this section referred to as the “repayment year”, in which the Minister of Finance revokes the certificate that was issued to the corporation for the particular year in respect of the eligible road show for which the communications expenditure was incurred.

The amount to which the first paragraph refers is equal to the amount by which the particular expenses exceed the aggregate of all amounts each of which is an amount relating to the particular expenses that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded, otherwise paid or allocated to a payment to be made by the corporation.

No tax is payable for a taxation year under section 1129.45.37, in respect of any amount that is refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation, if that amount is included in an amount that is deemed to have been refunded, under this section, in that taxation year or in a preceding taxation year.

**“1129.45.39.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.163, on account of its tax payable for a particular taxation year under Part I, in relation to its eligible communications expenditure for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “revocation year”, in which the Minister of Finance revokes the certificate referred to in the definition of “qualified corporation”, in the first paragraph of section 1029.8.36.157, that was issued to the corporation for the particular year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister, under section 1029.8.36.163 or 1029.8.36.165, in relation to the eligible communications expenditure, exceeds the aggregate of all amounts each of which is a tax the corporation is required to pay to the Minister under section 1129.45.37, for a taxation year preceding the revocation year, in relation to the eligible communications expenditure.

**“1129.45.40.** For the purposes of Part I, except Division II.6.14 of Chapter III.1 of Title III of Book IX, the tax paid, at any time, by a corporation to the Minister under this Part in relation to an eligible communications 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.

**“1129.45.41.** 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.10.10**

#### **“SPECIAL TAX RELATING TO THE CREDIT RELATING TO MINING, PETROLEUM, GAS OR OTHER RESOURCES**

**“1129.45.42.** In this Part,

“eligible expenses” has the meaning assigned by section 1029.8.36.167;

“fiscal period” has the meaning assigned by Part I;

“Minister” means the Minister of Revenue;

“taxation year” has the meaning assigned by Part I.

**“1129.45.43.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.168 or 1029.8.36.170, on account of its tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the corporation for the particular year, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for the particular year under that section 1029.8.36.168 or 1029.8.36.170 or under section 1029.8.36.173, in relation to the eligible expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.168 or 1029.8.36.170 or under section 1029.8.36.173, in relation to the eligible expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the eligible expenses.

**“1129.45.44.** Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.169 or 1029.8.36.171, on account of its tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the partnership for the partnership’s particular fiscal period that ends in the particular year, shall pay the tax referred to in the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year under that

section 1029.8.36.169 or 1029.8.36.171 or under section 1029.8.36.174 or 1029.8.36.175, in relation to the eligible expenses, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the corporation's share for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.169 or 1029.8.36.171 or under section 1029.8.36.174 or 1029.8.36.175, for a taxation year, in relation to the eligible expenses, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular fiscal period, and

ii. the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year were the same as the corporation's share for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a 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 fiscal period of repayment ends, in relation to the eligible expenses, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year were the same as the corporation's share for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated, otherwise determined, 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 partnership's income and loss for the fiscal period are nil, the partnership's income is equal to \$1,000,000.

**“1129.45.45.** 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.10.9 of the said Act, has effect from 30 June 2000 and, where it enacts Part III.10.10 of the said Act, has effect from 30 March 2001.

**310.** Section 1129.46 of the said Act is amended by striking out, in the portion before the definition of “establishment”, “unless the context indicates otherwise.”.

**311.** (1) The said Act is amended by inserting, after section 1129.54, the following:

**“PART III.12.1**

**“SPECIAL TAX RELATING TO THE CREDIT FOR RACEHORSE MAINTENANCE**

**“1129.54.1.** In this Part,

“eligible horse” has the meaning assigned by section 1029.8.36.53.1;

“Minister” means the Minister of Revenue;

“qualified expenditure” has the meaning assigned by section 1029.8.36.53.1;

“taxation year” has the meaning assigned by Part I;

“taxpayer” has the meaning assigned by section 1.

**“1129.54.2.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.36.53.2, on account of the taxpayer’s tax payable under Part I for a particular taxation year, in relation to the aggregate of the qualified expenditures made by the taxpayer in the particular year in respect of an eligible horse, shall pay the tax referred to in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to any of the qualified expenditures is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.53.2 or 1029.8.36.53.5, in relation to the aggregate of the qualified expenditures, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.53.2 or 1029.8.36.53.5, in relation to the aggregate of the qualified expenditures, if every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to any of the qualified expenditures, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in respect of the aggregate of the qualified expenditures.

**“1129.54.3.** 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 and 1026.0.1, 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 to taxation years that end after 29 June 2000.

