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# NATIONAL ASSEMBLY

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SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 65  
(2002, chapter 9)

**Budget Act No. 1 giving effect to the  
Budget Speech delivered on 29 March  
2001 and to certain budget statements**

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**Introduced 13 December 2001  
Passage in principle 26 March 2002  
Passage 7 June 2002  
Assented to 8 June 2002**

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## **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 2000-2 dated 14 April 2000, 2000-3 dated 11 May 2000, 2000-4 dated 29 June 2000, 2000-5 dated 6 October 2000, 2000-6 dated 20 October 2000, 2000-7 dated 27 October 2000, 2000-8 and 2000-9 dated 17 November 2000, 2000-10 dated 21 December 2000, 2001-1 dated 1 March 2001, 2001-2 dated 5 April 2001, 2001-4 dated 12 April 2001 and 2001-6 dated 5 July 2001, 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 14 March 2000.*

*The bill amends the Act respecting municipal taxation to standardize the amounts payable as property taxes by operators of telecommunications systems.*

*The bill amends the Tobacco Tax Act to increase the amounts of tax on tobacco products.*

*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) improve the tax assistance granted to persons who become parents through medical means or adoption;*

*(2) enhance the refundable tax credit for home support for elderly persons;*

*(3) relax the eligibility criteria for the tax holiday for foreign specialists working in a business carrying on scientific research and experimental development activities;*

*(4) implement a five-year tax holiday for foreign specialists employed by corporations established in E-Commerce Place or the Centre de développement des biotechnologies de Laval;*

*(5) implement a non-refundable tax credit for the acquisition of shares issued by Capital régional et coopératif Desjardins;*

*(6) make changes to the stock savings plan;*

*(7) implement an income tax and capital tax exemption relative to the carrying out of a major investment project;*

*(8) implement a refundable tax credit for the corporations established in E-Commerce Place;*

*(9) implement a refundable tax credit for financial analysts specialized in securities of Québec corporations;*

*(10) implement a refundable tax credit for the construction of strategic buildings in the Montréal International Trade Zone at Mirabel;*

*(11) implement a refundable tax credit for the Gaspésie region and certain maritime regions of Québec;*

*(12) implement a refundable tax credit for the City of Biotechnology and Human Health of Metropolitan Montréal;*

*(13) implement refundable tax credits for the corporations established in the Centre de développement des biotechnologies de Laval and a tax holiday for certain of those corporations;*

*(14) enhance the refundable tax credit for the construction or conversion of vessels; and*

*(15) adjust the refundable tax credits in the cultural sector.*

*The bill amends the Licenses Act to change the calculation of the duty on beer supplied for consumption in an establishment.*

*The bill amends the Act respecting the Ministère du Revenu to allow for a remittance in connection with the implementation of tax exemptions relative to the carrying out of a major investment project, and to make a clarification concerning the information and documents that may be required when an amount owed under a fiscal law is to be recovered.*

*The bill amends the Act respecting the Régie de l'assurance maladie du Québec to introduce an exemption from payment of the employer's contribution to the Fonds des services de santé relative to the carrying out of a major investment project.*

*The bill amends the Act respecting the Québec sales tax to introduce measures specific to Québec and to amend certain existing measures. In particular, the amendments*

*(1) introduce measures intended to enhance compliance with fiscal rules in the clothing industry;*

*(2) eliminate Québec sales tax refunds to foreign tourists; and*

*(3) modify the rules relating to sales of used road vehicles between related individuals.*

*The bill amends the Fuel Tax Act to clarify the tax refund for fuel that supplies a motor used to run the non-propulsive equipment of a vehicle.*

*The bill amends the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions and the Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions, to exclude the rules relating to mandate and exchanges of road vehicles for the purpose of determining the status of a registrant as a small or medium-sized business.*

*Lastly, the bill amends various other legislative provisions to make various technical and consequential amendments and changes in terminology.*

**LEGISLATION AMENDED BY THIS BILL :**

- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Act to foster the development of manpower training (R.S.Q., chapter D-7.1);
- Act respecting municipal taxation (R.S.Q., chapter F-2.1);
- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);
- Licenses Act (R.S.Q., chapter L-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting labour standards (R.S.Q., chapter N-1.1);
- Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);

- Act respecting the Société de développement de la Zone de commerce international de Montréal à Mirabel (R.S.Q., chapter S-10.0001);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Fuel Tax Act (R.S.Q., chapter T-1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 85);
- Act respecting international financial centres (1999, chapter 86).



## **Bill 65**

### **BUDGET ACT NO. 1 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 4 of the Act respecting international financial centres (R.S.Q., chapter C-8.3), amended by section 316 of chapter 51 of the statutes of 2001, is again amended by inserting the following definition in alphabetical order :

““Canadian debt security” means any of the following securities :

(1) a bond or debenture, other than a convertible bond or debenture, issued by a Canadian corporation ;

(2) a bond or Treasury bond issued by the Government of Canada or the government of a province, including a bond or Treasury bond issued by any of their respective state-owned corporations ; or

(3) a coupon detached from a security described in paragraph 1 or 2 ;”.

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

**2.** (1) Section 8 of the said Act is amended by replacing paragraph 2 by the following :

“(2) trading in outstanding securities as a principal shall be carried out only if the trading relates to

(a) a security that would be a qualified security if the definition of that expression, in section 4, were read without reference to the words “the acquisition of” in paragraphs 1 and 2, or

(b) a Canadian debt security, where

i. the transaction is made in order to build up an inventory in the expectation of orders from persons not resident in Canada or in connection with a hedge on a short sale to a person not resident in Canada, and

ii. the corporation or partnership held, on 31 March 1998, a valid qualification certificate issued by the Minister of Finance in respect of its business and its trading in securities as a principal, for any of the taxation years or fiscal periods, as the case may be, that ended in the year 1998 or 1999, accounted for more than 90% of all its activities carried out in that taxation year or fiscal period in the course of the operations of that business ; and”.

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

#### ACT TO FOSTER THE DEVELOPMENT OF MANPOWER TRAINING

**3.** (1) The Schedule to the Act to foster the development of manpower training (R.S.Q., chapter D-7.1) is amended by inserting, in paragraph 4 after “mainly reports for work,” “the employee’s principal place of residence.”.

(2) Subsection 1 applies in respect of wages paid or deemed to be paid after 25 March 1997.

#### ACT RESPECTING MUNICIPAL TAXATION

**4.** (1) Section 221 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) is amended

(1) by replacing paragraph 3 by the following :

“(3) in the case of a telecommunications system, the aggregate of

(a) 2% of that portion of the taxable revenue not exceeding \$5,000,000,

(b) 3.5% of that portion of the taxable revenue exceeding \$5,000,000 but not exceeding \$35,000,000, and

(c) 8% of that portion of the taxable revenue exceeding \$35,000,000.”;

(2) by striking out paragraph 4.

(2) Subsection 1 applies to a fiscal period of a person who operates a telecommunications system that ends after 31 December 1999 in respect of tax payable for a calendar year subsequent to the calendar year 2000.

#### TOBACCO TAX ACT

**5.** (1) Section 8 of the Tobacco Tax Act (R.S.Q., chapter I-2), amended by section 14 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraphs *a* to *b.1* by the following :

“(a) \$0.053 per cigarette and per cigar sold at a retail price of \$0.15 or less ;



“(b) \$0.053 per gram of any loose tobacco ;

“(b.1) \$0.053 per gram of any leaf tobacco;”;

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

“(d) \$0.0815 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, where the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.053 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.053 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(2) Subsection 1 has effect from 6 April 2001. However, a person who sells tobacco products in Québec in respect of which an amount corresponding to the tobacco tax was, or should have been, collected in advance shall, not later than 11 May 2001, submit to the Minister an inventory, in such form as is prescribed by the Minister, of the tobacco products mentioned in subsection 1 that the person has in stock at 24:00 on 5 April 2001 and, at the same time, remit to the Minister the amount corresponding to the tobacco tax computed at the rate in effect on 6 April 2001, in respect of those tobacco products, after deducting an amount corresponding to the tobacco tax computed at the rate in effect on 5 April 2001, to the extent that such remittance has not otherwise been made.

For the purposes of this subsection, the tobacco products that a person has in stock at 24:00 on 5 April 2001 include tobacco products that were acquired by the person but were not delivered at that time.

## TAXATION ACT

**6.** (1) The Taxation Act (R.S.Q., chapter I-3) is amended by inserting, after section 135.3.2, the following section :

“**135.3.3.** A taxpayer who, under section 350.49 of the Act respecting the Québec sales tax (chapter T-0.1), is required to file an information return in respect of a supply referred to in that section, may not deduct or otherwise take into account in computing the taxpayer’s income for a taxation year, an amount that the taxpayer is required to declare in the information return if the taxpayer has not filed the information return in accordance with that section 350.49 or if, in the information return, the taxpayer did not declare the amount or did not furnish any of the other information required in respect of the amount.”

(2) Subsection 1 has effect from 1 January 2002.

**7.** (1) Section 175.5 of the said Act, amended by section 27 of chapter 51 of the statutes of 2001, is again amended by replacing subparagraph ii of subparagraph *a* of the first paragraph by the following :

“ii. the amount deducted by the individual or the partnership in computing the income of the individual or partnership from the business for the taxation year or the fiscal period, as the case may be, under paragraph *a* of section 130 or the second paragraph of section 130.1, in respect of the work space ; and ;”.

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

**8.** (1) Division XIII of Chapter V of Title III of Book III of Part I of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**9.** (1) The said Act is amended by inserting, after section 241.0.1, the following section :

**“241.0.2.** A loss incurred by an individual following the disposition, at a particular time, of a share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36) is deemed to be equal to the amount by which the amount of the individual’s loss otherwise determined exceeds the amount by which the amount that the individual or a person with whom the individual was not dealing at arm’s length deducted in respect of the share under section 776.1.5.0.11, exceeds the aggregate of

(a) the amount of tax that the individual is required to pay, where applicable, under section 1129.27.6 following the redemption or purchase of the share ; and

(b) the amount of any other loss otherwise determined from the disposition of the share before the particular time by a person with whom the individual was not dealing at arm’s length.”

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

**10.** (1) Section 693 of the said Act is amended by replacing the second paragraph by the following :

“However, the taxpayer shall apply the provisions of this Book in the following order : sections 694.0.1, 694.0.2, 737.17 and 737.18.12, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.18.10, 737.18.11, 737.18.17, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.25 and 737.28.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**11.** (1) Section 726.26 of the said Act is amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) the amount by which \$15,000 exceeds an amount equal to one-half of the amount by which the individual’s copyright income for the year exceeds \$30,000.”

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

**12.** (1) The said Act is amended by inserting, after section 733.0.4, the following section :

**“733.0.5.** 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 carries on a recognized business in the year or is a member of a partnership that carries on such a recognized business in a fiscal period of the partnership ending in the year, in relation to a major investment project of the corporation or partnership, as the case may be, in respect of which the Minister of Finance issued an annual qualification certificate for the taxation year of the corporation or fiscal period of the partnership, the amount by which the amount determined under subparagraph *a* of the second paragraph of section 737.18.17 in respect of the corporation for the year exceeds the amount determined under subparagraph *b* of that paragraph in its respect for the year, and the corporation’s share of the amount by which the amount determined under subparagraph *d* of the second paragraph of section 737.18.17 in respect of the partnership for the fiscal period exceeds the corporation’s share of the amount determined under subparagraph *e* of that paragraph in respect of the partnership for the fiscal period, are deemed to be nil.

For the purposes of the first paragraph, a corporation’s share of an amount is equal to the proportion of that amount that the corporation’s share of the partnership’s income for the fiscal period is of the partnership’s income for that fiscal period.

In this section, “annual qualification certificate”, “major investment project” and “recognized business” have the meaning assigned by the first paragraph of section 737.18.14.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**13.** (1) The said Act is amended by inserting, after section 737.18.13, the following :

### **“TITLE VII.2.3**

#### **“DEDUCTION RELATING TO THE CARRYING OUT OF A MAJOR INVESTMENT PROJECT**

#### **“CHAPTER I**

#### **“INTERPRETATION AND GENERAL**

**“737.18.14.** In this Title, unless the context indicates otherwise,

“annual qualification certificate” for a taxation year of a corporation or a fiscal period of a partnership, in relation to a major investment project, means the qualification certificate issued by the Minister of Finance, in relation to the major investment project, in respect of a calendar year included in whole or in part in the taxation year of the corporation or the fiscal period of the partnership, as the case may be;

“compensation period” of a corporation or partnership, in relation to a major investment project, means the period that begins on the date of the beginning of the exemption period of the corporation or partnership, as the case may be, in respect of the major investment project, and that ends at the particular time that corresponds to the end of the last taxation year of the corporation or the last fiscal period of the partnership ending before the beginning of the calendar year referred to in the annual qualification certificate that determines the date of the beginning of the exemption period in relation to the major investment project, except where the corporation or partnership transferred, prior to the particular time, to another corporation or partnership all or substantially all of the recognized business in connection with which the major investment project is carried out or is in the process of being carried out, in which case it ends on the date of the transfer;

“date of the beginning of the exemption period” of a corporation or partnership, in respect of a major investment project, means

(a) where the initial qualification certificate, in respect of the major investment project, has been issued to the corporation or partnership, the date of the beginning of the exemption period as determined by the Minister of Finance in one of the annual qualification certificates in relation to the major investment project; and

(b) where the corporation or partnership acquired from another corporation or partnership all or substantially all of the recognized business in connection with which the major investment project is carried out or is in the process of being carried out and the Minister of Finance, for the purposes of this Title, previously authorized the acquisition, the date of the acquisition or, where later, the date of the beginning of the exemption period as determined by the Minister of Finance in one of the annual qualification certificates in relation to the major investment project;

“eligibility period” of a corporation for a taxation year or of a partnership for a fiscal period, in relation to a major investment project, means

(a) where the first day of the calendar year referred to in the valid annual qualification certificate that determines the date of the beginning of the exemption period in relation to the major investment project is included in the taxation year of the corporation or the fiscal period of the partnership, the period of the taxation year or fiscal period, as the case may be, that ends at the end of the preceding calendar year, to the extent that that period does not precede that date, and the period of the taxation year or fiscal period, as the case may be, that is covered by the certificate ; and

(b) in any other case, the period of the taxation year or fiscal period, as the case may be, that is covered by one or more valid annual qualification certificates, in relation to the major investment project ;

“eligible activities” of a corporation or partnership, in relation to a major investment project, means the activities or portion of the activities carried on by the corporation or partnership, as the case may be, in the course of carrying on the recognized business in connection with which the major investment project is carried out or is in the process of being carried out, that arise from the major investment project ;

“major investment project” of a corporation or partnership means an investment project the carrying out of which begins after 14 March 2000 and in respect of which an initial qualification certificate has been issued to the corporation or partnership, as the case may be, by the Minister of Finance, for the purposes of this Title ;

“prior loss attributable to eligible activities” of a corporation for a taxation year or a partnership for a fiscal period means the amount determined by the formula

$$A - B ;$$

“recognized business” of a corporation or partnership means a business carried on in Québec by the corporation or partnership, in connection with which a major investment project was carried out or is in the process of being carried out and in respect of which the corporation or partnership keeps separate accounts in relation to the activities carried on in the course of the business that arise from the major investment project.

In the formula referred to in the definition of “prior loss attributable to eligible activities” of a corporation for a particular taxation year or of a partnership for a particular fiscal period, provided for in the first paragraph,

(a) A is

i. in relation to a corporation, the aggregate of

(1) the aggregate of all amounts each of which is the amount by which the amount determined under subparagraph *b* of the second paragraph of section 737.18.17, in respect of the corporation, for a taxation year preceding the particular taxation year, exceeds the amount determined under subparagraph *a* of the second paragraph of that section 737.18.17, in respect of the corporation, for the preceding taxation year, and

(2) the aggregate of all amounts each of which is the amount that would have been determined under subparagraph *b* of the second paragraph of section 737.18.17, in respect of the eligible activities relating to a major investment project of the corporation, for a taxation year preceding the particular taxation year, if the eligibility period of the corporation for the preceding taxation year, in relation to the major investment project, had consisted of the portion of the year that is included in its compensation period in relation to the major investment project, and

ii. in relation to a partnership, the aggregate of

(1) the aggregate of all amounts each of which is the amount by which the amount determined under subparagraph *e* of the second paragraph of section 737.18.17, in respect of the partnership, for a fiscal period preceding the particular fiscal period, exceeds the amount determined under subparagraph *d* of the second paragraph of that section 737.18.17, in respect of the partnership, for the preceding fiscal period, and

(2) the aggregate of all amounts each of which is the amount that would have been determined under subparagraph *e* of the second paragraph of section 737.18.17, in respect of the eligible activities relating to a major investment project of the partnership, for a fiscal period preceding the particular fiscal period, if the eligibility period of the partnership for the preceding fiscal period, in relation to the major investment project, had consisted of the portion of the fiscal period that is included in its compensation period in relation to the major investment project; and

(b) B is

i. in relation to a corporation, the aggregate of

(1) the aggregate of all amounts each of which is the amount that reduced, because of C in the formula in subparagraph *a* of the first paragraph of section 737.18.17, the amount otherwise deductible by the corporation, under that section, for a taxation year preceding the particular taxation year, and

(2) the aggregate of all amounts each of which is the amount that would have reduced, because of C in the formula in subparagraph *a* of the first paragraph of section 737.18.17, the amount that would have been otherwise deductible by the corporation, under that section, in respect of eligible activities relating to a major investment project, for a taxation year preceding the particular taxation year, if the corporation's eligibility period for the preceding

taxation year, in relation to the major investment project, had consisted of the portion of the preceding taxation year that is included in its compensation period in relation to the major investment project, and

ii. in relation to a partnership, the aggregate of

(1) the aggregate of all amounts each of which is the amount that reduced, because of F in the formula in subparagraph *b* of the first paragraph of section 737.18.17, the amount of which a portion would have been otherwise deductible by a corporation that is a member of the partnership, under that section, for a taxation year in which a fiscal period preceding the particular fiscal period of the partnership ends, and

(2) the aggregate of all amounts each of which is the amount that would have reduced, because of F in the formula in subparagraph *b* of the first paragraph of section 737.18.17, the amount of which a portion would have been otherwise deductible by a corporation that is a member of the partnership, under that section, in respect of eligible activities relating to a major investment project, for a taxation year in which a fiscal period preceding the particular fiscal period of the partnership ends, if the eligibility period of the partnership for the preceding fiscal period, in relation to the major investment project, had consisted of the portion of the fiscal period that is included in its compensation period in relation to the major investment project.

For the purposes of the definition of “eligibility period” in the first paragraph, an annual qualification certificate, in relation to a major investment project, is no longer valid if the initial qualification certificate issued by the Minister of Finance in relation to the major investment project is revoked.

**“737.18.15.** For the purpose of determining, for the purposes of this Title, the income or loss of a corporation for a taxation year, or of a partnership for a fiscal period, from the eligible activities relating to a major investment project, the income or loss shall be computed as if

(a) the eligible activities of the corporation or partnership were the carrying on of a separate business; and

(b) the corporation or partnership were deducting in computing its income for the taxation year or fiscal period and had deducted in computing its income for any preceding taxation year or fiscal period, in relation to the separate business, the maximum amount in respect of any reserve, allowance or other amount.

For the purposes of subparagraph *b* of the first paragraph, the following rules apply:

(a) the undepreciated capital cost, on the date of the beginning of the exemption period of the corporation or partnership, in respect of the major investment project, of depreciable property of a prescribed class in relation to

the separate business referred to in subparagraph *a* of the first paragraph, is deemed to include, as of that date, the amount that is the amount by which the total depreciation, within the meaning of paragraph *b* of section 93, allowed to the corporation or partnership, as the case may be, before that date, in respect of property of that class, exceeds the aggregate of all amounts each of which is an amount that the corporation or partnership, as the case may be, included, pursuant to section 94, in respect of property of that class, in computing its income for a taxation year or fiscal period ending before that date; and

(*b*) the eligible intangible capital amount of the corporation or partnership, in respect of the separate business referred to in subparagraph *a* of the first paragraph, on the date of the beginning of the exemption period of the corporation or partnership, in respect of the major investment project, is deemed to include, as of that date, the amount that is the amount by which the aggregate of all amounts each of which is an amount that the corporation or partnership, as the case may be, deducted in computing its income from the separate business, pursuant to paragraph *b* of section 130, for a taxation year or fiscal period that ended before that date, exceeds the aggregate of all amounts each of which is an amount that the corporation or partnership, as the case may be, included in computing its income from the separate business under section 105 for a taxation year or fiscal period that ended before that date.

**“737.18.16.** Where, at any time, a corporation or partnership, in this section referred to as the “acquirer”, acquired all or substantially all of a recognized business from another corporation or partnership, in this section referred to as the “vendor”, and the Minister of Finance previously authorized the acquisition for the purposes of this Title, the following rules apply:

(*a*) for the purposes of this Title,

i. for the purpose of computing the prior loss attributable to eligible activities of the acquirer for a taxation year or fiscal period that ends after that time, there shall be added to the amount otherwise represented by *A* in the formula in the definition of “prior loss attributable to eligible activities” in the first paragraph of section 737.18.14, unless it is otherwise included in that amount, the part that is reasonably attributable to the recognized business of the amount by which the aggregate of the following amounts exceeds the amount represented by *C* or *F* in the formula in subparagraph *a* or *b* of the first paragraph of section 737.18.17, in respect of the vendor for that taxation year or fiscal period:

(1) the amount by which the amount determined under subparagraph *b* or *e* of the second paragraph of section 737.18.17, in respect of the vendor for the taxation year or fiscal period, exceeds the amount determined in its respect under subparagraph *a* or *d* of that second paragraph for that taxation year or fiscal period, and

(2) the prior loss attributable to eligible activities of the vendor for that taxation year or fiscal period, and



ii. for the purpose of computing the prior loss attributable to eligible activities of the vendor for a taxation year or fiscal period that ends after that time, there shall be added to the amount otherwise represented by B in the formula in the definition of “prior loss attributable to eligible activities” in the first paragraph of section 737.18.14, the amount referred to in subparagraph ii, in respect of the acquirer for such a taxation year or fiscal period;

(b) for the purposes of subparagraphs *a* and *b* or *d* and *e* of the second paragraph of section 737.18.17,

i. the taxation year or fiscal period of the vendor that includes that time is deemed to end immediately before that time, and

ii. the taxation year or fiscal period of the acquirer that includes that time is deemed to begin at that time; and

(c) for the purposes of subparagraph ii of subparagraph *b* of the third paragraph of section 737.18.17, the initial qualification certificate issued to the vendor, in relation to the major investment project, is deemed to have been issued, from that time, to the acquirer.

## “CHAPTER II

### “DEDUCTION

“**737.18.17.** A corporation that, in a taxation year, carries on a recognized business in connection with which a major investment project was carried out or is in the process of being carried out, or is a member of a partnership that carries on such a recognized business in a fiscal period of the partnership ending in that year, may deduct in computing its taxable income for the year, if an annual qualification certificate has been issued, for the purposes of this Title, by the Minister of Finance in relation to the major investment project, an amount not exceeding the part of its income for the year that may reasonably be considered to be equal to the aggregate of

(a) the amount determined by the formula

$(A - B) - C$ ; and

(b) the corporation’s share of the amount determined by the formula

$(D - E) - F$ .

In the formulas provided for in the first paragraph,

(a) A is the aggregate of all amounts each of which is the amount obtained by multiplying the corporation’s income for the taxation year from its eligible activities, in relation to a major investment project, by the proportion that the number of days in the eligibility period of the corporation for the year, in

relation to the major investment project, is of the number of days in the taxation year;

(b) B is the aggregate of all amounts each of which is the amount obtained by multiplying the corporation's loss for the taxation year from its eligible activities, in relation to a major investment project, by the proportion that the number of days in the eligibility period of the corporation for the year, in relation to the major investment project, is of the number of days in the taxation year;

(c) C is the prior loss attributable to eligible activities of the corporation for the year;

(d) D is the aggregate of all amounts each of which is the amount obtained by multiplying the partnership's income for the fiscal period from its eligible activities, in relation to a major investment project, by the proportion that the number of days in the eligibility period of the partnership for the fiscal period, in relation to the major investment project, is of the number of days in the fiscal period;

(e) E is the aggregate of all amounts each of which is the amount obtained by multiplying the partnership's loss for the fiscal period from its eligible activities, in relation to a major investment project, by the proportion that the number of days in the eligibility period of the partnership for the fiscal period, in relation to the major investment project, is of the number of days in the fiscal period; and

(f) F is the prior loss attributable to eligible activities of the partnership for the fiscal period.

A corporation may deduct an amount under the first paragraph in computing its taxable income for a taxation year only if it encloses, with its fiscal return it is required to file under section 1000 for the year,

(a) the prescribed form containing the prescribed information; and

(b) in relation to each major investment project of the corporation or partnership, referred to in the first paragraph,

i. the financial statements relating to the eligible activities, in respect of the major investment project, for the taxation year or fiscal period, as the case may be,

ii. a copy of the unrevoked initial qualification certificate issued to the corporation or partnership in relation to the major investment project, and

iii. a copy of any valid annual qualification certificate issued for the taxation year or fiscal period, as the case may be, in relation to the major investment project.

For the purposes of subparagraph *b* of the first paragraph, a corporation's share of an amount is equal to the proportion of that amount that the corporation's share of the partnership's income for the fiscal period is of the partnership's income for the fiscal period."

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**14.** (1) Section 737.22.0.0.5 of the said Act is amended

(1) by adding, in paragraph *c* of the definition of "foreign expert", after the word "project", ", whether before, during or after the carrying out of the project";

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

"eligible employer" means a person or a partnership who or which carries on a business in Canada, but does not include a person mentioned in section 984 or 985 or an eligible university entity within the meaning of paragraph *f* of section 1029.8.1, for the period in which the person or partnership undertakes or causes to be undertaken on the person's or partnership's behalf in Québec, as part of a project, scientific research and experimental development related to a business of the person or partnership and for the periods that precede and follow the carrying out of the project;".

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

**15.** (1) Section 737.22.0.0.6 of the said Act is amended by adding, in subparagraph *b* of the second paragraph after the word "project", ", whether before, during or after the carrying out of the project".

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

**16.** (1) Section 737.22.0.1 of the said Act, amended by section 43 of chapter 51 of the statutes of 2001, is again amended

(1) by adding, after subparagraph ii of paragraph *a* of the definition of "eligible activity", the following subparagraph :

"iii. the first paragraph of section 1029.8.36.0.3.46, where the eligible employer is a corporation referred to in paragraph *e* of the definition of "eligible employer"; or";

(2) by replacing paragraph *b* of the definition of "eligible activity" by the following :

"(b) a specified activity of the eligible employer for that year within the meaning of

i. section 1029.8.36.0.17, where the eligible employer is a corporation referred to in paragraph *d* of the definition of “eligible employer”, or

ii. section 1029.8.36.0.37.1, where the eligible employer is a corporation referred to in paragraph *f* of the definition of “eligible employer”;;

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

““Centre de développement des biotechnologies de Laval” has the meaning assigned by the first paragraph of section 771.1;”;

(4) by adding, after paragraph *c* of the definition of “eligibility date”, the following paragraphs:

“(d) where the foreign specialist is employed by an eligible employer that is a corporation referred to in paragraph *e* of the definition of “eligible employer”, 11 May 2000; and

“(e) where the foreign specialist is employed by an eligible employer that is a corporation referred to in subparagraph iii of paragraph *a* of section 771.12 or a corporation referred to in paragraph *f* of the definition of “eligible employer”, 29 March 2001;”;

(5) by adding, after paragraph *d* of the definition of “eligible employer”, the following paragraphs:

“(e) a qualified corporation within the meaning of the first paragraph of section 1029.8.36.0.3.46 that holds a valid qualification certificate issued by the Minister of Finance for the purposes of Division II.6.0.1.6 of Chapter III.1 of Title III of Book IX; or

“(f) a specified corporation within the meaning of the first paragraph of section 1029.8.36.0.37.1 that is not a corporation referred to in paragraph *a* for the year and that holds a valid certificate issued by Investissement Québec, for the purposes of Division II.6.0.3.1 of Chapter III.1 of Title III of Book IX, certifying that the specified corporation carries on or may carry on for that year a business in a building housing the Centre de développement des biotechnologies de Laval;”;

(6) by replacing, in paragraph *c* of the definition of “foreign specialist”, “referred to in any of paragraphs *b* to *d* of the definition of “eligible employer”” by “referred to in any of paragraphs *b* to *f* of the definition of “eligible employer””;

(7) by replacing the portion of paragraph *d* of the definition of “foreign specialist” before subparagraph *i* by the following:

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

(8) by inserting, after subparagraph iii of paragraph *d* of the definition of “foreign specialist”, the following subparagraphs :

“iii.1. where the eligible employer is a corporation referred to in paragraph *e* of the definition of “eligible employer”, development and operation of technological systems or infrastructures,

“iii.2. where the eligible employer is a corporation referred to in subparagraph iii of paragraph *a* of section 771.12 or paragraph *f* of the definition of “eligible employer”, another activity in connection with biotechnology, or”;

(9) by replacing subparagraph iv of paragraph *d* of the definition of “foreign specialist” by the following :

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

(1) in subparagraph iii.1, where the eligible employer is a corporation referred to in paragraph *e* of the definition of “eligible employer”, or

(2) in subparagraph iii.2, where the eligible employer is a corporation referred to in subparagraph iii of paragraph *a* of section 771.12 or paragraph *f* of the definition of “eligible employer”.”

(2) Paragraphs 1 and 6 of subsection 1 apply from the taxation year 2000. However, where paragraph *c* of the definition of “foreign specialist” applies to the taxation year 2000, it shall be read with “paragraphs *b* to *f*” replaced by “paragraphs *b* to *e*”.

(3) Paragraphs 2 and 3 of subsection 1 apply from the taxation year 2001.

(4) Paragraph 4 of subsection 1 applies from the taxation year 2000, except where it enacts paragraph *e* of the definition of “eligibility date”, in which case it applies from the taxation year 2001.

(5) Paragraph 5 of subsection 1 applies from the taxation year 2000, except where it enacts paragraph *f* of the definition of “eligible employer”, in which case it applies from the taxation year 2001.

(6) Paragraphs 7 and 9 of subsection 1 apply in respect of certificates issued after 11 May 2000. However, where subparagraph iv of paragraph *d* of the definition of “foreign specialist” applies before 30 March 2001, it shall be read as follows:

“iv. any combination of the activities referred to

(1) in subparagraphs i to iii.1, where the eligible employer is a corporation referred to in paragraph *e* of the definition of “eligible employer”, or

(2) in subparagraphs i to iii, in any other case.”

(7) Paragraph 8 of subsection 1 applies in respect of certificates issued after 11 May 2000, except where it enacts subparagraph iii.2 of paragraph *d* of the definition of “foreign specialist”, in which case it applies to certificates issued after 29 March 2001.

**17.** (1) The said Act is amended by inserting, after section 737.23, the following:

**“TITLE VII.4.1**

**“DEDUCTION IN RESPECT OF CAPITAL RÉGIONAL ET  
COOPÉRATIF DESJARDINS**

**“737.23.1.** The corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36) may deduct, in computing its taxable income for a taxation year, an amount not exceeding its taxable income for that year computed before the application of this section.”

(2) Subsection 1 applies to taxation years that begin after 30 June 2001.

**18.** (1) Section 752.12 of the said Act, amended by section 126 of chapter 53 of the statutes of 2001, is again amended by replacing, in paragraph *b*, “776.1.5,” by “776.1.5 and 776.1.5.0.11 to 776.1.5.0.14.”

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

**19.** (1) Section 752.14 of the said Act, replaced by section 127 of chapter 53 of the statutes of 2001, is amended by replacing “and 776.1.1 to 776.1.5” by “, 776.1.1 to 776.1.5 and 776.1.5.0.11 to 776.1.5.0.14”.

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

**20.** (1) Section 771.1 of the said Act, amended by section 72 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph,

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

““Centre de développement des biotechnologies de Laval” means a group of businesses carried on in the building designated as such a centre;”;

(2) by adding, after paragraph *b* of the definition of “eligibility date”, the following paragraph:

“(c) where the corporation is referred to in subparagraph iii of paragraph *a* of section 771.12, 30 March 2001;”.

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

**21.** (1) The said Act is amended by inserting, after section 771.2.4, the following section:

**“771.2.5.** For the purposes of paragraphs *d.2* and *h* of subsection 1 of section 771 and section 771.8.3, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed as if the amounts determined in accordance with subparagraphs *a* and *b* of the second paragraph of section 737.18.17 in respect of the corporation for the year and the amounts determined in accordance with subparagraphs *d* and *e* of that paragraph in respect of a partnership of which the corporation is a member at the end of the partnership’s fiscal period ending in that year, in relation to a major investment project of the corporation or partnership, as the case may be, in respect of which the Minister of Finance issued an annual qualification certificate for the taxation year of the corporation or fiscal period of the partnership, were nil.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**22.** (1) Section 771.12 of the said Act, amended by section 73 of chapter 51 of the statutes of 2001, is again amended by adding, after subparagraph ii of paragraph *a*, the following subparagraph:

“iii. the corporation carries on or may carry on a business that is an innovative project in a building housing the Centre de développement des biotechnologies de Laval;”.

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

**23.** The heading of Chapter II of Title III of Book V of Part I of the said Act is replaced by the following:

“CREDIT IN RESPECT OF A CONTRIBUTION TO A POLITICAL PARTY”.

**24.** (1) The said Act is amended by inserting, after section 776.1.5.0.10, enacted by section 144 of chapter 53 of the statutes of 2001, the following:

## “CHAPTER IV

### “CREDIT IN RESPECT OF THE ACQUISITION OF SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

“**776.1.5.0.11.** An individual, other than a trust, who is resident in Québec at the end of 31 December of a taxation year and who is not a dealer acting as an intermediary or as a firm underwriter may deduct from the individual’s tax otherwise payable for the year under this Part an amount equal to 50% of the amount paid by the individual in the year and before 1 January 2011 for the purchase, as first purchaser, of a share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36).

“**776.1.5.0.12.** The amount that an individual may deduct for a taxation year under section 776.1.5.0.11 shall not exceed \$1,250.

“**776.1.5.0.13.** No individual may deduct, for a taxation year, an amount under section 776.1.5.0.11 in respect of an amount paid by the individual in the year for the acquisition of a share referred to in that section if

(a) during the year or within the following 30 days, the individual requested redemption of the share in accordance with paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36); or

(b) the corporation governed by the Act constituting Capital régional et coopératif Desjardins, before the end of the year, in relation to another share of the capital stock of that corporation,

i. redeems the share in accordance with paragraph 1 or 4 of section 12 of that Act, or

ii. purchases the share in accordance with the purchase by agreement policy approved by the Minister of Finance under the second paragraph of section 11 of that Act, except where the purchase is made in accordance with a provision of that policy under which the corporation may purchase by agreement a share it issued because no amount was deducted in respect of the share under section 776.1.5.0.11.

“**776.1.5.0.14.** An individual who elects to have section 776.1.5.0.11 apply for a taxation year, in respect of a share referred to in that section, shall enclose with the fiscal return the individual is required to file under section 1000 for the year, a copy of the prescribed form the individual received in respect of the share of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36).”

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



**25.** (1) Section 776.76 of the said Act is amended, in subparagraph *a* of the first paragraph, by inserting, after “776.1.2”, “, 776.1.5.0.11”.

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

**26.** (1) Section 776.79 of the said Act is amended by inserting, after “776.32”, “, 776.1.5.0.11”.

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

**27.** (1) Section 776.80 of the said Act is amended by replacing, in the second paragraph, “or 776.1.2” by “, 776.1.2 or 776.1.5.0.11”.

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

**28.** (1) Section 965.1 of the said Act, amended by section 204 of chapter 53 of the statutes of 2001, is again amended by replacing paragraph *j.0.1* by the following :

“(j.0.1) “qualified corporation” means a corporation mentioned in any of sections 965.10, 965.11.1, 965.11.5, 965.11.6 and 965.11.7.1 and not referred to in sections 965.11.8 to 965.11.20 or governed by an Act establishing a labour-sponsored fund, by the Act respecting Québec business investment companies (chapter S-29.1) or by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36);”.

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

**29.** (1) The said Act is amended by inserting, after section 965.10.3.2, the following section :

“**965.10.4.** For the purposes of section 965.10, where a period of at least 12 months has not elapsed between the time of the beginning of the carrying on of a particular business by a corporation and the date of the receipt for the final prospectus or of the exemption from filing a prospectus, and the particular business carried on by the corporation may, if the Minister so decides, be considered in fact to consist mainly in the continuance of a business or part of a business carried on by another taxpayer before the time of the beginning of the carrying on of the particular business by the corporation, the requirement in paragraph *e* of section 965.10 shall be replaced by the requirement to have, throughout the period from the time of the beginning of the carrying on of the particular business by the corporation to the date of the receipt for the final prospectus or the exemption from filing a prospectus, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders and, immediately before the time of the beginning of the carrying on of the particular business by the corporation, for the other taxpayer to have had, in relation to that business or part of a business, not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons related to such insiders

(a) throughout the 12 months preceding the time of the beginning of the carrying on of the particular business by the corporation ; or

(b) throughout the six months preceding the time of the beginning of the carrying on of the particular business by the corporation where

i. the other taxpayer has already made a public issue of shares with the stipulation that they could be included in a stock savings plan,

ii. a class of shares of the capital stock of the other taxpayer is listed on a Canadian stock exchange immediately before the time of the beginning of the carrying on of the particular business by the corporation, and

iii. a class of shares of the capital stock of the corporation is listed on a Canadian stock exchange on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.

For the purposes of the first paragraph, the continuance of a business or part of a business carried on by another taxpayer before the beginning of the carrying on, by a corporation, of the particular business results from

(a) the acquisition or rental, by the corporation, of property from the other taxpayer who, at any time in the 12 months preceding that acquisition or rental, carried on a business in which the other taxpayer used that property ; or

(b) the carrying on, by the corporation, of a new business that may reasonably be considered in fact to consist mainly in the extension of a business or part of a business carried on by the other taxpayer.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**30.** (1) Section 965.17.2 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended by adding the following paragraph :

“For the purposes of subparagraph *b* of the first paragraph, for the purpose of determining whether a qualified corporation is carrying on, as its main activity, a qualified business, the carrying on of such a business by a subsidiary of the qualified corporation shall be taken into account.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**31.** (1) Section 965.17.3 of the said Act is amended

(1) by replacing, in subparagraph i of paragraph c, “of paragraphs *a* to *e* of section 965.17.2, or” by “of subparagraphs *a* to *e* of the first paragraph of section 965.17.2.”;

(2) by replacing, in subparagraph ii of paragraph c, “of paragraphs *a*, *b*, *d* and *e* of section 965.17.2” by “of subparagraphs *a*, *b*, *d* and *e* of the first paragraph of section 965.17.2”;

(3) by adding, after subparagraph ii of paragraph c, the following subparagraph:

“iii. meets the conditions set out in section 965.17.3.3; and”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**32.** (1) Section 965.17.3.1 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended by replacing “paragraph *c* of section 965.17.2” and “paragraph *c* of that section 965.17.2” by “subparagraph *c* of the first paragraph of section 965.17.2” and “subparagraph *c* of the first paragraph of that section 965.17.2”, respectively.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**33.** (1) Section 965.17.3.2 of the said Act is amended by replacing “paragraph *c* of section 965.17.2” by “subparagraph *c* of the first paragraph of section 965.17.2”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**34.** (1) The said Act is amended by inserting, after section 965.17.3.2, the following section:

**“965.17.3.3.** The conditions to which subparagraph iii of paragraph *c* of section 965.17.3 refers in relation to a subsidiary are the following:

(*a*) the subsidiary carries on a particular business that may, if the Minister so decides, be considered in fact to consist mainly in the continuance of a business or part of a business carried on by another taxpayer before the time of the beginning of the carrying on of the particular business by that subsidiary; and

(b) the qualified corporation referred to in section 965.17.3 makes a public share issue, convertible security issue or non-guaranteed convertible security issue not later than 365 days after the beginning of the carrying on, by the subsidiary, of the particular business referred to in paragraph *a* and

i. on the date of the receipt for the final prospectus or the exemption from filing a prospectus relating to that issue, the subsidiary meets the requirements of subparagraphs *a*, *b*, *d* and *e* of the first paragraph of section 965.17.2,

ii. throughout the period extending from the time of the beginning of the carrying on of the particular business to the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to that issue, the subsidiary had not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders, and

iii. immediately before the time of the beginning of the carrying on of the particular business by the subsidiary, the other taxpayer referred to in subparagraph *a* had, in relation to that business or part of a business, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act or persons related to such insiders,

(1) throughout the 12 months preceding the time of the beginning of the carrying on of the particular business by the subsidiary, or

(2) throughout the six months preceding the time of the beginning of the carrying on of the particular business by the subsidiary, where the conditions set out in the second paragraph are met.

The conditions to which subparagraph 2 of subparagraph iii of subparagraph *b* of the first paragraph refers are the following :

(a) the other taxpayer has already made a public issue of shares with the stipulation that they could be included in a stock savings plan ;

(b) a class of shares of the capital stock of the other taxpayer is listed on a Canadian stock exchange immediately before the time of the beginning of the carrying on of the particular business ; and

(c) a class of shares of the capital stock of the subsidiary is listed on a Canadian stock exchange on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.