**312.** Section 1136 of the said Act, amended by section 165 of chapter 7 of the statutes of 2001, is again amended by replacing subparagraph *b.0.1* of subsection 1 by the following :

“(b.0.1) the future tax liabilities;”.

**313.** Section 1137 of the said Act, amended by section 166 of chapter 7 of the statutes of 2001 and by section 222 of chapter 51 of the statutes of 2001, is again amended by replacing paragraph *b.1* by the following :

“(b.1) the amount of its future tax assets;”.

**314.** (1) Section 1138 of the said Act, amended by section 225 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraph *d.1* of subsection 1 by 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 inserting, after paragraph *d.1* of subsection 1, the following paragraph :

“(d.2) except where they are described in any of paragraphs *a* to *d.1* or would be described therein but for subsections 2 to 2.1.3, the amount of debts that are owed

i. by another corporation, except a corporation referred to in paragraph *a* of section 1132, and that are secured, in whole or in part, by a property of that other corporation or have been in existence for more than six months, or

ii. by a loan corporation, a trust corporation or a corporation trading in securities, to which the corporation is related;” ;

(3) by inserting, in paragraph *a* of subsection 2 after the words “to accept them”, “and not referred to in subparagraph ii of paragraph *d.2* of subsection 1” ;

(4) by striking out paragraph *c* of subsection 2;

(5) by inserting, in subsection 2.1.1 after the words “deposits of money”, “and not referred to in subparagraph ii of paragraph *d.2* of subsection 1”;

(6) by inserting, after subsection 2.1.1, the following subsection :

“(2.1.1.1) For the purposes of subsection 1, an investment in bonds of another corporation, a loan or advance to another corporation, a banker’s acceptance and a similar security for the benefit of another corporation or a debt described in paragraph *d.1* of that subsection 1 that is owed by another corporation is deemed not to be such property where the other corporation is a corporation referred to in paragraph *a* of section 1132 that is not related to the corporation, except where that property is included in the long-term debt of the other corporation or is, where that other corporation is a corporation trading in securities, a subordinated loan or another debt of that corporation whose repayment is subject to the prior approval of an agency empowered to regulate trading in securities.”;

(7) by replacing subsection 2.1.2 by the following subsection :

“(2.1.2) For the purposes of subsection 1, an investment in bonds of another corporation, a property described in paragraph *a.1* of subsection 1, a property described in paragraph *b* or *c* of that subsection that is commercial paper or a property described in any of paragraphs *d* to *d.2* of that subsection, is deemed not to be such property if it was not held without interruption by the corporation throughout a 120-day period that includes the date of the end of its taxation year.”;

(8) by inserting, after subsection 2.1.2, the following subsection :

“(2.1.2.1) For the purposes of paragraphs *d.1* and *d.2* of subsection 1, a debt referred to in any of those paragraphs, that is owed by a corporation, is deemed not to be such property where it is a debt that has been owed by that corporation for six months or less and that is a trade account receivable as consideration for the disposition of a property or the provision of a service, or a tax receivable in relation to the disposition of a property or the provision of a service where the disposition or provision gave rise to a trade account receivable or would give rise to a trade account receivable if the consideration for the disposition or provision were unpaid.”;

(9) by replacing subsections 2.1.3 and 2.2 by the following subsections :

“(2.1.3) For the purposes of paragraph *d.1* of subsection 1, a debt resulting from the selling of property or the provision of services to another corporation is deemed not to be such a debt where that other corporation is

(*a*) a corporation authorized to receive deposits of money and not referred to in subparagraph ii of paragraph *d.2* of subsection 1; or

(b) a corporation that is the parent corporation of the corporation and whose head office is outside Canada.

“(2.2) No reduction of the paid-up capital shall be permitted under subsection 1 in respect of a loan, an advance, a debt described in paragraph *d.2* of that subsection, or a banker’s acceptance or a similar security if it is established that the loan, advance, debt or banker’s acceptance or security was made or issued as part of a series of loans, advances, such debts or banker’s acceptances or similar securities and repayments or transactions with a view to unduly reducing the paid-up capital.”;

(10) by replacing the portion of subsection 3 before subparagraph *a* by the following :

“(3) The amount of the assets of a corporation is that shown in the corporation’s financial statements, after deduction of the provisions and reserves for amortization or depletion, of the reserve for doubtful debts provided it was deducted in computing income under Part I, and of any amount deducted in computing the corporation’s paid-up capital under any of paragraphs *b*, *b.1* and *b.1.1* of section 1137, to which is added”.

(2) Paragraphs 1, 2, 4, 7 and 8 of subsection 1 and, where it replaces subsection 2.2 of section 1138 of the said Act, paragraph 9 of that subsection 1, apply to taxation years that end after 29 June 2000. However, where paragraph *d.2* of subsection 1 of section 1138 of the said Act applies to such a taxation year that begins before 30 March 2001, it shall be read as follows :

“(*d.2*) except where they are described in any of paragraphs *a* to *d.1* or would be described therein but for subsections 2 to 2.1.3, the amount of debts that are owed by another corporation, except a corporation referred to in paragraph *a* of section 1132, and that are secured, in whole or in part, by a property of that other corporation or have been in existence for more than six months ;”.

(3) Paragraphs 3, 5 and 6 of subsection 1 and, where it replaces subsection 2.1.3 of section 1138 of the said Act, paragraph 9 of that subsection 1, apply to taxation years that begin after 29 March 2001.

(4) Paragraph 10 of subsection 1 applies to taxation years that end after 14 March 2000. However, if a corporation elects by notifying the Minister of Revenue in writing on or before its filing-due date for its taxation year that includes 23 May 2001 to have paragraph *b.1.1* of section 1137 of the said Act apply from the taxation year 1995, the portion of subsection 3 of section 1138 of the said Act before subparagraph *a* applies from the taxation year 1995.

**315.** (1) The said Act is amended by inserting, after section 1138.2.2, enacted by section 131 of chapter 9 of the statutes of 2002, the following section :



**“1138.2.3.** A corporation that is a qualified corporation for the year, for the purposes of Title VII.2.4 of Book IV of Part I, may deduct from its paid-up capital otherwise determined for the year under this Title an amount equal to the amount determined by the formula

$$A \times \{1 - [(B - \$20,000,000) / \$10,000,000]\}.$$

In the formula provided for in the first paragraph,

(a) A is the proportion of the paid-up capital of the corporation for the year, computed before the application of this section, that the number of days in the year that are within the exemption period applicable to the corporation, within the meaning of the first paragraph of section 737.18.18, is of the number of days in the year; and

(b) B is the greater of \$20,000,000 and the paid-up capital attributed to the corporation for the year determined in accordance with section 737.18.24.

A corporation may deduct an amount of its paid-up capital, under the first paragraph, for a taxation year only if

(a) it encloses the prescribed form containing the prescribed information with the fiscal return it is required to file under section 1000; and

(b) where, for the purposes of section 1138.0.1, it would be a qualified corporation, within the meaning of sections 771.5 to 771.7 if that section 771.5 were read without reference to paragraph *e* thereof, it elected irrevocably, in prescribed form, not to be considered as such a qualified corporation.”

(2) Subsection 1 applies to taxation years that end after 29 March 2001.

**316.** Section 1140 of the said Act is amended by replacing paragraph *b.1* by the following :

“(b.1) the future tax liabilities;”.

**317.** (1) Section 1141 of the said Act is amended

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

“(b.1) the future tax liabilities;”;

(2) by adding, after paragraph *d*, the following paragraph :

“(e) any other debt owing to a corporation to which the corporation is related, other than a corporation referred to in paragraph *a* of section 1132, except a debt contracted or assumed by the corporation within the preceding six months and that is a trade account payable as consideration for the acquisition of a good or the provision of a service, or a tax payable in connection with the acquisition of a good or the provision of a service where

the acquisition or provision gave rise to a trade account payable or would give rise to a trade account payable if the consideration for the acquisition or provision were unpaid.”

(2) Paragraph 2 of subsection 1 applies to taxation years that begin after 29 March 2001.

**318.** (1) Section 1141.1 of the said Act is amended

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

“(b.1) the future tax liabilities;”;

(2) by adding, after paragraph *e*, the following paragraph:

“(f) any other debt owing to a corporation to which the corporation is related, other than a corporation referred to in paragraph *a* of section 1132, except a debt contracted or assumed by the corporation within the preceding six months and that is a trade account payable as consideration for the acquisition of a good or the provision of a service, or a tax payable in connection with the acquisition of a good or the provision of a service where the acquisition or provision gave rise to a trade account payable or would give rise to a trade account payable if the consideration for the acquisition or provision were unpaid.”

(2) Paragraph 2 of subsection 1 applies to taxation years that begin after 29 March 2001.

**319.** (1) The said Act is amended by inserting, after section 1141.1, the following section:

“**1141.1.0.1.** For the purposes of sections 1141 and 1141.1, a debt repaid before the end of the taxation year is deemed to be a debt at the end of that year if it is established that the repayment was made as part of a series of loans and repayments with a view to unduly reducing the paid-up capital.”