For the purposes of the first paragraph, the continuance of a business or part of a business carried on by another taxpayer before the beginning of the carrying on, by a subsidiary, of the particular business results from

(a) the acquisition or rental, by the subsidiary, of property from the other taxpayer who, at any time in the 12 months preceding that acquisition or rental, carried on a business in which the other taxpayer used that property ; or

(b) the carrying on, by the subsidiary, of a new business that may reasonably be considered in fact to consist in the extension of a business or part of a business carried on by the other taxpayer.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**35.** (1) Section 965.17.4.1 of the said Act is amended, in the portion before paragraph *a*, by replacing “paragraph *c* of section 965.17.2” by “subparagraph *c* of the first paragraph of section 965.17.2”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**36.** (1) Section 965.17.5 of the said Act is amended, in paragraph *a*, by replacing “paragraphs *a*, *b*, *d* and *e* of section 965.17.2” by “subparagraphs *a*, *b*, *d* and *e* of the first paragraph of section 965.17.2”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**37.** (1) Section 965.17.5.1 of the said Act is amended,

(1) by replacing, in the portion before paragraph *a*, “paragraph *c* of section 965.17.2” by “subparagraph *c* of the first paragraph of section 965.17.2” ;

(2) by replacing, in paragraph *a*, “paragraphs *a*, *b*, *d* and *e* of section 965.17.2” by “subparagraphs *a*, *b*, *d* and *e* of the first paragraph of section 965.17.2”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**38.** (1) The said Act is amended by inserting, after section 965.17.5.1, the following section :

**“965.17.5.2.** A qualified corporation that carries on a particular business that may, if the Minister so decides, be considered in fact to consist mainly in the continuance of a business or part of a business carried on by another taxpayer before the time of the beginning of the carrying on of the particular business by the qualified corporation and that makes a public share issue, convertible security issue or non-guaranteed convertible security issue not later than 365 days after the beginning of the carrying on of the particular business by the qualified corporation, is a growth corporation if,

(a) on the date of the receipt for the final prospectus or the exemption from filing a prospectus, the qualified corporation meets the requirements of subparagraphs *a, b, d* and *e* of the first paragraph of section 965.17.2;

(b) throughout the period extending from the time of the beginning of the carrying on of the particular business by the qualified corporation to the date of the receipt for the final prospectus or of the exemption from filing a prospectus, it had not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders; and

(c) immediately before the time of the beginning of the carrying on of the particular business by the qualified corporation, the other taxpayer had, in relation to that business or part of a business, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act or persons related to such insiders,

i. throughout the 12 months preceding the time of the beginning of the carrying on of the particular business by the qualified corporation, or

ii. throughout the six months preceding the time of the beginning of the carrying on of the particular business by the qualified corporation where

(1) the other taxpayer has already made a public issue of shares with the stipulation that they could be included in a stock savings plan,

(2) a class of shares of the capital stock of the other taxpayer is listed on a Canadian stock exchange immediately before the time of the beginning of the carrying on of the particular business by the qualified corporation, and

(3) a class of shares of the capital stock of the qualified corporation is listed on a Canadian stock exchange on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.

For the purposes of the first paragraph, the continuance of a business or part of a business carried on by another taxpayer before the beginning of the carrying on, by a qualified corporation, of the particular business results from

(a) the acquisition or rental, by the qualified corporation, of property from the other taxpayer who, at any time in the 12 months preceding that acquisition or rental, carried on a business in which the other taxpayer used that property ; or

(b) the carrying on, by the qualified corporation, of a new business that may reasonably be considered in fact to consist in the extension of a business or part of a business carried on by the other taxpayer.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 27 October 2000.

**39.** Section 965.27 of the said Act is replaced by the following :

**“965.27.** An individual who elects to have this Title apply shall enclose with the fiscal return the individual is required to file for a taxation year under section 1000 the prescribed form containing the prescribed information in respect of the stock savings plans under which the individual is a beneficiary or those under which an investment group of which the individual is a member is a beneficiary together with a copy of the information returns filed in prescribed form received by the individual for the year in respect of those plans from the dealers or investment funds mentioned in section 965.2.”

**40.** (1) Section 965.34 of the said Act is replaced by the following :

**“965.34.** An individual who elects to have this Title apply shall enclose with the fiscal return the individual is required to file for a taxation year under section 1000 the prescribed form containing the prescribed information in respect of the individual’s investments in a Québec business investment company of which the individual is a shareholder and a copy of the information returns filed in prescribed form received by the individual from Investissement Québec for the year in respect of those investments.”

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

**41.** Section 965.39 of the said Act is replaced by the following :

**“965.39.** An individual who elects to have this Title apply shall enclose with the fiscal return the individual is required to file for a taxation year under section 1000 the prescribed form containing the prescribed information in respect of an investment in a qualified cooperative and a copy of the information returns filed in prescribed form received by the individual from a qualified cooperative for the year in respect of the individual’s investment or deemed investment as a member of a qualified partnership at the end of a fiscal period of the partnership ending in that year.”

**42.** (1) Section 1015.3 of the said Act is amended

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

“Where a person fails to file the return referred to in the first paragraph, the deduction or withholding shall be made in respect of the person as though the person were entitled to deduct, in computing the person’s tax payable for the year, only the total of \$5,900 and the lump sum determined for the preceding taxation year under the second paragraph of section 776.77.”;

(2) by adding the following paragraphs :

“The amount of \$5,900 to which the second paragraph refers shall, where it is to be used for a taxation year subsequent to the taxation year 2001, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the percentage determined by the formula

$$(A / B) - 1.$$

In the formula provided for in the first paragraph,

(a) A is the average Consumer Price Index for Québec for the 12-month period that ended on 30 September of the taxation year preceding that for which an amount is to be adjusted; and

(b) B is the average Consumer Price Index for Québec for the 12-month period that ended on 30 September of the taxation year next before the year preceding that for which the amount is to be adjusted.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 1999.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2002.

**43.** (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, is again amended

(1) by adding, in the first paragraph, the following definition in alphabetical order :

““qualified business”, in relation to any business carried on by a taxpayer, means any business carried on by the taxpayer other than a specified investment business or a personal services business.”;

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

“For the purposes of Divisions II.4 to II.4.3, II.5.2, II.6 to II.6.0.7, II.6.5.1 and II.6.6.1 to II.6.13, the following rules apply :”;



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

“(b) in the case of each of Divisions II.4.1 to II.4.3, II.5.2, II.6.0.0.1, II.6.0.4 to II.6.0.7, II.6.5.1 and II.6.6.1 to II.6.13, government assistance or non-government assistance does not include an amount that is deemed to have been paid to the Minister for a taxation year under that division;”;

(4) by adding, after subparagraph vii of subparagraph *c* of the second paragraph, the following subparagraph :

“viii. the amount of financial assistance granted by the Fonds de diversification de l'économie de la région de la capitale;”;

(5) by replacing, in the portion of subparagraph *h* of the second paragraph before subparagraph i, “II.6.0.1.5” by “II.6.0.1.6”;

(6) by replacing the portion of subparagraph *i* of the second paragraph before subparagraph i by the following :

“(i) in the case of each of Divisions II.6.0.2 to II.6.0.3.1, government assistance or non-government assistance does not include”;

(7) by replacing subparagraph iii of subparagraph *i* of the second paragraph by the following :

“iii. except for the purposes of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.17 and of section 1029.8.36.0.37.1, and sections 1029.8.36.0.24, 1029.8.36.0.31, 1029.8.36.0.37.7 and 1029.8.36.0.37.16, the amount of a grant relating to wages that is paid under the Regulation respecting the Private Investment and Job Creation Promotion Fund made by Order in Council 530-97 dated 23 April 1997, as that regulation read at the time of its application.”

(2) Paragraph 1 of subsection 1 is declaratory.

(3) Paragraphs 2 to 7 of subsection 1 have effect from 20 December 2001.

**44.** (1) Section 1029.6.0.1 of the said Act, amended by section 88 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraphs *a* and *b* by the following :

“(a) where, in respect of a particular expenditure or particular costs, an amount is deemed under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.13 to have been paid to the Minister by a taxpayer for a taxation year, or is deemed under the first paragraph of section 34.0.0.0.4 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) to have been paid to the Minister by the taxpayer for a calendar year, no other amount may be deemed to have been paid to the Minister by the taxpayer for any taxation year

under any of those divisions, or be deemed to have been paid to the Minister by the taxpayer for any calendar year under the first paragraph of that section 34.0.0.0.4, in respect of all or part of a cost, an expenditure or costs included in the particular expenditure or the particular costs ;

“(b) where it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under a particular contract relates to a particular expenditure or to particular costs and that the person or a member of the partnership may, for a taxation year, be deemed to have paid an amount to the Minister under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.13, in respect of that expenditure or those costs, as the case may be, no amount may be deemed to have been paid to the Minister by another taxpayer for any taxation year under any of those divisions, or be deemed to have been paid to the Minister by another taxpayer for any calendar year under the first paragraph of section 34.0.0.0.4 of the Act respecting the Régie de l’assurance maladie du Québec, in respect of all or part of a cost, an expenditure or costs incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure or particular costs ; and” ;

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

“(d) no corporation may be deemed to have paid an amount to the Minister for a taxation year under this chapter in respect of a cost, an expenditure or any costs incurred by the corporation, where the corporation is governed, in the year, by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36).”

(2) Paragraph 1 of subsection 1 applies in respect of wages paid after 29 June 2000. However, where paragraphs *a* and *b* of section 1029.6.0.1 of the said Act apply in respect of expenditures or costs incurred in a taxation year that ends before 20 March 2002, they shall be read as follows :

“(a) where, in respect of a particular expenditure or particular costs, an amount is, for a taxation year, deemed to have been paid to the Minister by a taxpayer under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.13, no other amount may be deemed to have been paid to the Minister by the taxpayer, for any taxation year, under another of those divisions in respect of all or part of a cost, an expenditure or costs comprised in the particular expenditure or the particular costs ;

“(b) where it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under a particular contract relates to a particular expenditure or to particular costs and that person or a member of that partnership may be deemed, for a taxation year, to have paid to the Minister an amount, under any of Divisions II to II.6.2, II.6.5 and II.6.8 to II.6.13, in respect of that expenditure or those costs, as the case may be, no amount may be deemed to have been paid to the Minister by another taxpayer, for any taxation year, under any of those divisions, in

respect of all or part of a cost, an expenditure or any costs incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure or particular costs; and”.

(3) Paragraph 2 of subsection 1 applies to taxation years that begin after 30 June 2001.

**45.** (1) Section 1029.6.0.1.1 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**46.** (1) Section 1029.6.0.1.2 of the said Act, enacted by section 89 of chapter 51 of the statutes of 2001, is replaced by the following:

**“1029.6.0.1.2.** Subject to any special provisions in this chapter, a taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a particular taxation year under any of Divisions II to II.6.13, only if the taxpayer files with the Minister the prescribed form containing the prescribed information and, where applicable, a copy of each agreement, qualification certificate, advance ruling, certificate, rate schedule or receipt the taxpayer is required to file in accordance with that division on or before the day that is 12 months after the taxpayer’s filing-due date for the particular year.”

(2) Subsection 1 applies to taxation years that end after 31 December 1999. However, where section 1029.6.0.1.2 of the said Act applies:

(1) to such a taxation year that ends before 15 March 2000, it shall be read with “II.6.13” replaced by “II.6.11” and with “, rate schedule” struck out;

(2) to taxation years that end after 14 March 2000 and before 30 June 2000, it shall be read with “II.6.13” replaced by “II.6.12” and with “, rate schedule” struck out; or

(3) to taxation years that end after 29 June 2000 and before 30 March 2001, it shall be read with “, rate schedule” struck out.

**47.** (1) Section 1029.6.0.1.3 of the said Act, enacted by section 89 of chapter 51 of the statutes of 2001, is replaced by the following:

**“1029.6.0.1.3.** Notwithstanding paragraph *b* of section 1029.6.0.1, a taxpayer may be deemed under any of Divisions II.6.0.1.3, II.6.0.1.4, II.6.0.1.5, II.6.0.1.6, II.6.0.2 and II.6.0.3 to have paid an amount to the Minister for a taxation year, or be deemed under the first paragraph of section 34.0.0.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) to have paid an amount to the Minister for a calendar year, in respect of all or part of a cost, an expenditure or costs, incurred in performing a particular

contract or any contract derived therefrom, that may reasonably be considered to relate to a particular expenditure or to particular costs, if it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under the particular contract relates to the particular expenditure or particular costs and that the person or a member of the partnership may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.4.3 in respect of that expenditure or those costs, as the case may be.”

(2) Subsection 1 applies in respect of expenditures or costs incurred after 11 May 2000. However, where section 1029.6.0.1.3 of the said Act applies in respect of expenditures or costs incurred in a taxation year that ends before 20 March 2002, it shall be read as follows :

**“1029.6.0.1.3.** Notwithstanding paragraph *b* of section 1029.6.0.1, a taxpayer may, for a taxation year, be deemed to have paid an amount to the Minister under any of Divisions II.6.0.1.3, II.6.0.1.4, II.6.0.1.5, II.6.0.1.6, II.6.0.2 and II.6.0.3 in respect of all or part of a cost, an expenditure or any costs, incurred in performing a particular contract or any contract derived from a particular contract, that may reasonably be considered to relate to a particular expenditure or to particular costs, if it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under the particular contract relates to the particular expenditure or particular costs and that the person or a member of the partnership may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.4.3 in respect of that expenditure or those costs, as the case may be.”

**48.** (1) Section 1029.8.0.0.1 of the said Act is amended by replacing the portion before paragraph *a* by the following :

**“1029.8.0.0.1.** A taxpayer shall not be deemed to have paid to the Minister an amount on account of the taxpayer’s tax payable for a taxation year under section 1029.7 or 1029.8 in respect of an expenditure that is a portion of a consideration referred to in subparagraph *c*, *e*, *g* or *i* of the first paragraph of that section, unless the taxpayer files with the Minister, on or before the day that is 12 months after the taxpayer’s filing–due date for the year, a statement in prescribed form referred to in section 1029.6.0.1.2 containing the following information :”.

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

**49.** (1) Section 1029.8.16.2 of the said Act, amended by section 93 of chapter 51 of the statutes of 2001, is again amended by replacing the definition of “eligible amount” in the first paragraph by the following :

““eligible amount” of a qualified corporation for a taxation year means the aggregate of all amounts each of which is wages or part of a consideration, a qualified expenditure, an eligible fee, an eligible fee balance or its share of

such an amount, as the case may be, in respect of which the corporation is deemed to have paid an amount to the Minister on account of its tax payable for the year under any of Divisions II to II.3;”.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**50.** (1) Section 1029.8.21.3 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**51.** (1) Section 1029.8.21.17 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001 and by section 260 of chapter 53 of the statutes of 2001, is again amended

(1) by replacing the portion of the definition of “qualified corporation” before paragraph *a* in the first paragraph by the following :

““qualified corporation” for a taxation year means, subject to section 1029.8.21.18, a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, but does not include”;

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

“The Minister may obtain the advice of the Minister of Industry and Trade and the Minister of Research, Science and Technology to determine, for the purposes of this division, whether a particular product or service qualifies as an eligible competitive intelligence service or an eligible liaison and transfer service, as the case may be, or the Minister may obtain the advice of the Minister of Education to determine, for the purposes of this division, whether a particular product or service qualifies as an eligible liaison and transfer service.”

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 31 December 2000.

**52.** (1) Section 1029.8.21.31 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**53.** (1) Section 1029.8.21.32 of the said Act, enacted by section 103 of chapter 51 of the statutes of 2001, is amended, in the first paragraph, by replacing the portion of the definition of “qualified corporation” before paragraph *a* by the following :

““qualified corporation” for a taxation year means, subject to section 1029.8.21.37, a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, of which at least 50% of the

salaries or wages it pays to its employees in the year are paid to employees of an establishment situated in Québec, but does not include”.

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**54.** (1) Section 1029.8.33.2 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph, by replacing the portion of the definition of “qualified corporation” before paragraph *a* by the following :

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

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**55.** (1) Section 1029.8.33.11 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**56.** (1) Section 1029.8.34 of the said Act, amended by section 144 of chapter 7 of the statutes of 2001 and by section 105 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing subparagraph ii of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph by the following :

“ii. the aggregate of

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

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

rendered outside the Montréal area”, reduced the amount of that expenditure for services rendered outside the Montréal area of the corporation for that preceding year ; and” ;

(2) by replacing subparagraph ii of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following :

“ii. the aggregate of

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

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

(3) by replacing, in paragraph *a* of the definition of “labour expenditure” in the first paragraph, the words “final script” by the word “script” ;

(4) by replacing subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph by the following :

“ii. the aggregate of

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

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

(5) by replacing paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in the first paragraph by the following :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to services rendered after 30 June 1999, in the year, outside the Montréal area in relation to a regional production and that may reasonably be considered as attributable to an item in the production budget of the property that the Société de développement des entreprises culturelles indicates on a document it encloses with the favourable advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of

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

ii. the amount of any benefit or advantage attributable to that portion of the labour expenditure of the corporation, that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year;”;

(6) by replacing paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph by the following :

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid after 31 March 1998 for activities connected with computer-aided special effects and animation and carried on as part of the production of the property, and that may reasonably be considered as attributable to an item in the production budget of the property that the Société de développement des entreprises culturelles indicates on a document it encloses with the favourable advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of

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



ii. the amount of any benefit or advantage attributable to that portion of the labour expenditure of the corporation, that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year;" ;

(7) by replacing the definition of "regional production" in the first paragraph by the following :

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

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

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

(9) by inserting, after subparagraph *d.1* of the second paragraph, the following subparagraph :

"(d.2) for the taxation year in which a corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of a property with the Société de développement des entreprises culturelles, the amounts referred to in paragraph *a* or *b* of the definition of "labour expenditure" in the first paragraph are deemed to include the amounts that would be included in the labour expenditure of the corporation for the year in respect of the property if that paragraph *a* and the portion of that paragraph *b* before subparagraph *i* were read with the words "incurred in the year" replaced by "incurred, in a taxation year preceding the taxation year in which the corporation filed an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of that property with the Société de développement des entreprises culturelles,";" ;

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

"(e) the amount of the labour expenditure of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the aggregate of

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

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

(11) by replacing the sixth paragraph by the following :

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

(12) by inserting, after the sixth paragraph, the following paragraph :

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

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

(*b*) is incurred totally in connection with the stages of production of the property referred to in paragraph *a* of the definition of "labour expenditure" in the first paragraph ; and

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

(13) by replacing the words "before the end of which the main filming and taping of the property began" by the words "before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles", in the following provisions of the first paragraph :

— subparagraph 3 of subparagraph *i* of paragraph *a* of the definition of "qualified expenditure for services rendered outside the Montréal area" ;

— subparagraph *ii* of paragraph *b* of the definition of "qualified expenditure for services rendered outside the Montréal area" ;

— subparagraph 3 of subparagraph i of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure”;

— subparagraph ii of paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure”;

— subparagraph 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure”;

— subparagraph ii of paragraph *b* of the definition of “qualified labour expenditure”.

(2) Paragraphs 1 to 8 and 10 of subsection 1 apply in respect of property for which an application for an advance ruling or a certificate is filed with the Société de développement des entreprises culturelles after 29 June 2000.

(3) Subject to subsection 4, paragraphs 9 and 12 of subsection 1 have effect from 19 December 1990. However, where subparagraph *d.2* of the second paragraph of section 1029.8.34 of the said Act applies before 1 December 2000, it shall be read as follows :

“(d.2) for the taxation year in which the main filming and taping of a property began, the amounts referred to in paragraph *a* or *b* of the definition of “labour expenditure” in the first paragraph are deemed to include the amounts that would be included in the labour expenditure of the corporation for the year in respect of the property if that paragraph *a* and the portion of that paragraph *b* before subparagraph i were read with the words “incurred in the year” replaced by “incurred, in a taxation year preceding the taxation year in which the main filming and taping of the property began,”;”.

(4) However, paragraph 9 of subsection 1 does not apply to a taxation year of a taxpayer in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act expired before 20 October 2000, except where, in relation to a taxation year, before 20 October 2000,

(1) a notice of objection was notified to the Minister of Revenue or an appeal was brought against a notice of assessment, where one of the matters of dispute pertains to the determination of the labour expenditure for the purpose of computing the amount that the taxpayer is deemed to have paid under Division II.6 of Chapter III.1 of Title III of Book IX of Part I of the said Act, or

(2) the taxpayer filed with the Minister of Revenue a waiver in the prescribed form pursuant to subparagraph ii of paragraph *b* of subsection 2 of section 1010 of the said Act.

(5) Subject to subsections 3 and 4 and Part I of the said Act, notwithstanding sections 1010 to 1011 of the said Act, the Minister of Revenue shall make, pursuant to the said Part I, a determination or redetermination of the amount deemed to have been paid by a taxpayer under Division II.6 of Chapter III.1 of

Title III of Book IX of that Part, and any assessment or reassessment of the interest and penalties of the taxpayer that are required to give effect to paragraphs 9 and 12 of subsection 1 and to subsection 3 or 4. 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 a determination or assessment.

(6) Paragraph 11 of subsection 1 has effect from 30 March 2001. In addition, where the portion of the sixth paragraph of section 1029.8.34 of the said Act before subparagraph *a*, replaced by paragraph 11, applies after 29 June 2000 and before 30 March 2001, it shall be read as follows :

“For the purposes of the definitions of “qualified expenditure for services rendered outside the Montréal area” and “expenditure for services rendered outside the Montréal area” in the first paragraph, the Montréal area means the territory consisting of one of the following administrative regions or portion 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:”.

(7) Paragraph 13 of subsection 1 applies in respect of property for which an application for an advance ruling or a certificate is filed with the Société de développement des entreprises culturelles after 30 November 2000.

**57.** (1) Section 1029.8.35 of the said Act, amended by section 106 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph,

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

“**1029.8.35.** A corporation that, for a taxation year, is a qualified corporation and encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and a copy of the favourable advance ruling in force or, as the case may be, of the unrevoked certificate given or issued by the Société de développement des entreprises culturelles in respect of a property that is a Québec film production and confirming, where applicable, that the conditions to be met for the property not to be subject to the production annual limit otherwise applicable or to be covered by the obligation to reinvest in French-language Québec films are complied with, is deemed, subject to the second paragraph and sections 1029.8.35.1 to 1029.8.35.3, where the application for an advance ruling has been filed or, in the absence of such an application, where the application for a certificate has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to the aggregate of” ;

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

“(a.1) where the qualified corporation 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,”;

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

“(b) where paragraph *b* of section 1029.8.35.2 applies in respect of the property and the qualified corporation encloses with its fiscal return for the year 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 computer-aided special effects and animation expenditure into the items in the production budget of the property relating to that amount, 11 2/3% of the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property.”

(2) Paragraph 1 of subsection 1 applies in respect of property for which an application for an advance ruling or a certificate is filed with the Société de développement des entreprises culturelles after 30 November 2000.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of property for which an application for an advance ruling or a certificate is filed with the Société de développement des entreprises culturelles after 29 June 2000.

**58.** (1) Section 1029.8.35.0.1 of the said Act, replaced by section 107 of chapter 51 of the statutes of 2001, is amended by replacing the first paragraph by the following :

“**1029.8.35.0.1.** Subject to sections 1010 to 1011 and for the purposes of paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in the first paragraph of section 1029.8.34 and subparagraph *a.1* of the first paragraph of section 1029.8.35, where the Société de développement des entreprises culturelles revokes a certificate issued by it to a corporation, the revoked certificate is null from the time the revocation becomes effective.”

(2) Subsection 1 applies in respect of a certificate issued in relation to property for which an application for an advance ruling or a certificate is filed with the Société de développement des entreprises culturelles after 29 June 2000.

**59.** (1) Section 1029.8.35.1 of the said Act, amended by section 108 of chapter 51 of the statutes of 2001, is again amended by replacing the first paragraph by the following :

**“1029.8.35.1.** The amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable for a taxation year under this Part in respect of a property, shall not exceed, where the main filming or taping of the property began after 25 March 1997, the amount by which, where the property is an episode or a broadcast that is part of a series, the amount obtained by dividing \$2,500,000 by the total number of episodes or broadcasts that are part of the series or, in any other case, \$2,500,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that section in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.2 in respect of the property for a preceding taxation year.”

(2) Subsection 1 has effect from 26 March 1997.

**60.** (1) Section 1029.8.36.0.0.1 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001 and by section 228 of chapter 51 of the statutes of 2001, is again amended by striking out paragraph *a* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies in respect of film dubbing expenditures incurred after 30 September 2000.

**61.** (1) Section 1029.8.36.0.0.4 of the said Act, amended by section 145 of chapter 7 of the statutes of 2001 and by section 111 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following :

“(b) the aggregate of

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

ii. the amount of any benefit or advantage that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, whether in the form of a

reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property or in any other form or manner, to the extent that that amount has not, pursuant to subparagraph ii of paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year;”;

(2) by replacing, in paragraph *a* of the definition of “labour expenditure” in the first paragraph, the words “final script” by the word “script”;

(3) by replacing, in subparagraph i of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, “by virtue of subparagraph *d* of the second paragraph” by “by virtue of subparagraph i of subparagraph *d* of the second paragraph”;

(4) by adding, after subparagraph ii of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, the following subparagraph:

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

(5) by replacing paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph by the following:

“(b) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid after 31 March 1998 for activities connected with computer-aided special effects and animation and carried on as part of the production of the property, and that may reasonably be considered as attributable to an item in the production budget of the property that the Société de développement des entreprises culturelles indicates on a document it encloses with the valid favourable advance ruling given to the corporation in relation to the property, exceeds the aggregate of

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

ii. the amount of any benefit or advantage attributable to that portion of the labour expenditure of the corporation, that the corporation has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for that year;" ;

(6) by replacing, in the definition of "eligible employee" in the first paragraph, the words "at the end of the calendar year preceding the calendar year during which the main filming and taping of the property began" by "at the end of the calendar year preceding the calendar year during which the employee renders, as part of the production of the property, services referred to in paragraph *a* of the definition of "labour expenditure" or in any of subparagraphs i, ii and iv of paragraph *b* of that definition", and by replacing, in the definition of "eligible individual" in the first paragraph, the words "at the end of the calendar year preceding the calendar year during which the main filming and taping of the property began" by "at the end of the calendar year preceding the calendar year during which the individual renders, as part of the production of the property, services referred to in paragraph *a* of the definition of "labour expenditure" or in any of subparagraphs i, ii and iv of paragraph *b* of that definition" ;

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

"(d) the amount of the labour expenditure of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the aggregate of

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

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

(8) by adding the following paragraph :

"For the purposes of subparagraph *b* of the second paragraph, remuneration based on the profits and revenues derived from the operation of a property that is a qualified production does not include remuneration that

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

(b) is incurred totally in connection with the stages of production of the property referred to in paragraph *a* of the definition of "labour expenditure" in the first paragraph ; and



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

(2) Paragraphs 1 to 5 and 7 of subsection 1 apply in respect of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 29 March 2001.

(3) Paragraph 6 of subsection 1 applies in respect of labour expenditures incurred after 29 March 2001.

(4) Paragraph 8 of subsection 1 applies to taxation years that end after 12 February 1998.

(5) Subject to Part I of the said Act, notwithstanding sections 1010 to 1011 of the said Act, the Minister of Revenue shall make, pursuant to the said Part I, a determination or redetermination of the amount deemed to have been paid by a corporation under Division II.6.0.0.2 of Chapter III.1 of Title III of Book IX of that Part, and any assessment or reassessment of the interest and penalties of the corporation that are required to give effect to paragraph 8 of subsection 1. 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 a determination or assessment.

**62.** (1) Section 1029.8.36.0.0.8 of the said Act, amended by section 114 of chapter 51 of the statutes of 2001, is again amended by replacing the third paragraph by the following :

“The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified sound recording shall not exceed the amount by which, where the property is co-produced by the corporation and one or more other qualified corporations, the amount obtained by applying to \$50,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the production of the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property or, in any other case, \$50,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.10 in respect of the property for a preceding taxation year.”

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

**63.** (1) Section 1029.8.36.0.0.10 of the said Act, amended by section 115 of chapter 51 of the statutes of 2001, is again amended

(1) by striking out, in the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a*, the words “nor any amount relating to a private performance of the property”;

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

“(b) remuneration, including a salary or wages, does not include remuneration by reference to the profits or revenues derived from the operation of a property, except such remuneration paid to a singer or a musician, or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;”;

(3) by replacing, in subparagraph *c* of the second paragraph, the words “the performances before an audience that occur” by the words “the performances that occur”;

(4) by striking out, in the portion of the third paragraph before subparagraph *a*, the words “nor the costs incurred in relation to a private performance of the property”.

(2) Subsection 1 applies in respect of labour expenditures incurred after 9 March 1999.

**64.** (1) Section 1029.8.36.0.0.11 of the said Act, amended by section 116 of chapter 51 of the statutes of 2001, is again amended by replacing the third paragraph by the following :

“The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified performance shall not exceed the amount by which, where the property is co-produced by the corporation and one or more other qualified corporations, the amount obtained by applying to \$300,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the production of the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property or, in any other case, \$300,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.14 in respect of the property for a preceding taxation year.”

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

**65.** (1) Section 1029.8.36.0.0.13 of the said Act, enacted by section 117 of chapter 51 of the statutes of 2001, is amended, in the first paragraph,

(1) by replacing the definition of “Québec author” by the following :

““Québec author” means an individual who is an author or an individual who is the editor of an eligible work or a work that is part of an eligible group of works written by a team of contributors, and who was resident in Québec at the end of the calendar year preceding the calendar year in which the publishing work began, or was resident in Québec for at least five consecutive years prior to the beginning of the publishing work ;” ;

(2) by replacing paragraph *b* of the definition of “labour expenditure attributable to preparation costs” by the following :

“(b) the non-refundable advances directly attributable to the preparation of the property, to the extent that the services for the eligible preparation work in respect of the property were rendered in Québec, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and that the corporation paid to a Québec author or a holder of the rights of a Québec author in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister, except such advances paid to a holder of the rights of a Québec author for the acquisition of rights on existing material ;”.

(2) Subsection 1 applies in respect of labour expenditures incurred after 29 March 2001.

**66.** (1) Section 1029.8.36.0.0.14 of the said Act, enacted by section 117 of chapter 51 of the statutes of 2001, is amended by replacing the third paragraph by the following :

“The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is an eligible work or a work that is part of an eligible group of works shall not exceed the amount by which, where the property is co-edited by the corporation and one or more other eligible corporations, the amount obtained by applying to \$500,000 the corporation’s share, expressed as a percentage, of the publishing costs in relation to the preparation and printing of the property that is specified in the advanced favourable ruling given or certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property or, in any other case, \$500,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.18 in respect of the property for a preceding taxation year.”

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

**67.** (1) Section 1029.8.36.0.3.16 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**68.** (1) Section 1029.8.36.0.3.18 of the said Act, amended by section 127 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph,

(1) by replacing paragraph *a* of the definition of “qualified labour expenditure” by the following:

“(a) the salaries and wages incurred by the corporation in the year and paid in respect of its employees of an establishment situated in Québec and that are attributable to eligible multimedia titles;”;

(2) by striking out the definition of “designated establishment”.

(2) Subsection 1 applies to taxation years that end after 9 May 1996.

**69.** (1) Section 1029.8.36.0.3.27 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**70.** (1) Section 1029.8.36.0.3.28 of the said Act, amended by section 131 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph, by replacing the portion of the definition of “qualified corporation” before paragraph *a* by the following:

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

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**71.** (1) Section 1029.8.36.0.3.37 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**72.** (1) Section 1029.8.36.0.3.38 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001 and by section 136 of chapter 51 of the statutes of 2001, is again amended by replacing the definition of “qualified corporation” in the first paragraph by the following:

““qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, but does not include a corporation that is exempt from tax for the year under Book VIII or a corporation that would be exempt from tax for the year under section 985, but for section 192;”.

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**73.** (1) Section 1029.8.36.0.3.45 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**74.** (1) The said Act is amended by inserting, after section 1029.8.36.0.3.45, the following :

**“DIVISION II.6.0.1.6**

**“CREDIT FOR CORPORATIONS ESTABLISHED IN E-COMMERCE PLACE**

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

**“1029.8.36.0.3.46.** In this division,

“associated employer” of a particular corporation at the end of a calendar year means an employer who has an establishment in Québec and at that time is a corporation with which the particular corporation is associated ;

“base calendar year” of a corporation means the calendar year preceding the calendar year that includes the date of the beginning of the operations of the corporation ;

“date of the beginning of the operations” of a corporation means the effective date specified in the first valid qualification certificate issued to the corporation for a taxation year by the Minister of Finance for the purposes of this division ;

“eligible activity” of a corporation for a taxation year means an activity that the corporation carries on in the year and in respect of which the Minister of Finance issues to the corporation, for the year and for the purposes of this division, a certificate certifying that the activity is in connection with the development and supplying of products and services relating to e-business or with the operation of e-business solutions ;

“eligible employee” of a corporation for all or part of a taxation year means an individual in respect of whom a qualification certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division, certifying that the individual is an eligible employee for all or that part of the year ;

“modified rate” for a particular year of operation of a corporation means the rate determined under section 1029.8.36.0.3.50 for the particular year of operation of the corporation that is subsequent to its fifth year of operation ;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec and that is not a tax exempt corporation for the year under Book VIII or a corporation that would be exempt from tax for the year under section 985, but for section 192 ;

“qualified wages” incurred by a qualified corporation in a taxation year in respect of one of its eligible employees for all or part of the taxation year means the lesser of

(a) the amount determined for the year pursuant to section 1029.8.36.0.3.47 in relation to the eligible employee ; and

(b) the amount by which the amount of the wages incurred by the qualified corporation, after 11 May 2000 and before 1 January 2011, in the year in respect of the employee while the employee qualified as an eligible employee of the qualified corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on of an eligible activity by the eligible employee in the year, exceeds the aggregate of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation’s filing-due date for the taxation year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to work carried out by the eligible employee in connection with the carrying on of the eligible activity of the qualified corporation for the taxation year that a person or partnership has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation’s filing-due date for that taxation year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner ;

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

“year of operation” that is a particular year of operation of a corporation means the period that begins on the date of the beginning of the operations of the corporation and that ends on the day that is one year after the day immediately preceding that date, or the period that begins on a particular day that occurs at each successive one-year interval after the date of the beginning of the operations of the corporation and that ends on the day that is one year after the day immediately preceding that particular day.

For the purposes of the definition of “date of the beginning of the operations” in the first paragraph, where two or more qualified corporations are associated with each other at the end of a calendar year, the date of the beginning of the operations of each of those qualified corporations is deemed to be the date that is the earliest of their respective dates of the beginning of the operations.

For the purposes of the definition of “associated employer” in the first paragraph, the following rules apply:

(a) where an employer is an individual, other than a trust, the individual is deemed to be a corporation, all of the voting shares in the capital stock of which are owned at the end of a calendar year by the individual;

(b) where an employer is a partnership, the partnership is deemed to be a corporation, the taxation year of which covers the same period as its fiscal period and all of the voting shares in the capital stock of which are owned at the end of a calendar year by each member of the partnership in a proportion equal to the proportion that

i. the member’s share of the income or loss of the partnership for the last fiscal period of the partnership that ends at or before that time, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000, is of

ii. the income or loss of the partnership for its fiscal period that ends at or before that time, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000; and

(c) where an employer is a trust, the trust is deemed to be a corporation all of the voting shares in the capital stock of which

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

(1) where any such beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, 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.

**“1029.8.36.0.3.47.** The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46 refers, for a taxation year of a qualified corporation, in relation to an eligible employee means an amount equal,

(*a*) where the taxation year of the qualified corporation begins before 12 May 2000 and ends before 1 January 2001, to the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year following 11 May 2000 during which the employee qualifies as an eligible employee is of 365 ;

(*b*) where the taxation year of the qualified corporation begins after 11 May 2000 and ends before 1 January 2001, to the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365 ;

(*c*) where the taxation year of the qualified corporation begins before 12 May 2000 and ends after 31 December 2000, to the aggregate of

i. the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year after 11 May 2000 and preceding 1 January 2001 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$35,714.29 by the proportion that the number of days in the taxation year after 31 December 2000 during which the employee qualifies as an eligible employee is of 365 ;

(*d*) where the taxation year of the qualified corporation begins after 11 May 2000 and ends after 31 December 2000, to the aggregate of

i. the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year before 1 January 2001 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$35,714.29 by the proportion that the number of days in the taxation year after 31 December 2000 during which the employee qualifies as an eligible employee is of 365 ;



(e) where the taxation year of the qualified corporation includes 31 December 2010, to the amount obtained by multiplying \$35,714.29 by the proportion that the number of days in the taxation year before 1 January 2011 during which the employee qualifies as an eligible employee is of 365 ; and

(f) in any other case, to the amount obtained by multiplying \$35,714.29 by the proportion that the number of days in the taxation year of the qualified corporation during which the employee qualifies as an eligible employee is of 365.

“§2. — *Credit*

**“1029.8.36.0.3.48.** A corporation that holds, for a taxation year, a valid qualification certificate issued by the Minister of Finance for the purposes of this division and that encloses with its fiscal return it is required to file for the year under section 1000 a copy of the qualification certificate as well as the documents referred to in the third paragraph is deemed, subject to the second paragraph and to section 1029.8.36.0.3.49, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to 35% of the qualified wages incurred by the corporation in the year in respect of one of its eligible employees for all or part of that year.

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 the latter sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment.

The documents to which the first paragraph refers are the following :

(a) the prescribed form containing the prescribed information ; and

(b) a copy of the valid qualification certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible employee for the purposes of this division.

Notwithstanding the first paragraph, no corporation may be deemed to have paid the amount determined under that paragraph to the Minister, on account of its tax payable for a taxation year under this Part, where it elects irrevocably, in the manner and within the time specified in the fifth paragraph, to avail itself for the year of the provisions of the first paragraph of section 34.0.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5)

in respect of the aggregate of all amounts each of which is an amount that the corporation would, but for this paragraph and the second paragraph of section 1029.8.36.0.3.57, be deemed to have paid to the Minister for the year under this division.

A corporation makes the election to which the fourth paragraph refers for a taxation year by filing with the Minister, for the first time and on or before the day that is 12 months after the corporation's filing-due date for the year, the prescribed form containing the prescribed information referred to in subparagraph *a* of the third paragraph.

Where a taxation year of a corporation is, in whole or in part, within a particular period that is between 11 May 2000 and 1 January 2001, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under the first paragraph, in relation to qualified wages incurred in that taxation year in respect of an eligible employee, the following rules apply :

(*a*) where the amount determined under paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.46 is the qualified wages for that taxation year, the rate of 35% referred to in the first paragraph shall be replaced by a rate of 25% applicable in respect of the portion of the qualified wages that may reasonably be considered to be attributable to the wages incurred by the corporation in respect of the eligible employee, while the employee qualified as an eligible employee for the portion of the year within the particular period ;

(*b*) where the amount determined under paragraph *a* or *b* of section 1029.8.36.0.3.47 is, by virtue of paragraph *a* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.46, the qualified wages for that taxation year, the rate of 35% referred to in the first paragraph shall be replaced by a rate of 25% applicable in respect of the qualified wages ; and

(*c*) where the amount determined under paragraph *c* or *d* of section 1029.8.36.0.3.47 is, by virtue of paragraph *a* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.46, the qualified wages for that taxation year, the first paragraph shall be read with "35% of the qualified wages incurred by the corporation in the year in respect of one of its eligible employees" replaced by "the aggregate of 25% of the amount determined under subparagraph i of paragraph *c* or *d* of section 1029.8.36.0.3.47 and 35% of the amount determined under subparagraph ii of paragraph *c* or *d* of that section, in respect of the qualified wages incurred by the corporation in the year in respect of one of its eligible employees".

“§3. — *Modified rate*

“**1029.8.36.0.3.49.** For the purpose of determining the amount that a corporation is deemed to have paid to the Minister pursuant to section 1029.8.36.0.3.48, or would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and

fifth paragraphs thereof, in relation to qualified wages incurred by the corporation, in respect of one of its eligible employees, in a taxation year included in whole or in part in a particular year of operation of the corporation that is subsequent to its fifth year of operation, the following rules apply :

(a) the rate of 35% mentioned in the first paragraph of section 1029.8.36.0.3.48 shall be replaced by the modified rate for the particular year of operation of the corporation that is subsequent to its fifth year of operation and that begins in the taxation year or in the preceding taxation year; and

(b) the modified rate for the particular year of operation of the corporation that is subsequent to its fifth year of operation and that begins in the taxation year or the preceding taxation year shall be applied in respect of the portion of the qualified wages that may reasonably be considered as attributable to the qualified wages incurred by the corporation in respect of the eligible employee in the part of the taxation year that is included in the particular year of operation of the corporation.

**“1029.8.36.0.3.50.** The rate to which the definition of “modified rate” in the first paragraph of section 1029.8.36.0.3.46 refers for a particular year of operation of a corporation that is subsequent to its fifth year of operation is equal to the rate, not exceeding 35%, determined by the formula

$$[2 \times (A - B) / C] \times 35\%.$$

In the formula provided for in the first paragraph,

(a) A is the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation have paid in that calendar year to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec;

(b) B is the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation have paid in the base calendar year of the corporation to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec; and

(c) C is the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation have paid in respect of an eligible employee of the corporation, while the employee qualified as an eligible employee, in that calendar year, without exceeding \$35,714.29.