(2) Subsection 1 applies to taxation years that begin after 29 March 2001.

**320.** 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 future tax assets;”.

**321.** (1) The said Act is amended by inserting, after section 1141.2.1.1, the following section:

“**1141.2.1.2.** A corporation referred to in section 1140 may deduct, in computing its paid-up capital for a taxation year, the amount determined for the year in its respect under section 60.1 of the Act respecting international financial centres (chapter C-8.3).”

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**322.** Section 1159.1 of the said Act is amended by replacing the definition of “amount paid as wages” by the following :

““amount paid as wages” means wages paid after 30 June 1992 by a financial institution or wages a financial institution is deemed to pay after 30 June 1992 under the second paragraph of section 979.3 and section 1019.7 to its employee who reports for work at its establishment in Québec or to whom those wages, if the employee is not required to report for work at an establishment of the financial institution, are paid or deemed paid from such an establishment in Québec;”.

**323.** (1) Section 1173.1 of the said Act is amended by replacing the third paragraph by the following :

“In no case may the amount of the tax determined under the first paragraph to be paid by an insurance corporation, other than a corporation to which section 61 of the Act respecting international financial centres (chapter C-8.3) applies, be less than \$600.”

(2) Subsection 1 applies to taxation years that begin after 20 December 1999. In addition, where the third paragraph of section 1173.1 of the said Act, replaced by subsection 1, applies

(1) after 25 November 1993 and before 20 March 1997, it shall be read as follows :

“In no case may the amount of the tax determined under the first paragraph to be paid by an insurance corporation, other than a corporation operating only an international financial centre, be less than \$600.”;

(2) after 19 March 1997 and before 24 June 1998, it shall be read as follows :

“In no case may the amount of the tax determined under the first paragraph to be paid by an insurance corporation, other than a corporation operating only an international financial centre, be less than \$600.”;

(3) after 23 June 1998, it shall be read as follows :

“In no case may the amount of the tax determined under the first paragraph to be paid by an insurance corporation, other than a corporation whose operations consist only in operating, directly or through a partnership, an international financial centre, be less than \$600.”

**324.** The said Act is amended by inserting, after section 1173.3, the following section :

**“1173.3.1.** An insurance corporation that is required to pay an amount determined under the first paragraph of section 1167 is not required to pay the minimum amount determined under the third paragraph of section 1173.1.

An insurance corporation that is required to pay an amount determined under the first paragraph of section 1173.1 is not required to pay the minimum amount determined under the second paragraph of section 1167.”

**325.** 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 future tax assets balance and the amount of any deficit deducted in computing its net shareholders’ equity :”.

**326.** (1) Section 1175.26 of the said Act, enacted by section 139 of chapter 9 of the statutes of 2002, is amended by replacing, in the portion before subparagraph *a* of the first paragraph, the words “sixth paragraph” by the words “seventh paragraph”.

(2) Subsection 1 has effect from 30 March 2001.

#### ACT RESPECTING THE MINISTÈRE DU REVENU

**327.** (1) Section 59.2 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by adding, after the fourth paragraph, the following paragraphs :

“Notwithstanding the second paragraph, a corporation referred to in the sixth paragraph shall not be liable, under this section, in respect of an amount it is required to remit in a taxation year under subparagraph *a* of the first paragraph of section 34.0.0.0.1 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), for a penalty greater than the penalty for which it would be liable, in respect of that amount, if it had been a qualified corporation for the year, for the purposes of Title VII.2.4 of Book IV of Part I of the Taxation Act.

A corporation to which the fifth paragraph refers is a corporation that is not a qualified corporation for the year, for the purposes of Title VII.2.4 of Book IV of Part I of the Taxation Act and that

(*a*) would be such a qualified corporation for the year, but for section 737.18.23 of the Taxation Act; or

(*b*) was such a qualified corporation for the preceding taxation year and would be such a qualified corporation for the year, but for section 737.18.23 of the Taxation Act and if the definition of that expression in the first paragraph

of section 737.18.18 of that Act were read without reference to paragraph *c* thereof.”

(2) Subsection 1 has effect from 30 March 2001.

## ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

**328.** (1) Section 33 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5), amended by section 145 of chapter 9 of the statutes of 2002, is again amended, in the first paragraph,

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

““exemption period” of an eligible employer or a qualified corporation means

(a) in the case of an eligible employer, the period of five years that begins at the beginning of the eligible employer’s first taxation year; and

(b) in the case of a qualified corporation, the period that begins on 30 March 2001 and ends on 31 December 2010;”;

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

““qualified corporation” means a qualified corporation for the purposes of Title VII.2.4 of Book IV of Part I of the Taxation Act.”

(2) Subsection 1 has effect from 30 March 2001.

**329.** (1) Section 34 of the said Act, amended by section 248 of chapter 51 of the statutes of 2001 and by section 147 of chapter 9 of the statutes of 2002, is again amended by inserting, after the fifth paragraph, the following paragraph :

“Where the employer is a qualified corporation for a taxation year and the salary or the amount is paid or deemed to be paid in the year and in the exemption period of the qualified corporation, no contribution is payable under this section in respect of the proportion of the salary or amount that is equal to the proportion determined, for the year, in accordance with section 34.1.0.1, where

(a) the qualified corporation encloses, with 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) it is required to file for the year, the prescribed form containing the prescribed information; and

(b) where the qualified corporation would be a qualified corporation, within the meaning of sections 771.5 to 771.7 of the Taxation Act (chapter I-3) if that

section 771.5 were read without reference to paragraph *e* thereof, it elected irrevocably, in prescribed form, not to be considered as such a qualified corporation.”

(2) Subsection 1 has effect from 30 March 2001.

**330.** (1) Section 34.0.0.0.3 of the said Act is amended by adding, after the second paragraph, the following paragraphs :

“Notwithstanding the first paragraph, a corporation referred to in the fourth paragraph shall not be liable, under this section, in respect of a payment it is required to make in a taxation year under subparagraph *a* of the first paragraph of section 34.0.0.0.1, for an amount of interest greater than the amount of interest for which it would be liable, in respect of that payment, if it had been a qualified corporation for the year.

A corporation to which the third paragraph refers is a corporation that is not a qualified corporation for the year and that

(*a*) would be a qualified corporation for the year, but for section 737.18.23 of the Taxation Act (chapter I-3); or

(*b*) was such a qualified corporation for the preceding taxation year and would be such a qualified corporation for the year, but for section 737.18.23 of the Taxation Act and if the definition of that expression in the first paragraph of section 737.18.18 of that Act were read without reference to paragraph *c* thereof.”

(2) Subsection 1 has effect from 30 March 2001.

**331.** (1) The said Act is amended by inserting, after section 34.1, the following section :

“**34.1.0.1.** The proportion to which the sixth paragraph of section 34 refers, for a taxation year, is determined by the formula

$$1 - [(A - \$20,000,000) / \$10,000,000].$$

In the formula provided for in the first paragraph, *A* is the greater of \$20,000,000 and the paid-up capital attributed to the qualified corporation for the taxation year determined in accordance with section 737.18.24 of the Taxation Act (chapter I-3).”

(2) Subsection 1 has effect from 30 March 2001.

**332.** (1) Section 34.1.4 of the said Act, amended by section 176 of chapter 7 of the statutes of 2001 and by section 249 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing subparagraphs 2 and 3 of subparagraph iv of paragraph *a* by the following :

“(2) paragraphs *k.1* to *k.5* of section 311, paragraph *g* of section 312 or section 317 of the said Act, if such amount is deductible in computing the individual’s taxable income for the year under section 725 of the said Act by reason of any of paragraphs *b*, *b.1*, *c* and *c.0.1* of the said section 725, or is an amount received as a pension under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9), or

“(3) paragraph *e.2* of section 311 or any of sections 311.1, 311.2 and 312.4 of the said Act; exceeds”;

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

“ii. any amount deducted in computing the individual’s income for the year by reason of

(1) any of paragraphs *d*, *d.1* and *f* to *i* of section 336 of the Taxation Act, except to the extent that paragraph *d* of that section refers to an overpayment of an amount described in section 311.1 or 311.2 of the said Act or to a pension paid under the Old Age Security Act, and except to the extent that the amount referred to in paragraph *g* of that section 336 was not included for the purpose of computing the individual’s total income under subparagraph 2 of subparagraph iv of paragraph *a*,

(2) section 336.0.3 of the Taxation Act,

(3) paragraph *b* of section 339 of the Taxation Act to the extent that that paragraph refers to an amount that is deductible under any of sections 924, 926 and 928 of the said Act,

(4) paragraph *c* of section 339 of the Taxation Act to the extent that that paragraph refers to an amount that is deductible under section 952.1 of the said Act,

(5) any of paragraphs *d*, *d.1*, *d.2*, *f* and *j* of section 339 of the Taxation Act, or

(6) section 961.20 or 961.21 of the Taxation Act;”.