For the purposes of subparagraphs *a* and *b* of the second paragraph, the following rules apply:

(*a*) where, during a period within a calendar year, an employee reports for work at an establishment of the employer situated in Québec and at an establishment of the employer situated outside Québec, the employee is, for that period, deemed

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

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

(*b*) where, during a period within a calendar year, an employee is not required to report for work at an establishment of the employer and the employee's wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of subparagraph *b* of the second paragraph, where the date of the beginning of the operations of a corporation is in the calendar year 2000, the amount determined under that subparagraph is deemed to be equal to the amount obtained by multiplying by 400% the amount equal to the amount by which the aggregate of all amounts each of which is the wages that the corporation and an associated employer of the corporation at the end of the calendar year that ended immediately before the date of the beginning of the particular year of operation of the corporation paid in the first three months of the calendar year 2000 to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec, exceeds the amount equal to the amount obtained by multiplying by 75% the aggregate of all amounts each of which is an amount paid by the corporation and the associated employer of the corporation in the first three months of the calendar year 2000 as a bonus and that is included in the wages.

**“1029.8.36.0.3.51.** For the purposes of this division, subject to the fourth paragraph of section 1029.8.36.0.3.50, where the number of days in the base calendar year of a corporation in which the corporation and an associated employer of the corporation at the end of a calendar year that ended immediately before the date of the beginning of a particular year of operation of the corporation have carried on a business in Québec, in this section referred to as the “number of qualifying days” of the corporation or the associated employer, is less than 365, the aggregate of all amounts each of which is the wages paid by the corporation or the associated employer in that base calendar year to an employee who reports for work at an establishment of the corporation or the associated employer situated in Québec in the course of the business carried on by the corporation or the associated employer, is deemed to be equal to the proportion of that aggregate that 365 is of the number of qualifying days of the corporation or the associated employer, in relation to the business.

**“1029.8.36.0.3.52.** Where a person or a partnership becomes an associated employer of a corporation at any time in a calendar year that ends in one of the first four years of operation of the corporation, the aggregate of all amounts referred to in subparagraph *b* of the second paragraph of section 1029.8.36.0.3.50, each of which is the wages paid in the base calendar year of the corporation by the associated employer of the corporation to an employee who reports for work at an establishment of the associated employer situated in Québec is, notwithstanding the third paragraph of section 1029.8.36.0.3.50 and section 1029.8.36.0.3.51, deemed to be zero.

For the purposes of the first paragraph, a reference to a calendar year ending in a particular year of operation includes a reference to a calendar year ending coincidentally with that of the particular year of operation.

**“1029.8.36.0.3.53.** For the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the modified rate for a particular year of operation of a corporation that is subsequent to its fifth year of operation, where a corporation, in this section referred to as the “new corporation”, is the result of the amalgamation, within the meaning of section 544, of several corporations, in this section each referred to as a “predecessor corporation”, the new corporation is deemed, subject to the second paragraph, to have paid in the base calendar year of the corporation and the part of the calendar year preceding the amalgamation, the aggregate of all amounts each of which is the wages paid by a predecessor corporation in the base calendar year and the part of the calendar year preceding the amalgamation to an employee who reports for work at an establishment of the predecessor corporation situated in Québec.

For the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the modified rate for a particular year of operation of a new corporation that is subsequent to its fifth year of operation, where an amalgamation, within the meaning of section 544, occurs at any time in a calendar year that ends in one of the first four years of operation of a predecessor corporation, where the new corporation is the result of the amalgamation of the predecessor corporation and another corporation, other than a corporation that is an associated employer of the predecessor corporation at the end of the base calendar year of the predecessor corporation that, at any time in the 12-month period preceding the amalgamation or, where the other corporation began to exist at any time in the 12-month period preceding the amalgamation, at any time in the period that begins at the time when that other corporation begins to exist and that ends at the time of the amalgamation, did not hold a valid qualification certificate for the purposes of this division, the new corporation is deemed to have paid in its base calendar year, the aggregate of all amounts each of which is the wages paid by the predecessor corporation in the base calendar year to an employee who reports for work at the establishment of the predecessor corporation situated in Québec.

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

For the purposes of the second paragraph, a reference to a calendar year that ends in a year of operation includes the reference to a calendar year ending coincidentally with that of the year of operation.

**“1029.8.36.0.3.54.** For the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the modified rate for a particular year of operation of a corporation that is subsequent to its fifth year of operation, where the rules set out in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary within the meaning of section 556, the parent corporation is deemed to have paid, in its base calendar year and the part of the calendar year preceding its winding-up, the aggregate of all amounts each of which is the wages paid by the subsidiary, in the base calendar year and the part of the calendar year preceding the winding-up, to an employee who reports for work at an establishment of the subsidiary situated in Québec.

**“1029.8.36.0.3.55.** Subject to sections 1029.8.36.0.3.53 and 1029.8.36.0.3.54, for the purposes of section 1029.8.36.0.3.50 and for the purpose of determining the modified rate for a particular year of operation of a corporation that is subsequent to its fifth year of operation, 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 whole or in part, 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 pursued in the course of carrying on such a business, the following rules apply, subject to the third, fourth, fifth and sixth paragraphs :

(a) the aggregate of all amounts each of which is the wages paid by the vendor in the vendor’s base calendar year to an employee who reports for work at an establishment of the employer situated in Québec in relation to the particular business is deemed to be equal, at any time after the particular time, to the amount by which that aggregate otherwise determined exceeds the amount determined by the formula

$$A \times B \times C ;$$

(b) the purchaser is deemed

i. to have paid to an employee who reports for work at an establishment of the employer situated in Québec, in a period within the particular calendar year, an amount equal to the proportion of the aggregate of all amounts each of which is the wages paid by the vendor to such an employee, to the extent that the employee may reasonably be considered to have been assigned to the carrying on of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried on those activities, and

ii. to have paid in respect of the aggregate of all amounts each of which is the wages paid in the purchaser's base calendar year to an employee who reported for work at an establishment of the employer situated in Québec in relation to the particular business, an amount equal to the aggregate of

(1) the aggregate of all amounts each of which is the wages paid by the purchaser in the purchaser's base calendar year, otherwise determined, to an employee who reported for work at an establishment of the employer situated in Québec in relation to the particular business,

(2) an amount equal to the proportion of the aggregate of all amounts each of which is the wages paid by the vendor to an employee in the part of the particular calendar year preceding the particular time, to the extent that the wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried on those activities, and

(3) the aggregate of all amounts each of which is the wages paid by the purchaser to an employee, in the part of the calendar year following the particular time, to the extent that the wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time.

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

(*a*) *A* is the aggregate of all amounts each of which is the wages paid by the vendor in the vendor's base calendar year to an employee who reports for work at an establishment of the employer situated in Québec in relation to the particular business;

(*b*) *B* is the proportion that the number of the vendor's employees referred to in subparagraph *a* who are assigned to the part of the activities that diminished or ceased at the particular time is of the number of the vendor's employees referred to in subparagraph *a* immediately before the particular time; and

(*c*) *C* is the proportion that the number of days in the particular calendar year following the particular time is of 365.

Where a person or a partnership is, at any time in a calendar year, a purchaser in relation to activities carried on by a person or partnership and, at a subsequent time in the same calendar year, that person or partnership is a vendor in relation to all of those activities, this section does not apply to the person or partnership either as vendor or as purchaser in respect of the activities and, for the purposes of section 1029.8.36.0.3.50, the person or partnership is deemed to have paid, from that time to the subsequent time, no portion of the wages that may reasonably be considered to relate to the employees of the person or partnership assigned to the carrying on of the activities that ceased after the subsequent time.

For the purposes of this section, 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, that person or partnership is a vendor in relation to part of those activities, the following rules apply :

(a) in applying this section to the person or partnership, the person or partnership is deemed to be a purchaser, at the particular time, only in relation to that part of activities ;

(b) for the purposes of section 1029.8.36.0.3.50 and subparagraph 3 of subparagraph ii of subparagraph *b* of the first paragraph, in respect of the purchaser in relation to that part of activities, the person or partnership is deemed to have paid to the employees of the person or partnership only the portion of the wages that may reasonably be considered to have been paid to the employees of the person or partnership assigned to the part of the activities that the corporation continues to carry on after that time ; and

(c) for the purposes of subparagraph i of subparagraph *b* of the first paragraph and of subparagraph 2 of subparagraph ii of that subparagraph *b*, in respect of the purchaser in relation to that part of activities, the other person or partnership is deemed to be a vendor only in relation to that part of activities.

Where a particular person or partnership is, at any time in a calendar year, a purchaser in relation to certain activities carried on by a person or partnership and that person or partnership was at an earlier time in the calendar year, a purchaser in relation to those activities carried on by another person or partnership, in applying this section to the particular person or partnership, subparagraph i of subparagraph *b* of the first paragraph and subparagraph 2 of subparagraph ii of that subparagraph *b* shall be read as if the reference therein to “vendor” were a reference to all the persons or partnerships that were, in the calendar year and before that time, vendors in respect of the activities.

Where, at a particular time in a particular calendar year that ends in one of the first four years of operation of a corporation, the corporation or, as the case may be, an associated employer of the corporation at the end of a calendar year is a purchaser in relation to activities carried on by a person or partnership, this section does not apply to the corporation or the associated employer of the corporation, as purchaser, or to the person or partnership, as vendor, in respect of the activities and, for the purposes of section 1029.8.36.0.3.50, the corporation or, as the case may be, the associated employer of the corporation at the end of the calendar year is deemed to have paid, in the base calendar year, no portion of the wages that may reasonably be considered to relate to the employees of the person or partnership assigned to the carrying on of the activities.

For the purposes of the sixth paragraph, a reference to a calendar year ending in a year of operation includes a reference to a calendar year ending coincidentally with that of the year of operation.



**“1029.8.36.0.3.56.** Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued to a corporation for a taxation year, the following rules apply :

(a) a replaced certificate is null from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time for that taxation year; and

(b) a revoked certificate is null from the time the revocation becomes effective.

A 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.

“§4. — *Government assistance, non-government assistance and other particulars*

**“1029.8.36.0.3.57.** 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 in a particular taxation year by the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 for the particular taxation year, or would be deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 for that particular year if that section were read without reference to the fourth and fifth paragraphs thereof, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance due-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year in respect of the qualified wages under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof and if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.48 for the particular year in respect of the qualified wages, or would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 for the particular year in respect of the qualified wages, if that section were read without reference to the fourth and fifth paragraphs thereof; and

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

Notwithstanding the first paragraph, no corporation may be deemed to have paid the amount determined under that paragraph to the Minister, on account of its tax payable for the repayment year under this Part, where it elects irrevocably, in the manner and within the time specified in the third paragraph, to avail itself for the year of the provisions of the first paragraph of section 34.0.0.0.4 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) in respect of the aggregate of all amounts each of which is an amount that the corporation would, but for this paragraph and the fourth paragraph of section 1029.8.36.0.3.48, be deemed to have paid to the Minister for the year under this division.

A corporation makes the election to which the second paragraph refers for the repayment year by filing with the Minister, for the first time and on or before the day that is 12 months after the corporation's filing-due date for the year, the prescribed form containing the prescribed information referred to in the first paragraph.

**“1029.8.36.0.3.58.** For the purposes of the first paragraph of section 1029.8.36.0.3.57, an amount of assistance is deemed to be repaid by a corporation in a taxation year pursuant to a legal obligation where that amount

(a) reduced, because of subparagraph i of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.46, the amount of the wages referred to in that paragraph b, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48, or would be deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof;

(b) was not received by the corporation; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.

**“1029.8.36.0.3.59.** Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause the rate mentioned in the first paragraph of section 1029.8.36.0.3.48 that is applicable to the first five years of operation of a corporation not to be, for the sixth year of operation of the corporation, replaced by a lower rate, pursuant to sections 1029.8.36.0.3.49 and 1029.8.36.0.3.50, or to cause the modified rate for a particular year of operation of the corporation that is subsequent to its sixth year of operation to be maintained or increased in relation to the rate applicable to the preceding year of operation, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.”

(2) Subsection 1 applies in respect of wages incurred after 11 May 2000. However,

(1) where section 1029.8.36.0.3.46 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

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;”;

(2) where section 1029.8.36.0.3.48 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 to the fourth and fifth paragraphs thereof;

(3) where section 1029.8.36.0.3.49 of the said Act applies in respect of wages incurred in a taxation year that ends before 20 March 2002, the portion of that section before paragraph *a* shall be read without reference to “or would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof;”;

(4) where section 1029.8.36.0.3.57 of the said Act applies in respect of an amount repaid in a taxation year that ends before 20 March 2002, it shall be read

(a) without reference, in the portion before subparagraph *a* of the first paragraph, to “or would be deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 for that particular year if that section were read without reference to the fourth and fifth paragraphs thereof;” and to “if it were read without reference to the fourth and fifth paragraphs thereof and”;

(b) without reference, in subparagraph *a* of the first paragraph, to “, or would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 for the particular year in respect of the qualified wages, if that section were read without reference to the fourth and fifth paragraphs thereof”;

(c) with the words “this paragraph” in subparagraph *b* of the first paragraph replaced by “this section”;

(d) without reference to the second and third paragraphs ;

(5) where section 1029.8.36.0.3.58 of the said Act applies in respect of a taxation year that ends before 20 March 2002, it shall be read with “For the purposes of the first paragraph of section 1029.8.36.0.3.57” in the portion before paragraph *a* replaced by “For the purposes of section 1029.8.36.0.3.57” and without reference to “, or would be deemed to have paid an amount to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof” in paragraph *a*.”

**75.** (1) Section 1029.8.36.0.16 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**76.** (1) Section 1029.8.36.0.17 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, by section 147 of chapter 51 of the statutes of 2001 and by section 260 of chapter 53 of the statutes of 2001, is again amended, in the first paragraph, by replacing the portion of the definition of “specified corporation” before paragraph *a* by the following :

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

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**77.** (1) Section 1029.8.36.0.37 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**78.** (1) The said Act is amended by inserting, after section 1029.8.36.0.37, the following :

**“DIVISION II.6.0.3.1**

**“CREDITS FOR CORPORATIONS ESTABLISHED IN THE CENTRE DE DÉVELOPPEMENT DES BIOTECHNOLOGIES DE LAVAL**

“§1. — *Interpretation and general*

**“1029.8.36.0.37.1.** In this division,

“acquisition costs” incurred by a corporation in respect of qualified property means the aggregate of the costs incurred by the corporation to acquire the property and that are included in the capital cost of the property ;

“Centre de développement des biotechnologies de Laval” has the meaning assigned by the first paragraph of section 771.1 ;

“contract payment” means an amount payable under a contract by the Government of Canada or of a province, by a municipality or other public authority in Canada or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to the acquisition or lease of qualified property, to the lease of an eligible facility, or to the payment of qualified wages by a corporation up to the amount incurred in respect of that property, that facility or those wages by that corporation ;

“eligibility period” of a corporation means the period that begins at the later of the time the corporation’s first taxation year begins and 30 March 2001 and ends, as the case may be,

(a) for the purpose of determining the amount of qualified wages paid by a corporation in a taxation year, where the corporation’s first taxation year begins before 1 January 2008, 31 December 2010 ;

(b) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.37.8 in relation to rental expenses paid in respect of qualified property, or under section 1029.8.36.0.37.9, the last day of the period of five years that begins at that time or on that date, as the case may be ; and

(c) in any other case, the last day of the period of three years that begins at that time or on that date, as the case may be ;

“eligible employee” of a corporation for part or all of a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the individual is an eligible employee for part or all of the year ;

“eligible facility” of a person means a facility in respect of which a certificate is issued to the person by Investissement Québec for the purposes of this division, certifying that

(a) the facility is a specialized facility of the Institut national de la recherche scientifique that is used in respect of biotechnologies ; or

(b) the facility is set up by the person in the building housing the Centre de développement des biotechnologies de Laval and comprises, exclusively or almost exclusively, property each of which

i. constitutes a specialized property that is used in respect of biotechnologies,

ii. before being set up in the building housing the Centre de développement des biotechnologies de Laval, was not used for any purpose whatever or acquired for use for a purpose other than lease, and

iii. is to be leased, on an ad hoc basis, to more than one person ;

“eligible rental expenses” incurred by a corporation in respect of an eligible facility means the aggregate of all expenses incurred by the corporation for the lease of the facility, including expenses attributable to property that is necessary to the use of the facility and that is consumed in connection with that use, excluding expenses attributable to a person’s wages or compensation for services rendered in connection with that use ;

“exempt corporation” for a taxation year means a corporation referred to in subparagraph iii of paragraph *a* of section 771.12 that, as the case may be,

(a) for the purposes of sections 1029.8.36.0.37.3 and 1029.8.36.0.37.5, would be an exempt corporation for the year within the meaning of sections 771.12 and 771.13 if section 771.12 were read without reference to paragraph *d* thereof ; and

(b) in any other case, is an exempt corporation for the year within the meaning of sections 771.12 and 771.13 ;

“qualified property” of a corporation means depreciable property that the corporation acquires or property that is leased by the corporation, and

(a) that, before being acquired or leased by the corporation, was not used for any purpose whatever or acquired for use for a purpose other than lease to an exempt corporation ;

(b) where the property is leased by the corporation, the lease began during one of the first three years of the eligibility period of the corporation that applies for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.37.8 in relation to rental expenses paid in respect of the qualified property ;

(c) that the corporation begins to use within a reasonable time after its acquisition or lease ;

(d) that the corporation uses principally in the building housing the Centre de développement des biotechnologies de Laval and, exclusively or almost exclusively, to earn income from a business it carries on in that building; and

(e) in respect of which Investissement Québec has issued a certificate for the purposes of this division;

“qualified wages” paid in a taxation year by a corporation to an eligible employee means the lesser of

(a) the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365; and

(b) the aggregate of all amounts each of which is the amount by which the wages paid by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation and that may reasonably be considered as having been paid by the corporation in the course of the carrying on of a business in the building housing the Centre de développement des biotechnologies de Laval, exceeds the amount of any contract payment, government assistance and non-government assistance, attributable to such wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year;

“rental expenses” paid by a corporation in respect of qualified property means the aggregate of the expenses paid by the corporation for the lease of the property to the extent that they are deductible in computing the income of the corporation under this Part;

“specified activity” of a corporation for a taxation year means an activity that the corporation carries on in the year and in respect of which a certificate certifying that the activity is in connection with biotechnologies is issued to the corporation for the year by Investissement Québec for the purposes of this division;

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

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

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

“specified employee” of a corporation for part or all of a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by Investissement Québec for the purposes of this division, certifying that the individual is a specified employee for part or all of the year;

“specified wages” incurred by a specified corporation in a taxation year in respect of a specified employee means the lesser of

(a) the proportion of the amount established for the year under section 1029.8.36.0.37.2 in relation to the specified employee that the working time spent by that employee on the carrying on of a specified activity of the corporation in the year is of the aggregate of the specified employee’s working time for the year as a specified employee of the corporation; and

(b) the amount by which the amount of the wages incurred by the corporation after 29 March 2001 and before 1 January 2011 and in the year in respect of the employee, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on in the year of a specified activity in view of the time spent thereon by the employee, exceeds the aggregate of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for the taxation year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to work carried on by the specified employee in connection with the carrying on of the specified activity of the corporation for the year, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the corporation’s filing-due date for that taxation year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner;

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

For the purposes of paragraph *a* of the definition of “qualified property” in the first paragraph, where a corporation acquires depreciable property from a person, the property acquired by the corporation is deemed not to have been used for any purpose whatever before its acquisition by the corporation nor to have been acquired, before that acquisition, for use for a purpose other than lease to an exempt corporation, if the corporation continues the carrying on of a project of the person and

(a) the person acquired the property after 29 March 2001;

(b) the property was not used, or acquired for use or lease, for any purpose whatever before being acquired by the person; and

(c) the person used the property only in connection with the project the carrying on of which is continued by the corporation.



For the purposes of paragraph *d* of the definition of “qualified property” in the first paragraph, where, at any time after 29 March 2001, a corporation has acquired or leased property that is used by the corporation in the course of carrying on a business and that would be qualified property of the corporation if the definition of “qualified property” were read without reference to paragraph *d* thereof, the corporation is deemed to use the property principally in the building housing the Centre de développement des biotechnologies de Laval and, exclusively or almost exclusively, to earn income from a business it carries on in that building, throughout the period that begins at that time and that ends on the day Investissement Québec issues a certificate referred to in paragraph *a* of section 771.12 to the corporation.

For the purposes of the definition of “specified wages” in the first paragraph, a specified employee who spends 90% or more of the specified employee’s working time on a specified activity is deemed to spend all of the specified employee’s working time thereon.

**“1029.8.36.0.37.2.** The amount to which paragraph *a* of the definition of “specified wages” in the first paragraph of section 1029.8.36.0.37.1 refers, for a taxation year of a corporation, in relation to a specified employee is equal,

(*a*) where the taxation year of the corporation includes 31 December 2010, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year before 1 January 2011 during which the employee qualifies as a specified employee is of 365; and

(*b*) in any other case, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year during which the employee qualifies as a specified employee is of 365.