(2) Paragraph 1 of subsection 1, where it replaces subparagraph 2 of subparagraph iv of paragraph *a* of section 34.1.4 of the said Act, applies from the year 2001.

(3) Paragraph 1 of subsection 1, where it replaces subparagraph 3 of subparagraph iv of paragraph *a* of section 34.1.4 of the said Act, and paragraph 2 of subsection 1 have effect from 1 November 2000. However, where subparagraph 3 of subparagraph iv of paragraph *a* of section 34.1.4 of the said

Act and subparagraph 1 of subparagraph ii of paragraph *b* of that section apply before the year 2001, they shall be read as follows:

“(3) any of sections 311.1, 311.2 and 312.4 of the said Act; exceeds”;

“(1) any of paragraphs *d*, *d.1* and *f* to *i* of section 336 of the Taxation Act, except to the extent that paragraph *d* of that section refers to an overpayment of an amount described in section 311.1 or 311.2 of the said Act or to a pension paid under the Old Age Security Act;”.

## ACT RESPECTING QUÉBEC BUSINESS INVESTMENT COMPANIES

**333.** The heading of Division I of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) is replaced by the following:

“GENERAL PROVISIONS”.

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

“For the purposes of this Act, a company shall be a private corporation, within the meaning of section 1 of the Taxation Act (chapter I-3), or a legal person that would be a private corporation, within the meaning of that Act, were it not designated by the Minister of National Revenue in accordance with subparagraph ii of paragraph *b* of the definition of “public corporation” in subsection 1 of section 89 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement). However, a company may be controlled directly or indirectly by one or more venture capital legal persons which are public corporations within the meaning of section 1 of the Taxation Act.”

(2) Subsection 1 has effect from 13 May 1994. However, where the second paragraph of section 1 of the said Act applies,

(1) before 20 March 1997, it shall be read as follows:

“For the purposes of this Act, a company shall be a private corporation, within the meaning of section 1 of the Taxation Act (chapter I-3), or a corporation that would be a private corporation, within the meaning of that Act, were it not designated by the Minister of National Revenue in accordance with subparagraph ii of paragraph *b* of the definition of “public corporation” in subsection 1 of section 89 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement). However, a company may be controlled directly or indirectly by one or more venture capital corporations which are public corporations within the meaning of section 1 of the Taxation Act.”;

(2) after 19 March 1997 and before 22 October 1999, it shall be read as follows:



“For the purposes of this Act, a company shall be a private corporation, within the meaning of section 1 of the Taxation Act (chapter I-3), or a corporation that would be a private corporation, within the meaning of that Act, were it not designated by the Minister of National Revenue in accordance with subparagraph ii of paragraph *b* of the definition of “public corporation” in subsection 1 of section 89 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement). However, a company may be controlled directly or indirectly by one or more venture capital corporations which are public corporations within the meaning of section 1 of the Taxation Act.”

**335.** The said Act is amended by inserting, after section 3.1, the following section :

“**3.2.** A company and a qualified legal person shall, upon the written request of Investissement Québec and within the time fixed in the request, furnish to Investissement Québec any document and any information, in particular financial information, the latter may require for the purposes of this Act and the regulations.”

**336.** Section 10.1 of the said Act is repealed.

**337.** (1) Section 12 of the said Act, amended by section 254 of chapter 51 of the statutes of 2001, is again amended, in the third paragraph,

(1) by replacing, in the English text of subparagraph 1, the words “legal person” by the word “corporation”;

(2) by replacing subparagraph 2 by the following :

“(2) have assets of less than \$50,000,000;”.

(2) Paragraph 2 of subsection 1 applies in respect of investments made by investment companies in Québec businesses after 29 March 2001.

**338.** (1) Section 13.1 of the said Act is amended

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

“Without restricting the scope of the first paragraph, Investissement Québec may, in particular, refuse to validate an investment :

(1) if in the opinion of Investissement Québec,

(a) the price paid by a company for the shares of the capital stock of a qualified legal person is considerably higher than the value of a common share issued before or after the investment by the qualified legal person, taking into account for this purpose the net assets of the shareholders of the qualified legal person,

(b) the sharing of risk, between the company and the main shareholders of a qualified legal person of which the company intends to acquire shares, is not equitable, in particular when the rate of dilution of the shares of the qualified legal person acquired by the company is not reasonable in the circumstances, or

(c) the viability prospects of the qualified legal person are too limited; or

(2) where an option to sell or any other form of guarantee of return is granted by anyone, on the date of the investment, to a shareholder of the company.”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies in respect of investments made by investment companies in Québec businesses after 14 March 2000. However, where the second paragraph of section 13.1 of the said Act applies before 17 October 2002, it shall be read without reference to subparagraph *c* of subparagraph 1.