“§2. — *Credits*

**“1029.8.36.0.37.3.** A corporation that is an exempt corporation for a taxation year and that encloses the documents referred to in the second paragraph with its fiscal return it is required to file for the year under section 1000 is deemed to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which 40% of the qualified wages paid by the corporation in the year to an eligible employee exceeds the amount determined for the year under section 1029.8.36.0.37.6 in relation to the qualified wages.

The documents to which the first paragraph refers are the following :

(*a*) the prescribed form containing the prescribed information; and

(*b*) a copy of the unrevoked certificate issued by Investissement Québec to the corporation for the year in respect of the eligible employee for the purposes of this division.

**“1029.8.36.0.37.4.** Where a corporation is an exempt corporation for a taxation year and where that taxation year is the first year during which the corporation so qualifies, that corporation, if it encloses the documents referred to in the second paragraph with its fiscal return it is required to file for the year under section 1000, is deemed to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the aggregate of all amounts each of which is the amount by which 40% of the qualified wages paid by the corporation in a preceding taxation year to an eligible employee exceeds the amount determined under section 1029.8.36.0.37.6 in relation to the qualified wages.

The documents to which the first paragraph refers are the following :

(a) the prescribed form containing the prescribed information ; and

(b) a copy of the unrevoked certificate issued by Investissement Québec to the corporation in respect of the eligible employee for a preceding taxation year and for the purposes of this division.

**“1029.8.36.0.37.5.** A corporation that, for a taxation year during which it is not an exempt corporation, obtains a certificate issued to it by Investissement Québec for the purposes of this division, certifying that the corporation carries on or may carry on for the year a business in the building housing the Centre de développement des biotechnologies de Laval, and that encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the unrevoked certificate as well as the documents referred to in the third paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount by which 40% of the specified wages incurred by the corporation in the year in respect of a specified employee exceeds the amount determined for the year under section 1029.8.36.0.37.7 in relation to the specified wages.

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

The documents to which the first paragraph refers are the following :

(a) the prescribed form containing the prescribed information ;

(b) a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec in respect of the specified activity for the purposes of this division; and

(c) a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec in respect of the specified employee for the purposes of this division.

**“1029.8.36.0.37.6.** The amount to which the first paragraph of section 1029.8.36.0.37.3 and of section 1029.8.36.0.37.4 refers in relation to qualified wages paid in a taxation year by a corporation to an eligible employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount determined pursuant to the second paragraph in respect of the wages:

(a) 40% of the qualified wages paid by the corporation in the year to the eligible employee; and

(b) the aggregate of all amounts each of which is an amount of government assistance relating to the wages paid by the corporation in the year to the employee while the employee qualified as an eligible employee of the corporation, or an amount that would be such an amount of government assistance if any of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were not taken into account, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that taxation year.

The amount to which the first paragraph refers in relation to qualified wages paid in a taxation year by a corporation to an eligible employee is equal to the lesser of

(a) 60% of the amount paid as wages by the corporation in the year to the employee while the employee qualified as an eligible employee of the corporation; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee of the corporation is of 365.

**“1029.8.36.0.37.7.** The amount to which the first paragraph of section 1029.8.36.0.37.5 refers in relation to specified wages incurred in a taxation year by a corporation in respect of a specified employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount determined pursuant to the second paragraph in respect of the wages:

(a) 40% of the specified wages incurred by the corporation in the year in respect of the specified employee; and

(b) the aggregate of all amounts each of which is an amount of government assistance relating to the wages incurred by the corporation in the year in respect of the employee while the employee qualified as a specified employee of the corporation, or an amount that would be such an amount of government assistance if any of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were not taken into account, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year.

The amount to which the first paragraph refers in relation to specified wages incurred in a taxation year by a corporation in respect of a specified employee is equal to the lesser of

(a) 60% of the amount of the wages incurred by the corporation after 29 March 2001 and before 1 January 2011 and in the year in respect of the employee, while the employee qualified as a specified employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying on in the year by the specified employee of a specified activity in view of the time spent thereon by the specified employee; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year during which the employee qualifies as a specified employee of the corporation is of 365.

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

**“1029.8.36.0.37.8.** A corporation that is an exempt corporation for a taxation year is deemed to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the acquisition costs incurred by the corporation in the year or a preceding taxation year in respect of the acquisition of qualified property during the year or a preceding taxation year and during its eligibility period, or of the rental expenses paid by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of qualified property of the corporation, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section in respect of the qualified property for a preceding taxation year, if the corporation encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the unrevoked certificate issued to it by Investissement Québec in respect of the qualified property for the purposes of this division.

**“1029.8.36.0.37.9.** A corporation that is an exempt corporation for a taxation year is deemed to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the eligible rental expenses incurred by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of an eligible facility of a person, to the extent that those expenses are paid, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section in respect of the eligible facility for a preceding taxation year, if the corporation encloses, with its fiscal return it is required to file for the year under section 1000, the following documents :

- (a) the prescribed form containing the prescribed information ;
- (b) a copy of the unrevoked certificate issued to the person by Investissement Québec in respect of the eligible facility for the purposes of this division ; and
- (c) a copy of the last lease rate schedule for the eligible facility that the person submitted to Investissement Québec.

**“1029.8.36.0.37.10.** Subject to sections 1010 to 1011 and for the purposes of this division, where Investissement Québec replaces or revokes a certificate issued by Investissement Québec to a corporation for a taxation year, the following rules apply :

- (a) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time for that taxation year ; and
- (b) the revoked certificate is null from the time the revocation becomes effective.

The revoked certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.

**“1029.8.36.0.37.11.** Notwithstanding any other provision of this chapter, a corporation that is an exempt corporation for a taxation year shall not be deemed to have paid an amount to the Minister for the year under a provision of this chapter, other than a provision of this division or any of Divisions II, II.1 and II.3.1, where that year is in whole or in part within its eligibility period.

In addition, the corporation shall not be deemed to have paid an amount to the Minister for a taxation year that is in whole or in part within its eligibility period, in respect of a particular amount, under

- (a) a provision of Division II, if the particular amount is included in the wages taken into account in computing the qualified wages that the corporation paid to an eligible employee in the year and in respect of which an amount is

deemed to have been paid by the corporation, for the year, under section 1029.8.36.0.37.3; or

(b) section 1029.8.36.0.37.4, if the particular amount is the qualified wages that the corporation paid to an eligible employee in a preceding taxation year and an amount is deemed to have been paid by the corporation, for that preceding year under a provision of Division II, in respect of an amount included in the wages taken into account in computing the particular amount.

For the purposes of the first and second paragraphs and notwithstanding the first paragraph of section 1029.8.36.0.37.1, “eligibility period” of a corporation means the period of three years that begins on the later of the time the corporation’s first taxation year begins and 30 March 2001.

**“1029.8.36.0.37.12.** No amount shall be deemed to have been paid to the Minister by a corporation for any taxation year under section 1029.8.36.0.37.3, 1029.8.36.0.37.4 or 1029.8.36.0.37.5 in respect of all or any part of particular wages, if an amount is deemed to have been paid to the Minister by the corporation for a taxation year under another of those sections in respect of particular wages.

*“§3. — Government assistance, non-government assistance, contract payments and other particulars*

**“1029.8.36.0.37.13.** For the purpose of computing the amount that is deemed to have been paid to the Minister, for a taxation year, by a corporation under section 1029.8.36.0.37.8, the amount of the acquisition costs or rental expenses shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance, attributable to those costs or expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year.

**“1029.8.36.0.37.14.** For the purpose of computing the amount that is deemed to have been paid to the Minister, for a taxation year, by a corporation under section 1029.8.36.0.37.9, the amount of the eligible rental expenses shall be reduced, where applicable, by the amount of any contract payment, government assistance or non-government assistance, attributable to those expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year.

**“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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the qualified wages, under section 1029.8.36.0.37.3 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 and any non-government assistance referred to in paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.37.1, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.37.3 or 1029.8.36.0.37.4, as the case may be, in respect of the qualified wages ; and

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

**“1029.8.36.0.37.16.** Where before 1 January 2012 a specified corporation pays, in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing specified wages incurred by the corporation in respect of a specified employee in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.5 for the particular taxation year, the corporation is deemed to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the specified wages, under section 1029.8.36.0.37.5, 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

(a) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.0.37.5 in respect of the specified wages ; and

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

**“1029.8.36.0.37.17.** 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.37.8 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

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.37.8 for the particular year; and

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

**“1029.8.36.0.37.18.** 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.0.37.9 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

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.37.9 for the particular year; and

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

**“1029.8.36.0.37.19.** For the purposes of sections 1029.8.36.0.37.15 and 1029.8.36.0.37.16, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount



(a) reduced, because of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.37.1 or because of subparagraph *i* of paragraph *b* of the definition of “specified wages” in that first paragraph, the amount of the wages referred to in that paragraph *b*, for the purpose of computing qualified wages or specified wages, as the case may be, in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.3 or 1029.8.36.0.37.4, or under section 1029.8.36.0.37.5;

(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.

**“1029.8.36.0.37.20.** For the purposes of sections 1029.8.36.0.37.17 and 1029.8.36.0.37.18, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced acquisition costs to, or rental expenses of, the corporation, because of section 1029.8.36.0.37.13, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.37.8, or eligible rental expenses of the corporation, because of section 1029.8.36.0.37.14, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.37.9;

(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.

**“1029.8.36.0.37.21.** For the purposes of this division, the acquisition costs to, or rental expenses of, a corporation in respect of a qualified property shall be reduced by the amount of the consideration for the provision of services to the corporation or to a person with whom the corporation does not deal at arm’s length, or the amount of the consideration for the disposition or lease of other property either to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the acquisition, the lease or the installation of the qualified property or 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.

**“1029.8.36.0.37.22.** For the purposes of this division, the eligible rental expenses of a corporation in respect of an eligible facility shall be reduced by the amount of the consideration for the provision of services to the corporation or to a person with whom the corporation does not deal at arm’s length, or the amount of the consideration for the disposition or lease of other property either to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the lease of the eligible facility.

**“1029.8.36.0.37.23.** Where, in respect of the acquisition or lease of qualified property, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or installation of the qualified property, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of a corporation’s acquisition costs or rental expenses in respect of the qualified property for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that taxation year.

**“1029.8.36.0.37.24.** Where, in respect of the lease of an eligible facility, 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 setting up of the eligible facility, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of a corporation’s eligible rental expenses in respect of the eligible facility 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 corporation’s filing-due date for that taxation year.”

(2) Subsection 1 applies in respect of wages or costs or expenses incurred after 29 March 2001. However, where section 1029.8.36.0.37.1 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

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) ; or

(c) the amount of a grant relating to wages that is received under the Regulation respecting the Private Investment and Job Creation Promotion Fund made by Order in Council 530-97 dated 23 April 1997, as that regulation read at the time of its application, except for the purposes of the definition of “specified wages” and sections 1029.8.36.0.37.7 and 1029.8.36.0.37.16 ;

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(a) an amount that is deemed to have been paid to the Minister for a taxation year under this division;

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act; or

(c) the amount of a grant relating to wages that is received under the Regulation respecting the Private Investment and Job Creation Promotion Fund made by Order in Council 530-97 dated 23 April 1997, as that regulation read at the time of its application, except for the purposes of the definition of “specified wages” and sections 1029.8.36.0.37.7 and 1029.8.36.0.37.16;”.

**79.** (1) Section 1029.8.36.0.54 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**80.** (1) Section 1029.8.36.0.71 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**81.** (1) The said Act is amended by inserting, after section 1029.8.36.0.74, the following section:

**“1029.8.36.0.74.1.** For the purposes of this division, no amount may be deemed to have been paid to the Minister by a corporation for a taxation year under section 1029.8.36.0.73 or 1029.8.36.0.74, in respect of particular expenses relating to property that is an integral part of a strategic building, within the meaning assigned by the first paragraph of section 1029.8.36.0.84, that are included in the acquisition costs or rental expenses of the corporation, where, in respect of those particular expenses, an amount is deemed under Division II.6.0.7 to have been paid to the Minister by another corporation for any taxation year.”

(2) Subsection 1 has effect from 30 June 2000.

**82.** (1) Section 1029.8.36.0.83 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**83.** (1) The said Act is amended by inserting, after section 1029.8.36.0.83, the following:

**“DIVISION II.6.0.7**

**“CREDIT FOR THE CONSTRUCTION, RENOVATION OR ALTERATION OF STRATEGIC BUILDINGS IN THE INTERNATIONAL TRADE ZONE AT MIRABEL**

“§1. — *Interpretation and general*

**“1029.8.36.0.84.** In this division,

“completion date of the work” on a strategic building of a corporation means the date on which the construction, renovation or alteration work in relation to the building is completed and that is specified in the work completion certificate that the Minister of Finance issues to the corporation in respect of the building ;

“eligible expenses” incurred by a qualified corporation in a taxation year, in respect of a strategic building, means the aggregate of all the expenses that were incurred after 29 June 2000 and before the completion date of the work by the corporation in that year and that may reasonably be attributed to work carried out after 29 June 2000 and before the completion date of the work, by or on behalf of the corporation, for the construction, renovation or alteration of the building and that are included, at the end of that year, in the capital cost of the building ;

“filing period” of a qualified corporation in respect of a strategic building of the qualified corporation means the 14 taxation years of the corporation that are subsequent to the corporation’s taxation year that includes the completion date of the work on the building ;

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

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

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

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

(c) a corporation governed, in the year, by an Act establishing a labour-sponsored fund ;

“strategic building” of a corporation means a building or any part thereof situated in the international trade zone, in respect of which a valid qualification

certificate is issued to the corporation by the Minister of Finance for all or part of a taxation year of the corporation.

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

(a) eligible expenses incurred by a qualified corporation in a taxation year, in respect of a strategic building, include an expenditure of a capital nature relating to earthworks or the preparation of a runway or of a parking area ;

(b) an amount incurred or paid in a taxation year that relates to work carried out in a subsequent taxation year is deemed not to have been incurred or paid in that year but to have been incurred or paid in the subsequent year.

“§2. — *Credit*

“**1029.3.36.0.85.** A qualified corporation that, in a taxation year, incurs eligible expenses in respect of a strategic building and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the valid qualification certificate issued by the Minister of Finance for the year in respect of the building and the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to 25% of its eligible expenses incurred in that year in respect of the building, to the extent that those expenses are paid.

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

The second paragraph does not apply to a qualified corporation where the strategic building in respect of which the qualified corporation is deemed to have paid an amount to the Minister under the first paragraph is, as the case may be, used mainly by the qualified corporation in a taxation year, or used mainly, in a fiscal period that ends in that year, by a partnership of which the qualified corporation is a member at the end of that fiscal period, in connection with a business in respect of which the corporation

(a) may deduct an amount for the year in computing its taxable income under section 737.18.11 ;

(b) may deduct an amount for the year in computing its paid-up capital under paragraph *d* or *e* of section 1137 ;

(c) is deemed to have paid an amount to the Minister for the year under Division II.6.0.4, II.6.0.5 or II.6.0.6; or

(d) is not required to pay, at any time in the year, a contribution in respect of the wages of one of its employees because of subparagraph *b* of the sixth paragraph of section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5).

**“1029.8.36.0.86.** For the purposes of this division, no amount may be deemed to have been paid to the Minister by a qualified corporation for a taxation year under section 1029.8.36.0.85, in respect of particular expenses relating to property that is an integral part of a strategic building, that are included in the eligible expenses incurred by the corporation in the year in respect of the building, where, in respect of those particular expenses, an amount is deemed, under Division II.6.0.6, to have been paid to the Minister by another corporation for any taxation year.

*“§3. — Filing of an annual qualification certificate following work completion*

**“1029.8.36.0.87.** A qualified corporation that, for any taxation year, is deemed to have paid an amount to the Minister under this Division shall, for any particular taxation year included in the corporation's filing period in respect of a strategic building of the corporation and on or before the corporation's filing-due date for that particular year, file with the Minister a copy of the valid qualification certificate issued by the Minister of Finance for that particular year in respect of the building.

*“§4. — Government assistance, non-government assistance and other particulars*

**“1029.8.36.0.88.** For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.85, the amount of the eligible expenses that the qualified corporation incurred in a taxation year in respect of a strategic building shall be reduced, where applicable, by the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to those expenses that the qualified corporation has received, is entitled to receive or may reasonably expect to receive on or before the qualified corporation's filing-due date for that year.

**“1029.8.36.0.89.** Where a qualified corporation pays in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, by reason 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year, in respect of the expenses, under section 1029.8.36.0.85, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate determined under that section 1029.8.36.0.88, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.85 for the particular year in respect of the expenses ; and

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

**“1029.8.36.0.90.** For the purposes of section 1029.8.36.0.89, an amount of assistance is deemed to be repaid, at a particular time, by a qualified corporation, pursuant to a legal obligation, where that amount

(a) reduced, because of section 1029.8.36.0.88, eligible expenses of the qualified corporation, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.85 ;

(b) was not received by the qualified corporation ; and

(c) ceased at the particular time to be an amount that the qualified corporation may reasonably expect to receive.

**“1029.8.36.0.91.** For the purposes of this division, the eligible expenses incurred by a qualified corporation in a taxation year in respect of a strategic building shall be reduced by the amount of the consideration for the disposition or lease of another property, or for the provision of services, to the qualified corporation or a person with whom the corporation does not deal at arm’s length, except where the consideration may reasonably be considered to relate to property resulting from work, or services, related to the construction, renovation or alteration of the strategic building, or property or a part of property consumed in connection with such work or services.

**“1029.8.36.0.92.** Where, in respect of the construction, renovation or alteration of a strategic building of a qualified corporation, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the construction, renovation or alteration of the strategic building, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of eligible expenses incurred by the qualified corporation in a taxation year in

respect of the building shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the qualified corporation for that taxation year.

**“1029.8.36.0.93.** Subject to sections 1010 to 1011 and for the purposes of this division, where the Minister of Finance replaces or revokes a qualification certificate or a work completion certificate issued by the Minister of Finance to a qualified corporation for a taxation year, the following rules apply :

(a) the replaced qualification certificate is null from the time it was issued or deemed issued and the new qualification certificate is deemed to have been issued at that time for that taxation year ;

(b) the replaced work completion certificate is null from the time it was issued or deemed issued and the new work completion certificate is deemed to have been issued at that time for that taxation year ; and

(c) the revoked qualification certificate is null from the time the revocation takes effect and the revoked work completion certificate is null from that time.

The revoked qualification certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified on the notice of revocation and the revoked work completion certificate referred to in the first paragraph is deemed not to have been issued as of that date.”

(2) Subsection 1 applies in respect of costs or expenses incurred after 29 June 2000. However, where section 1029.8.36.0.84 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 ;”.

**84.** (1) Section 1029.8.36.4 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001 and by section 260 of chapter 53 of the statutes of 2001, is again amended, in the first paragraph, by replacing the portion of the definition of “qualified corporation” before paragraph a by the following :



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

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**85.** (1) Section 1029.8.36.29 of the said Act is repealed.

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

**86.** (1) Section 1029.8.36.54 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001 and by section 180 of chapter 51 of the statutes of 2001, is again amended, in the definition of “factor specified” in the first paragraph,

(1) by replacing paragraphs *a* and *b* by the following:

“(a) in relation to the portion of a qualified construction expenditure or a qualified conversion expenditure of a qualified corporation for a taxation year, that may reasonably be attributed to work carried out before 18 November 2000, any of the following factors:

i. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is a prototype vessel, 2,

ii. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the first vessel constructed or converted as part of a production run, 8/3,

iii. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the second vessel constructed or converted as part of a production run, 4, and

iv. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the third vessel constructed or converted as part of a production run, 8; and

“(b) in relation to the portion of a qualified construction expenditure or a qualified conversion expenditure of a qualified corporation for a taxation year, that may reasonably be attributed to work carried out after 17 November 2000, any of the following factors:

i. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is a prototype vessel, 2,

ii. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the first vessel constructed or converted as part of a production run, 20/9,

iii. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the second vessel constructed or converted as part of a production run, 5/2, and

iv. where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the third vessel constructed or converted as part of a production run, 20/7 ;” ;

(2) by striking out paragraphs *c* and *d*.

(2) Subsection 1 has effect from 18 November 2000. However, where subparagraphs i to iv of paragraphs *a* and *b* of the definition of “factor specified” in the first paragraph of section 1029.8.36.54 of the said Act apply before 20 December 2001, they shall be read with the words “qualification certificate” replaced by the words “validation certificate”.

**87.** (1) Section 1029.8.36.55 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, by section 228 of chapter 51 of the statutes of 2001 and by section 260 of chapter 53 of the statutes of 2001, is again amended, in the first paragraph,

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

“ii. where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first, second or third vessel constructed as part of a production run, to an amount that is the product obtained by multiplying the portion of the qualified construction expenditure for the year of the qualified corporation in respect of the eligible vessel that may reasonably be attributed to work carried out before 18 November 2000 by” ;

(2) by adding, after subparagraph ii of subparagraph *a*, the following subparagraph :

“iii. where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first, second or third vessel constructed as part of a production run, to an amount that is the product obtained by multiplying the portion of the qualified construction expenditure for the year of the qualified corporation in respect of the eligible vessel that may reasonably be attributed to work carried out after 17 November 2000 by

(1) where the eligible vessel is the first vessel constructed as part of a production run, 45%,

(2) where the eligible vessel is the second vessel constructed as part of a production run, 40%, and

(3) where the eligible vessel is the third vessel constructed as part of a production run, 35% ; and” ;

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

“(b) the amount by which the aggregate of the following amounts exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister, under this section, by the qualified corporation in respect of the eligible vessel for a preceding taxation year :

i. the product obtained by multiplying the portion of the cost of construction of the eligible vessel to the qualified corporation incurred at the end of the year that may reasonably be attributed to work carried out before 18 November 2000, by

(1) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is a prototype vessel, 20%,

(2) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first vessel constructed as part of a production run, 15%,

(3) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the second vessel constructed as part of a production run, 10%, and

(4) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the third vessel constructed as part of a production run, 5%, and

ii. the product obtained by multiplying the portion of the cost of construction of the eligible vessel to the qualified corporation incurred at the end of the year that may reasonably be attributed to work carried out after 17 November 2000, by

(1) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is a prototype vessel, 25%,

(2) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first vessel constructed as part of a production run, 22.5%,

(3) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the second vessel constructed as part of a production run, 20%, and

(4) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the third vessel constructed as part of a production run, 17.5%.”

(2) Subsection 1 has effect from 18 November 2000. However, where subparagraphs ii and iii of subparagraph *a* of the first paragraph of section 1029.8.36.55 of the said Act and subparagraphs 1 to 4 of subparagraphs i and

ii of subparagraph *b* of the first paragraph of that section apply before 20 December 2001, they shall be read with the words “qualification certificate” replaced by “validation certificate”.

**88.** (1) Section 1029.8.36.55.1 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, by section 228 of chapter 51 of the statutes of 2001 and by section 260 of chapter 53 of the statutes of 2001, is again amended by replacing subparagraphs *a* and *b* of the first paragraph by the following :

“(a) an amount equal to, in respect of the eligible vessel,

i. where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is a prototype vessel, to the amount that is the product obtained by multiplying the qualified conversion expenditure for the year of the qualified corporation in respect of the eligible vessel by 50%,

ii. where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first, second or third vessel converted as part of a production run, to the amount that is the product obtained by multiplying the portion of the qualified conversion expenditure for the year of the qualified corporation in respect of the eligible vessel that may reasonably be attributed to work carried out before 18 November 2000, by

(1) where the eligible vessel is the first vessel converted as part of a production run, 37.5%,

(2) where the eligible vessel is the second vessel converted as part of a production run, 25%, and

(3) where the eligible vessel is the third vessel converted as part of a production run, 12.5%, and

iii. where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first, second or third vessel converted as part of a production run, to the amount that is the product obtained by multiplying the portion of the qualified conversion expenditure for the year of the qualified corporation in respect of the eligible vessel that may reasonably be attributed to work carried out after 17 November 2000, by

(1) where the eligible vessel is the first vessel converted as part of a production run, 45%,

(2) where the eligible vessel is the second vessel converted as part of a production run, 40%, and

(3) where the eligible vessel is the third vessel converted as part of a production run, 35% ; and

(b) the amount by which the aggregate of the following amounts exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister, under this section, by the qualified corporation in respect of the eligible vessel for a preceding taxation year:

i. the product obtained by multiplying the portion of the cost of conversion of the eligible vessel to the qualified corporation incurred at the end of the year that may reasonably be attributed to work carried out before 18 November 2000, by

(1) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is a prototype vessel, 20%,

(2) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first vessel converted as part of a production run, 15%,

(3) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the second vessel converted as part of a production run, 10%, and

(4) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the third vessel converted as part of a production run, 5%, and

ii. the product obtained by multiplying the portion of the cost of conversion of the eligible vessel to the qualified corporation incurred at the end of the year that may reasonably be attributed to work carried out after 17 November 2000, by

(1) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is a prototype vessel, 25%,

(2) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the first vessel converted as part of a production run, 22.5%,

(3) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the second vessel converted as part of a production run, 20%, and

(4) where the qualification certificate issued by the Minister of Industry and Trade attests that the vessel is the third vessel converted as part of a production run, 17.5%.”

(2) Subsection 1 has effect from 18 November 2000. However, where subparagraphs i to iii of subparagraph *a* of the first paragraph of section 1029.8.36.55.1 of the said Act and subparagraphs 1 to 4 of subparagraphs i and ii of subparagraph *b* of the first paragraph of that section apply before 20 December 2001, they shall be read with the words “qualification certificate” replaced by “validation certificate”.

**89.** (1) Section 1029.8.36.72.1 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended, in the first paragraph,

(1) by striking out, in the definition of “base amount”, the words “in this section”;

(2) 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 referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the amount determined 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”;

(3) by replacing the definition of “qualified corporation” by the following :

““qualified corporation”, for a calendar year, means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, other than

(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 for the taxation year in which the calendar year ends under section 985 but for section 192;”.

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

(3) Paragraph 3 of subsection 1 applies to taxation years that end after 31 December 2000.

**90.** (1) Section 1029.8.36.72.3 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by adding, after subparagraph ii of subparagraph *a* of the first paragraph, the following subparagraph:

“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”.

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

**91.** (1) Section 1029.8.36.72.7 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

“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”;

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

“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”.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**92.** (1) Section 1029.8.36.72.15 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended, in the first paragraph,

(1) by striking out, in the definition of “base amount”, the words “in this section”;

(2) by replacing the portion of paragraph *c* of the definition of “repayment of eligible 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 paragraph *b* 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 referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the amount determined 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”;

(3) by replacing the definition of “qualified corporation” by the following :

““qualified corporation”, for a calendar year, means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, other than

(*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 for the taxation year in which the calendar year ends under section 985 but for section 192;”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 January 2000.

(3) Paragraph 3 of subsection 1 applies to taxation years that end after 31 December 2000.

**93.** (1) Section 1029.8.36.72.17 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by adding, after subparagraph ii of subparagraph *a* of the first paragraph, the following subparagraph :

“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”.

(2) Subsection 1 has effect from 1 January 2000.

**94.** (1) Section 1029.8.36.72.21 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

“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”;



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

“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”.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**95.** (1) Section 1029.8.36.72.29 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended, in the first paragraph,

(1) by striking out, in the definition of “base amount”, the words “in this section” ;

(2) by replacing the portion of paragraph *c* of the definition of “repayment of eligible 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 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 referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the amount determined 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” ;

(3) by replacing the definition of “qualified corporation” by the following :

““qualified corporation”, for a calendar year, means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, other than

(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 for the taxation year in which the calendar year ends under section 985 but for section 192;”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 January 2000.

(3) Paragraph 3 of subsection 1 applies to taxation years that end after 31 December 2000.

**96.** (1) Section 1029.8.36.72.31 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended by adding, after subparagraph ii of subparagraph *a* of the first paragraph, the following subparagraph:

“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”.

(2) Subsection 1 has effect from 1 January 2000.

**97.** (1) Section 1029.8.36.72.35 of the said Act, enacted by section 182 of chapter 51 of the statutes of 2001, is amended

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

“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”;

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

“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”.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**98.** (1) The said Act is amended by inserting, after section 1029.8.36.72.42, enacted by section 182 of chapter 51 of the statutes of 2001, the following:

#### “DIVISION II.6.6.4

#### “CREDIT FOR JOB CREATION IN THE GASPÉSIE REGION AND IN CERTAIN MARITIME REGIONS OF QUÉBEC

“§1. — *Definitions and general*

“**1029.8.36.72.43.** 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 1029.8.36.72.52 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 fourth paragraph,

(a) in the case of a corporation that began to carry on a recognized business before the calendar year 2000, 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 an eligible region in a particular calendar year that is subsequent to the calendar year 1999, the calendar year preceding the particular calendar year ;

“eligibility period” of a corporation means, subject to the fourth paragraph, the five-year period that begins on the later of 1 January 2000 and 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 ;

“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, other than an excluded employee at any time in that period, 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 in undertaking, supervising or supporting work that is directly related to the activities that constitute a business described in any of paragraphs *a* to *f* of the definition of “recognized business”, carried on by the employer in an eligible region;

“eligible region” means

(*a*) in respect of a business described in paragraph *a* of the definition of “recognized business”, or in paragraph *f* of that definition in relation to a business the activities of which are related to a business described in that paragraph *a*, the Municipalité régionale de comté de Matane or 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 11 Gaspésie-Îles-de-la-Madeleine,
- ii. administrative region 09 Côte-Nord;

(*b*) in respect of a business described in any of paragraphs *b* to *d* of the definition of “recognized business”, or in paragraph *f* of that definition in relation to a business the activities of which are related to any of the businesses described in paragraphs *b* to *d*, the Municipalité régionale de comté de Matane or the administrative region described in subparagraph *i* of paragraph *a*; and

(*c*) in respect of a business described in paragraph *e* of the definition of “recognized business”, or in paragraph *f* of that definition in relation to a business the activities of which are related to a business described in that paragraph *e*, one of the administrative regions described in subparagraphs *i* and *ii* of paragraph *a*;

“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 1029.8.36.72.48 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 1029.8.36.72.44 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 referred to therein 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 1029.8.36.72.44 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 1029.8.36.72.48 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 1029.8.36.72.45 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 referred to therein 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 1029.8.36.72.45 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 1029.8.36.72.48 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 referred to therein had been

reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the amount determined pursuant to 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

i. the amount 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, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation ;

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

(*a*) a corporation that is exempt from tax under Book VIII for the taxation year in which the calendar year ends ; or

(*b*) a corporation that would be exempt from tax for the taxation year in which the calendar year ends under section 985 but for section 192 ;

“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 has been issued by Investissement Québec, and that is

(*a*) a business that processes and, as the case may be, commercializes marine products ;

(*b*) a business that manufactures, processes and, as the case may be, commercializes finished or semi-finished products in the field of marine biotechnology ;

(*c*) a business that manufactures and, as the case may be, commercializes wind turbines or specialized equipment for the production of wind power ;

(*d*) a business that produces wind power ;

(*e*) a mariculture business or a business that manufactures specialized equipment for mariculture and, as the case may be, commercializes such activities ; or

(*f*) a business the activities of which are related to any of the businesses described in paragraphs *a* to *e* ;

“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 *f* 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;

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

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 “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*

**“1029.8.36.72.44.** 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 1029.8.36.72.52 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 eligible repayment of assistance by the qualified corporation 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 amount determined under the first paragraph for the taxation year preceding 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.

**“1029.8.36.72.45.** 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 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 1029.8.36.72.52 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 eligible repayment of assistance by the qualified corporation 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 1029.8.36.72.46.

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 amount determined under the first paragraph for the taxation year preceding 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 for the taxation year in relation to the recognized business ; and

(c) where the second paragraph applies, the agreement referred to in section 1029.8.36.72.46 filed in prescribed form.

**“1029.8.36.72.46.** The agreement to which the second paragraph of section 1029.8.36.72.45 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 1029.8.36.72.52 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.

**“1029.8.36.72.47.** Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.72.45, 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 1029.8.36.72.46, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.45, 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*

**“1029.8.36.72.48.** 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 1029.8.36.72.44 or 1029.8.36.72.45, 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 1029.8.36.72.43, subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.44 or subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.45 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 1029.8.36.72.45 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 paid by the qualified corporation under 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 1029.8.36.72.46 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 under 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 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 that corporation in respect of the calendar year ending in that corporation's particular taxation year referred to in the first paragraph.

**"1029.8.36.72.49.** 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 1029.8.36.72.48, 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 1029.8.36.72.44 or 1029.8.36.72.45, or

ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.48, the excess amount referred to in paragraph *a* of section 1029.8.36.72.46 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.

**"1029.8.36.72.50.** 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.

**“1029.8.36.72.51.** 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.

**“1029.8.36.72.52.** 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 corporation, 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 in whole or in part and it may reasonably be considered that, as a result, another corporation, 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 the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third, fourth and fifth paragraphs, 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 or a subsequent calendar year:

(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 preceding the particular time is of the number of days in the particular calendar year 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 preceding the particular time is of the number of days in the particular calendar year preceding the particular time 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 corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to all of those activities, this section does not apply to the corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this division, the corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying on of the activities that ceased after the subsequent time.

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 another corporation 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 the base amount of the corporation in relation to that year :

(a) the corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry on after that time ; and

(b) the other corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the other corporation assigned to the part of the activities that the corporation continues to carry on after that time.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to certain activities carried on by a corporation and that corporation was, at an earlier time in the calendar year, a purchaser in relation to those activities carried on by another corporation, in applying this section to the particular corporation, subparagraph i of subparagraph *b* of the first paragraph and subparagraph 2 of subparagraph ii of that subparagraph *b* shall be read as if the reference therein to "vendor" were a reference to all the corporations that were, in the calendar year and before that time, vendors in respect of the activities.

**"1029.8.36.72.53.** For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to

receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of 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 1029.8.36.72.48, 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.

**“1029.8.36.72.54.** 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.

**“1029.8.36.72.55.** 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 *f* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.43.

#### **“DIVISION II.6.6.5**

#### **“CREDITS FOR JOB CREATION IN THE CITY OF BIOTECHNOLOGY AND HUMAN HEALTH OF METROPOLITAN MONTRÉAL**

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

**“1029.8.36.72.56.** 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 1029.8.36.72.66 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 the period within the preceding calendar year in 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 carried on in Québec by the corporation ;

“City of Biotechnology and Human Health of Metropolitan Montréal” means all the parcels of land situated in the territory of Ville de Laval that form the City of Biotechnology and Human Health of Metropolitan Montréal as established by the Minister of Finance ;

“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 the City of Biotechnology and Human Health of Metropolitan Montréal ;

“eligible employee” for a period within a calendar year means an employee, other than an excluded employee at any time in that period, who, during that period, reports for work at an establishment of the employer situated in the City of Biotechnology and Human Health of Metropolitan Montréal and who, throughout that period, spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities that constitute a business described in paragraph *a* or *b* of the definition of “recognized business” carried on by the employer in the City of Biotechnology and Human Health of Metropolitan Montréal ;

“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 paragraph *a* of section 1029.8.36.72.62 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 1029.8.36.72.57 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 referred to therein 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 1029.8.36.72.57 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 paragraph *a* of section 1029.8.36.72.62 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 1029.8.36.72.58 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in the City of Biotechnology and Human Health of Metropolitan Montréal 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 referred to therein 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 1029.8.36.72.58 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 paragraph *b* of section 1029.8.36.72.62 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 1029.8.36.72.59 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 1029.8.36.72.58, 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 1029.8.36.72.59 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been

reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the amount determined pursuant to 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, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.58, 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 ;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation ;

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

(*a*) a corporation that is exempt from tax under Book VIII for the taxation year in which the calendar year ends ; or

(*b*) a corporation that would be exempt from tax for the taxation year in which the calendar year ends under section 985 but for section 192 ;

“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 has been issued by Investissement Québec, and that is

(*a*) a business whose activities consist in manufacturing products, in whole or in part, in the biotechnology and human health sector and, where applicable, commercializing them ; or

(*b*) a business not referred to in paragraph *a* whose activities are related to the biotechnology and human health sector ;

“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 products or services arising from the carrying on of a business described in paragraph *a* or *b* 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;

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

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 the City of Biotechnology and Human Health of Metropolitan Montréal and at an establishment of the qualified corporation situated outside the City of Biotechnology and Human Health of Metropolitan Montréal, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the City of Biotechnology and Human Health of Metropolitan Montréal, or

ii. to report for work only at the establishment situated outside the City of Biotechnology and Human Health of Metropolitan Montréal if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside the City of Biotechnology and Human Health of Metropolitan Montréal; 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 the City of Biotechnology and Human Health of Metropolitan Montréal, 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 “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 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 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*

“**1029.8.36.72.57.** A qualified corporation for a calendar year after the calendar year 2000 and before the calendar year 2007 that is not associated with any other corporation at the end of the calendar year and that encloses the documents referred to in the second 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 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 the City of Biotechnology and Human Health of Metropolitan Montréal, 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 1029.8.36.72.66 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 eligible repayment of assistance by the qualified corporation for the 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.

**“1029.8.36.72.58.** A qualified corporation for a calendar year after the calendar year 2000 and before the calendar year 2007 that is associated with one or more other corporations at the end of the calendar year and 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 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 the City of Biotechnology and Human Health of Metropolitan Montréal, subject to the second paragraph, 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 1029.8.36.72.66 applies in relation to the calendar year, ends in the first taxation year of the 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 eligible repayment of assistance by the qualified corporation 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 the City of Biotechnology and Human Health of Metropolitan Montréal in the taxation year in which the calendar year ends, the amount determined under that 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 1029.8.36.72.59.

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 1029.8.36.72.59 filed in prescribed form.

**“1029.8.36.72.59.** The agreement to which the second paragraph of section 1029.8.36.72.58 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 the City of Biotechnology and Human Health of Metropolitan Montréal 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 1029.8.36.72.66 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 such a corporation for the calendar year exceeds the aggregate of all amounts each of which is the base amount of such a corporation in relation to that calendar year.

**“1029.8.36.72.60.** For the purposes of this division, where the number of days in the base period of a corporation, in relation to a calendar year, in this section referred to as the “number of qualifying days” of the corporation for the year, is less than 365, the following rules apply :

(a) 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 base period of the corporation in relation to the calendar year for which the employee is an eligible employee, reduced by the amount determined in respect of such salaries or wages, in accordance with section 1029.8.36.72.62, is deemed to be equal to the proportion of that aggregate, otherwise determined without

taking account of section 1029.8.36.72.66, that 365 is of the number of qualifying days of the corporation for the year; and

(b) the base amount of the corporation in relation to the calendar year is deemed to be equal to the proportion of that amount, otherwise determined without taking account of section 1029.8.36.72.66, that 365 is of the number of qualifying days of the corporation for the year.

**“1029.8.36.72.61.** Where the aggregate of the amounts attributed, pursuant to the agreement referred to in the second paragraph of section 1029.8.36.72.58, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in the City of Biotechnology and Human Health of Metropolitan Montréal 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 1029.8.36.72.59, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.58, 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*

**“1029.8.36.72.62.** 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 section 1029.8.36.72.57 or 1029.8.36.72.58, the following rules apply :

(a) the amount of the salaries or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.56, subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.57 or subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.58 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 1029.8.36.72.58 paid by a corporation associated with the qualified 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 paid by the qualified corporation under 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, pursuant to section 1029.8.36.72.59 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 under 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.

**“1029.8.36.72.63.** 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 any of the following amounts:

i. in the case of assistance referred to in paragraph *a* of section 1029.8.36.72.62, 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 1029.8.36.72.56 or 1029.8.36.72.57, or

ii. in the case of assistance referred to in paragraph *b* of section 1029.8.36.72.62, the excess amount referred to in paragraph *a* of section 1029.8.36.72.59 determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the City of Biotechnology and Human Health of Metropolitan Montréal 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.

**“1029.8.36.72.64.** 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 the City of Biotechnology and Human Health of Metropolitan Montréal.

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

**“1029.8.36.72.65.** 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 the City of Biotechnology and Human Health of Metropolitan Montréal.

**“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 corporation, 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 in whole or in part and it may reasonably be considered that, as a result, another corporation, 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 the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third, fourth and fifth paragraphs, 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 and the subsequent calendar year :

(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 the City of Biotechnology and Human Health of Metropolitan Montréal 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 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, 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 City of Biotechnology and Human Health of Metropolitan Montréal is deemed, for the purpose of determining the amount the vendor is deemed to have paid to the Minister under this division in respect of the calendar year that follows the particular calendar year, to be equal to the amount by which that aggregate otherwise determined exceeds the amount determined by the formula

$$B \times D; \text{ and}$$

(c) 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 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 the City of Biotechnology and Human Health of Metropolitan Montréal, to the extent that the employee may reasonably be considered to have been assigned to the carrying on of that part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried on its 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 the City of Biotechnology and Human Health of Metropolitan Montréal, to the extent that the salaries or wages may reasonably be considered to relate to the carrying on by the employee of that part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year preceding the particular time 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 the City of Biotechnology and Human Health of Metropolitan Montréal, 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 formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the 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 the City of Biotechnology and Human Health of Metropolitan Montréal;

(*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;

(*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; and

(d) D is 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 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, paid by the vendor in a period within 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 City of Biotechnology and Human Health of Metropolitan Montréal.

Where a corporation is, at any time in a calendar year, a purchaser in relation to activities carried on by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to all of those activities, this section does not apply to the corporation either as vendor or as purchaser in respect of the activities and, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this division, the corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying on of the activities that ceased after the subsequent time.