**339.** Section 17 of the said Act is replaced by the following :

“**17.** The Minister designated by the Government as responsible for the administration of the Act respecting Investissement Québec and Garantie Québec (chapter I-16.1) is responsible for the administration of this Act.”

#### ACT RESPECTING THE QUÉBEC SALES TAX

**340.** (1) Section 164 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by striking out “or on behalf of” in the first paragraph after “made by”.

(2) Subsection 1 is declaratory.

#### ACT TO AGAIN AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

**341.** (1) Section 270 of the Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2001, chapter 53) is amended by replacing the portion before subsection 2 by the following :

“**270.** (1) Section 49 of the Act respecting income security (R.S.Q., chapter S-3.1.1), as the said Act read before the coming into force of section 206 of chapter 36 of the statutes of 1998, which provides for its replacement, is amended

(1) by replacing subparagraph 6 of the third paragraph by the following :

“(6) an amount that would be deductible, in computing the adult’s income under Part I of the Taxation Act, if

(a) section 336.0.3 of that Act were read as follows :

“**336.0.3.** A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the aggregate of all amounts each of which is a support amount paid by the taxpayer in the year to a particular person, where the taxpayer and the particular person were living separate and apart at the time the amount was paid.”; and

(b) section 336.0.4 of that Act were read as follows :

“**336.0.4.** A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the amount by which the amount referred to in the second paragraph, to the extent that the amount was not deducted in computing the taxpayer’s income for a preceding taxation year, and was not taken into account in computing, for a preceding taxation year, the total income of the family within the meaning of the third paragraph of section 49 of the Act respecting income security (chapter S-3.1.1), exceeds the portion of the amount in respect of which section 334.1 applied for a preceding taxation year, as that section read for that preceding year.

The amount to which the first paragraph refers is an amount that the taxpayer paid in the year or in one of the two preceding taxation years under an order of a competent tribunal as a repayment of an amount that

(a) was included in computing the taxpayer’s income for a preceding taxation year under any of paragraphs *a* to *b.1* of section 312, as it read for that preceding taxation year, or that should have been so included had the taxpayer not made the election provided for in section 309.1, as it read for that preceding year ; or

(b) would have been included under section 312.4 in computing the taxpayer’s income for the year or a preceding taxation year if, from the taxation year 1997, the text of that section enacted by subparagraph 1 of the fifth paragraph of section 49 of the Act respecting income security had applied.””;

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

“For the purposes of the third paragraph, the income computed under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of Part I of that Act is the income that would be so computed if

(1) section 312.4 of that Act were read as follows :

“**312.4.** A taxpayer shall also include the aggregate of all amounts each of which is a support amount received in the year from a particular person

where the taxpayer and the particular person were living separate and apart at the time the amount was received.”;

(2) section 312.5 of that Act were read as follows :

“**312.5.** A taxpayer shall also include any amount received under an order of a competent tribunal as a reimbursement of an amount deducted in computing the taxpayer’s income for a preceding taxation year under any of paragraphs *a* to *b* of subsection 1 of section 336, as it read for that preceding year, or that could have been so deducted were it not for section 334.1, as it read for that preceding year, or that would have been deductible in computing the taxpayer’s income for the year or a preceding taxation year under section 336.0.3 if, from the taxation year 1997, the text of that section enacted by subparagraph *a* of subparagraph 6 of the third paragraph of section 49 of the Act respecting income security (chapter S-3.1.1) had applied.”; and

(3) the rules in that Title II did not allow an amount to be deducted under section 336.0.4 of that Act.””

(2) Subsection 1 has effect from 20 December 2001.

**342.** (1) Section 271 of the said Act is amended by replacing the portion before subsection 2 by the following :

“**271.** (1) Section 79 of the Act respecting income support, employment assistance and social solidarity (R.S.Q., chapter S-32.001), amended by section 10 of chapter 44 of the statutes of 2001, is again amended

(1) by replacing subparagraph 5 of the third paragraph, as it read before being struck out, by the following :

“(5) an amount that would be deductible, in computing the adult’s income under Part I of the Taxation Act, if

(*a*) section 336.0.3 of that Act were read as follows :

“**336.0.3.** A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the aggregate of all amounts each of which is a support amount paid by the taxpayer in the year to a particular person, where the taxpayer and the particular person were living separate and apart at the time the amount was paid.”; and

(*b*) section 336.0.4 of that Act were read as follows :

“**336.0.4.** A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the amount by which the amount referred to in the second paragraph, to the extent that the amount was not deducted in computing the taxpayer’s income for a preceding taxation year, and was not taken into account in computing, for a preceding taxation year, the total income of the

family within the meaning of the third paragraph of section 79 of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001), exceeds the portion of the amount in respect of which section 334.1 applied for a preceding taxation year, as that section read for that preceding year.

The amount to which the first paragraph refers is an amount that the taxpayer paid in the year or in one of the two preceding taxation years under an order of a competent tribunal as a repayment of an amount that

(a) was included in computing the taxpayer's income for a preceding taxation year under any of paragraphs *a* to *b.1* of section 312, as it read for that preceding taxation year, or that should have been so included had the taxpayer not made the election provided for in section 309.1, as it read for that preceding year; or

(b) would have been included under section 312.4 in computing the taxpayer's income for the year or a preceding taxation year if, from the taxation year 1997, the text of that section enacted by subparagraph 1 of the fifth paragraph of section 79 of the Act respecting income support, employment assistance and social solidarity had applied.””;

(2) by replacing the fifth paragraph, as it read before being struck out, by the following :

“For the purposes of the third paragraph, the income computed under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of Part I of that Act is the income that would be so computed if

(1) section 312.4 of that Act were read as follows :

**“312.4.** A taxpayer shall also include the aggregate of all amounts each of which is a support amount received in the year from a particular person where the taxpayer and the particular person were living separate and apart at the time the amount was received.”;

(2) section 312.5 of that Act were read as follows :

**“312.5.** A taxpayer shall also include in computing the taxpayer's income for a preceding taxation year any amount received under an order of a competent tribunal as a reimbursement of an amount deducted under any of paragraphs *a* to *b* of subsection 1 of section 336, as it read for that preceding year, or that could have been so deducted were it not for section 334.1, as it read for that preceding year, or that would have been deductible in computing the taxpayer's income for the year or a preceding taxation year under section 336.0.3 if, from the taxation year 1997, the text of that section enacted by subparagraph *a* of subparagraph 5 of the third paragraph of section 79 of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001) had applied.”; and

(3) the rules in that Title II did not allow an amount to be deducted under section 336.0.4 of that Act.””

(2) Subsection 1 has effect from 20 December 2001.

**343.** (1) Section 737.16 of the Taxation Act (R.S.Q., chapter I-3), as it read before section 80 of chapter 86 of the statutes of 1999 providing for its replacement came into force, is amended by adding, after the second paragraph, the following paragraph :

“Where, at a particular time included in the prescribed period established in the individual’s regard, an individual who was an individual to whom section 737.15 applies for the taxation year that includes the particular time, acquired a right to a security under an agreement referred to in section 48 and, at a later time after the expiration of the prescribed period, the individual is deemed to receive a benefit in a particular taxation year under any of sections 49 and 50 to 52.1 in respect of the security, or the transfer or any other disposition of the rights under the agreement, the following rules apply :

(a) for the purposes of the first paragraph, the individual is deemed to be an individual to whom section 737.15 applies for the particular taxation year ; and

(b) for the purposes of the first paragraph and paragraphs *a* and *b* of section 737.18, the amount of the benefit included by the individual in computing any income for the particular taxation year in respect of the security, or the transfer or any other disposition of the rights under the agreement, is deemed to be included in the part, referred to in the first paragraph, of the individual’s income for the particular taxation year.”

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

**344.** (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as it read before section 299 of chapter 63 of the statutes of 1995 providing for its amendment came into force, is amended by replacing paragraph 2 of the definition of “non-taxable supply” by the following :

“(2) the supply of a service to a recipient who receives it for the sole purpose of making a new supply of that service, but does not include the supply of a service to a recipient who is a public service body and who receives it for the purpose of providing that service, or providing a service, to a community,”.

(2) Subsection 1 is declaratory.

**345.** (1) Section 206.3 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as it read before section 350 of chapter 63 of the statutes of 1995 providing for its repeal came into force, is amended by replacing the first paragraph by the following :

**“206.3.** Paragraph 3 of section 206.1 does not apply to the portion of electricity, gas, combustibles or steam that is, without reference to sections 43 and 44, used for a purpose such that the exemption provided for in paragraph *aa* of section 17 of the Retail Sales Tax Act (chapter I-1) would apply in respect thereof but for section 49 of that Act.”

(2) Subsection 1 is declaratory.

**346.** This Act comes into force on 17 October 2002.