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 another corporation 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 the base amount of the corporation in relation to that year:

(a) the corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry on after that time; and

(b) the other corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the other corporation assigned to the part of the activities that the corporation continues to carry on after that time.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to certain activities carried on by a corporation and that corporation was, at an earlier time in the calendar year, a purchaser in relation to those activities carried on by another corporation, in applying this section to the particular corporation, subparagraph i of subparagraph c of the first paragraph and subparagraph 2 of subparagraph ii of that subparagraph c shall be read as if the reference therein to “vendor” were a reference to all the corporations that were, in the calendar year and before that time, a vendor in respect of the activities.



**“1029.8.36.72.67.** For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of 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 paragraph *a* or *b* of section 1029.8.36.72.62, 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.

**“1029.8.36.72.68.** 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.

**“1029.8.36.72.69.** 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 paragraph *a* or *b* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.56.”

(2) Subsection 1, where it enacts Division II.6.6.4 of Chapter III.1 of Title III of Book IX of Part I of the said Act, has effect from 1 January 2000. However,

(1) where section 1029.8.36.72.43 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;”;

(2) 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 the later of 1 January 2000 and 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;”;

(3) where the portion of the definition of “base period” in the first paragraph of section 1029.8.36.72.43 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”;

(4) where section 1029.8.36.72.43 of the said Act applies before 1 January 2001, it shall be read with the fourth paragraph struck out ;

(5) where subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.48 of the said Act applies to taxation years that begin before 1 March 2000, it shall be read with “as the case may be,” replaced by “as the case may be, deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or”;

(6) where subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.72.48 of the said Act applies to taxation years that begin before 1 March 2000, it shall be read with “deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or” inserted after “corporation”.

(3) Subsection 1, where it enacts Division II.6.6.5 of Chapter III.1 of Title III of Book IX of Part I of the said Act, has effect from 1 January 2001. However,

(1) where section 1029.8.36.72.56 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;”;

(2) where subparagraph *ii* of paragraph *a* of section 1029.8.36.72.62 of the said Act applies to taxation years that begin before 1 March 2000, it shall be read with “as the case may be,” replaced by “as the case may be, deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or”;

(3) where subparagraph *ii* of paragraph *b* of section 1029.8.36.72.62 of the said Act applies to taxation years that begin before 1 March 2000, it shall be read with “deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or” inserted after “corporation”.

**99.** (1) Section 1029.8.36.73 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001 and by section 228 of chapter 51 of the statutes of 2001, is again amended by replacing the definition of “qualified corporation” in the first paragraph by the following :

““qualified corporation”, for a calendar year, means a corporation that, in the year, has an establishment in Québec and carries on a qualified business in Québec, other than

(*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 for the taxation year in which the calendar year ends under section 985 but for section 192;”.

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**100.** (1) Section 1029.8.36.83 of the said Act is amended, in the first paragraph,

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

“*ii.* by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the taxpayer is deemed to have paid an amount to the Minister under this chapter, for any taxation year;”;

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

“*ii.* by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure made by the partnership in respect of which the taxpayer is deemed to have paid an amount to the Minister under this chapter, for any taxation year;”;

(3) by replacing subparagraphs 1 and 2 of subparagraph ii of subparagraph c by the following :

“(1) where the member of the group of associated employers is a taxpayer, the taxpayer is deemed to have paid an amount to the Minister under this chapter, for any taxation year, and

“(2) where the member of the group of associated employers is a partnership, a taxpayer who is a member of the partnership is deemed to have paid an amount to the Minister under this chapter, for any taxation year;”.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**101.** (1) Section 1029.8.36.87 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**102.** (1) Section 1029.8.36.89 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001 and by section 183 of chapter 51 of the statutes of 2001, is again amended, in the first paragraph, by replacing the portion of the definition of “qualified corporation” before paragraph a by the following :

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

(2) Subsection 1 applies to taxation years that end after 31 December 2000.

**103.** (1) Section 1029.8.36.94 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**104.** (1) Section 1029.8.36.95 of the said Act, amended by section 228 of chapter 51 of the statutes of 2001, is again amended

(1) by inserting, in the French text, before the definition of “gestionnaire de fonds admissible” in the first paragraph, the following definition :

“« certificat d’admissibilité » à l’égard d’un particulier désigne un certificat délivré à une société, après le 31 mars 1998 et avant le 1<sup>er</sup> janvier 2002, par le ministre des Finances et attestant que le particulier se qualifie à titre de gestionnaire de fonds pour l’application de la présente section;”;

(2) by replacing the definition of “eligible fund manager” in the first paragraph by the following :

““eligible fund manager” of a corporation for a taxation year means an individual in respect of whom a certificate is issued to the corporation for the

year by the Minister of Finance certifying that, for the entire eligibility period applicable to the individual for the year in relation to the corporation,

(a) the individual's contract of employment provides for at least 26 hours of work per week; and

(b) the individual devotes all or substantially all time at work in relation to the individual's employment with the corporation to fund management activities in an establishment of the corporation situated in Québec;";

(3) by replacing, in the French text of the definition of "période d'admissibilité" in the first paragraph, the word "visa" by the word "certificat";

(4) 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 eligible fund manager, 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;";

(5) by striking out, in the French text, the definition of "visa d'admissibilité" in the first paragraph;

(6) by striking out subparagraph *c* of the second paragraph.

(2) Subsection 1 has effect from 1 April 1998.

**105.** (1) Section 1029.8.36.96 of the said Act is amended by replacing, in the French text of subparagraph *b* of the first paragraph, the word "visa" by the word "certificat".

(2) Subsection 1 has effect from 1 April 1998.

**106.** (1) Section 1029.8.36.97 of the said Act is replaced by the following :

**“1029.8.36.97.** Subject to sections 1010 to 1011 and for the purposes of this division, where the Minister of Finance revokes a qualification certificate or a certificate issued by the Minister of Finance to a corporation in respect of an individual, the qualification certificate or certificate is null from the time the revocation becomes effective.

The revoked qualification certificate or certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.”

(2) Subsection 1 has effect from 1 April 1998.

**107.** (1) Section 1029.8.36.98 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is replaced 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 to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for that year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.96 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 aggregate determined under subparagraph *i* of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.95, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.96 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.”

(2) Subsection 1 applies in respect of wages paid after 31 March 1998. However, where the portion of section 1029.8.36.98 of the said Act before paragraph *a* applies before 23 May 2001, it shall be read with the words “pursuant to a legal obligation” replaced by the words “pursuant to a legal obligation to do so”.

**108.** (1) Section 1029.8.36.99 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended by replacing paragraph *a* by the following :

“(a) reduced, because of subparagraph i of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.95, the amount of the wages referred to in that paragraph *b* for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.96;”.

(2) Subsection 1 has effect from 1 April 1998.

**109.** (1) Section 1029.8.36.100 of the said Act is repealed.

(2) Subsection 1 has effect from 1 April 1998.

**110.** (1) Section 1029.8.36.101 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999. In addition, where section 1029.8.36.101 of the said Act applies after 31 March 1998, it shall be read, in the French text, with the word “visa” replaced by the word “certificat”.

**111.** (1) Section 1029.8.36.107 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**112.** (1) Section 1029.8.36.118 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that end after 31 December 1999.

**113.** (1) The said Act is amended by inserting, after section 1029.8.36.146, enacted by section 189 of chapter 51 of the statutes of 2001, the following :

#### **“DIVISION II.6.13**

#### **“CREDIT RELATING TO FINANCIAL ANALYSTS SPECIALIZED IN SECURITIES OF QUÉBEC CORPORATIONS**

“§1. — *Interpretation and general*

**“1029.8.36.147.** 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;

“eligibility period” applicable to an individual for a taxation year in relation to a corporation means the part of the year within the period for which the qualification certificate issued to the corporation in respect of the individual is valid;

“eligible financial analyst” of a corporation for a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by the Minister of Finance certifying that, for the entire eligibility period applicable to the individual for the year in relation to the corporation,

(a) the individual’s contract of employment provides for at least 26 hours of work per week for a minimum of 40 weeks;

(b) the individual devotes 75% of the time at work in relation to the individual’s employment with the corporation to security analysis activities in an establishment of the corporation situated in Québec; and

(c) more than 50% of the security analysis activities of the individual relate to securities of corporations each of which is a Québec corporation in respect of the year;

“qualification certificate” in respect of an individual means a certificate issued to a corporation, after 29 June 2000 and before 1 July 2003, by the Minister of Finance certifying that the individual qualifies as a financial analyst for the purposes of this division;

“qualified corporation” means a corporation that carries on a business in Québec, has an establishment in Québec and is registered with the Commission des valeurs mobilières du Québec as an unrestricted practice dealer or an unrestricted practice adviser in accordance with the Securities Act (chapter V-1.1), but does not include

(a) a corporation that is exempt from tax under Book VIII, other than an insurer referred to in paragraph *k* of section 998 that is not so exempt from tax on all 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 corporation that is exempt from registration as a dealer or an adviser with the Commission des valeurs mobilières du Québec under Title V of the Securities Act;

“qualified wages” paid to an individual by a corporation for a taxation year means the lesser of

(a) the amount obtained by multiplying \$75,000 by the proportion that the number of weeks ending in the eligibility period applicable to the individual for the year in relation to the corporation and for which the corporation paid the individual an amount as wages is of 52; and

(b) the aggregate of all amounts each of which is the amount by which 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 amount of any government assistance or non-government assistance attributable to such wages, that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation's filing-due date for the year;

“Québec corporation” in respect of a taxation year of a particular corporation, in this definition referred to as the “base year”, means, subject to section 1029.8.36.148, a corporation

(a) a class of shares of the capital stock of which, at any time in the base year, is listed, or is in the process of being listed, on a Canadian stock exchange or a foreign stock exchange; and

(b) at least 50% of the wages paid by it to employees in its taxation year, in this paragraph referred to as the “particular year”, ending in the base year, where the particular year is its first taxation year, or in its taxation year preceding the particular 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.

For the purposes of the definition of “qualified wages” in the first paragraph, a week ending in the eligibility period applicable to the individual for the year in relation to the corporation is deemed not to be such a week where

(a) the corporation is not a qualified corporation at any time during that week; or

(b) the individual is a specified shareholder of the corporation at any time during that week.

For the purposes of the definition of “Québec corporation” in the first paragraph, the following rules apply:

(a) a class of shares of the capital stock of a corporation is considered to be in the process of being listed on a Canadian stock exchange or a foreign stock exchange if the corporation has filed a preliminary prospectus with the Commission des valeurs mobilières du Québec or another competent securities regulatory or supervisory body in order to have the class of shares listed on that stock exchange; and

(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 rules set out in sections 771R5 and 771R5.0.1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) apply as if the portion of section 771R5.0.1 before paragraph *a* were read with the words “a service in Québec” replaced by the words “a service” and the words “to an employee of an establishment of the corporation

or partnership situated in Québec” replaced by the words “to an employee of an establishment of the corporation or partnership to which the service is reasonably attributable and to the extent that it is so attributable”.

**“1029.8.36.148.** For the purposes of this division, 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,

(a) where the taxation year of the corporation, in this section and in section 1029.8.36.150 referred to as the “particular year”, that ends in the base year is the corporation’s first fiscal period, the corporation’s assets applicable to the particular year are equal to or greater than \$1,000,000,000; or

(b) in any other case, the following conditions are satisfied:

i. the corporation’s assets applicable to the particular year are equal to or greater than \$1,000,000,000, and

ii. the corporation’s market capitalization applicable to the particular year is equal to or greater than \$1,000,000,000.

For the purposes of this section, the following rules apply:

(a) a corporation’s assets applicable to a taxation year are the corporation’s assets shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period; and

(b) a corporation’s market capitalization applicable to a taxation year corresponds to the corporation’s market capitalization at the end of the preceding taxation year.

Where subparagraph *a* of the second paragraph applies to a corporation that is a cooperative, that subparagraph shall be read with the words “submitted to the shareholders” replaced by “submitted to the members”.

**“1029.8.36.149.** For the purposes of section 1029.8.36.148, 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 a corporation or capital of a cooperative.

**“1029.8.36.150.** For the purposes 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 aggregate of all amounts each of which is the assets of a member of the group applicable to its taxation year that ends in the particular year, as determined in accordance with the second paragraph of section 1029.8.36.148 and section 1029.8.36.149, exceeds the aggregate of the amounts of investments the members 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 aggregate of all amounts each of which is the amount by which the market capitalization of a member of the group applicable to its taxation year that ends in the particular year, as determined in accordance with the second paragraph of section 1029.8.36.148, exceeds the portion of the capitalization that relates to shares of the capital stock of the member that are owned by one or more other members.

**“1029.8.36.151.** Where a corporation or, if the corporation is a member of an associated group, another member of that group reduces its assets by any transaction in a taxation year and, but for that reduction, the corporation would not be a Québec corporation by reason of section 1029.8.36.148, the assets are deemed for the purposes of this division not to have been so reduced unless the Minister decides otherwise.

“§2. — *Credit*

**“1029.8.36.152.** A corporation that, in a taxation year, employs an individual as an eligible financial analyst is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of the corporation’s tax payable for that taxation year under this Part, an amount equal to 40% of the qualified wages that the corporation pays for the year to the individual, if the corporation encloses with the fiscal return the corporation is required to file under section 1000 for the year

(a) the prescribed form containing the prescribed information;

(b) a copy of the qualification certificate issued to the corporation in respect of the individual; and

(c) a copy of the certificate referred to in the definition of “eligible financial analyst” in the first paragraph of section 1029.8.36.147 that was issued to the corporation for the year in respect of the individual.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19

where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

**“1029.8.36.153.** Subject to sections 1010 to 1011 and for the purposes of this division, where the Minister of Finance revokes a qualification certificate or a certificate issued by the Minister of Finance to a corporation in respect of an individual, the qualification certificate or certificate is null from the time the revocation becomes effective.

The revoked qualification certificate or 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.

**“1029.8.36.154.** 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 1029.8.36.152 for the particular taxation year, the corporation is deemed to have paid to the Minister for the repayment year, if it encloses the prescribed form with its fiscal return it is required to file for that year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year under section 1029.8.36.152 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 1029.8.36.147, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.36.152 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.

**“1029.8.36.155.** For the purposes of section 1029.8.36.154, an amount of assistance is deemed to be repaid by a corporation in a taxation year pursuant to a legal obligation where that amount

(*a*) reduced, because of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.147, the amount of the wages

referred to in that paragraph *b* for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.152;

(*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.

**“1029.8.36.156.** Where, in respect of employment held by an individual with a corporation as an eligible financial analyst, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the employment, whether in the form of a reimbursement, compensation, 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 the qualified wages paid by the corporation to that individual in respect of that employment for a taxation year shall be reduced by the amount of the benefit or advantage the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that taxation year.”

(2) Subsection 1 applies in respect of wages paid after 29 June 2000. However, where section 1029.8.36.147 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;”.

**114.** (1) Section 1029.8.61.1 of the said Act, amended by section 192 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraph *b* of the definition of “eligible service” in the first paragraph by the following:

“(b) a maintenance or supply service that is a service described in the second paragraph of section 1029.8.61.3, rendered or to be rendered in Québec by a person or a service provider who is neither the eligible individual’s spouse nor a dependant of the eligible individual, in respect of a self-contained domestic establishment of which the eligible individual or the eligible

individual's spouse is the owner, lessee or sublessee, or land on which the self-contained domestic establishment is situated, or a room described in section 1029.8.61.1.1;”;

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

“(a) the portion of an amount as rent or charges resulting from co-ownership, that may reasonably be attributed to an eligible service rendered or to be rendered in respect of the eligible individual, may constitute an eligible expense if it is reasonable and specifically identified in writing by the service provider;”;

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

“(c) the amount of an expenditure in respect of an eligible service includes only the amount relating to the provision of the service, excluding the cost of the food, beverages, materials or other property acquired for or in connection with the provision of the service, and that amount must, to constitute an eligible expense, be reasonable and specifically identified in writing by the service provider.”

(2) Paragraph 1 of subsection 1 applies in respect of eligible expenses made after 29 June 2000.

(3) Paragraphs 2 and 3 of subsection 1 apply from the taxation year 2000.

**115.** (1) The said Act is amended by inserting, after section 1029.8.61.1, the following section :

“**1029.8.61.1.1.** The room to which sections 1029.8.61.1 and 1029.8.61.3 refer is

(a) a room of which an eligible individual or the eligible individual's spouse is the lessee or sublessee, that is situated in a residence for elderly persons and that is the principal place of residence of the eligible individual; or

(b) a room that is situated in a hotel establishment or rooming house, that is leased or subleased by an eligible individual or the eligible individual's spouse for a period of at least 60 consecutive days and that is the principal place of residence of the eligible individual.

However, a room referred to in the first paragraph does not include

(a) a room that is situated in a facility maintained by a public or private institution under agreement operating a hospital centre, a residential and long-term care centre or a rehabilitation centre to which the Act respecting health services and social services (chapter S-4.2) applies, including an intermediate resource of a public institution within the meaning of that Act, or situated in a hospital centre or reception centre that is a public institution for

the purposes of the Act respecting health services and social services for Cree Native persons (chapter S-5) or that has entered into any contract or agreement under section 176 or 177 of that Act ;

(b) a room that is occupied by an eligible individual taken in charge by a person recognized as a foster home under the Act respecting health services and social services or by a foster family referred to in the Act respecting health services and social services for Cree Native persons ; or

(c) a room that is situated in a self-contained domestic establishment maintained by a person, or by the person's spouse, who is the owner, lessee or sublessee of the self-contained domestic establishment and who, in respect of an eligible individual occupying the room, is deemed to have paid an amount as partial payment of tax payable under section 1029.8.57 for the taxation year in which an eligible service is rendered or to be rendered in respect of the eligible individual.”

(2) Subsection 1 applies in respect of eligible expenses made after 29 June 2000.

**116.** (1) Section 1029.8.61.3 of the said Act is amended, in the second paragraph,

(1) by replacing, in the portion before subparagraph *a*, the words “a self-contained domestic establishment”, wherever they appear, by the words “a self-contained domestic establishment or a room” ;

(2) by replacing, in subparagraph *c*, the words “a self-contained domestic establishment” by the words “the self-contained domestic establishment or the room”.

(2) Subsection 1 applies in respect of eligible expenses made after 29 June 2000.

**117.** Section 1029.8.61.5 of the said Act is amended by replacing the first paragraph by the following :

**“1029.8.61.5.** An eligible individual who, in a taxation year, makes an eligible expense and files, for the year, a fiscal return under section 1000 is deemed to have paid to the Minister, on the eligible individual's balance-due day for that taxation year, on account of the eligible individual's tax payable for the year under this Part, an amount equal to 23% of the aggregate of all amounts each of which is an eligible expense.”

**118.** (1) Section 1029.8.63 of the said Act, amended by section 193 of chapter 51 of the statutes of 2001, is again amended by replacing the first paragraph by the following :

**“1029.8.63.** An individual who is resident in Québec on 31 December of a year in which the individual is given a qualifying certificate or in which a qualifying judgment is rendered in the individual’s favour, as the case may be, in respect of the adoption of a person by the individual, is deemed to have paid to the Minister, on the individual’s balance-due day for the individual’s taxation year the end of which coincides with that date, on account of the individual’s tax payable pursuant to this Part for that taxation year, an amount, for the year, in respect of the adoption of the person by the individual, equal to the lesser of \$6,000 and 30% of all of the eligible expenses paid by the individual and the individual’s spouse in respect of the adoption.”

(2) Subsection 1 applies in respect of qualifying certificates given after 31 December 2000 or qualifying judgments rendered after that date, as the case may be.

**119.** (1) Section 1029.8.66.2 of the said Act, enacted by section 194 of chapter 51 of the statutes of 2001, is amended by replacing the first paragraph by the following :

**“1029.8.66.2.** An individual who is resident in Québec at the end of 31 December of a year is deemed to have paid to the Minister, on the individual’s balance-due day for the individual’s taxation year the end of which coincides with that date, on account of the individual’s tax payable pursuant to this Part for that taxation year, an amount, for the year, equal to the lesser of \$6,000 and 30% of the aggregate of the eligible expenses paid in the year by the individual and the person who is the individual’s spouse at the time of payment.”

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

**120.** (1) Section 1038 of the said Act is amended by striking out the fifth paragraph.

(2) Subsection 1 applies to taxation years that begin after 29 February 2000.

**121.** (1) Section 1129.0.0.1 of the said Act, enacted by section 204 of chapter 51 of the statutes of 2001, is amended, in the portion of the first paragraph before the definition of “government assistance” and in the second paragraph, by replacing “to III.1.6, III.10.1.1 to III.10.1.4 and” by “, III.1.1.5, III.1.4 to III.1.6 and III.10.1.1 to”.

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

**122.** (1) The said Act is amended by inserting, after section 1129.4.3.21, the following :



**“PART III.1.1.6**

**“SPECIAL TAX RELATING TO THE CREDIT FOR THE CORPORATIONS ESTABLISHED IN E-COMMERCE PLACE**

**“1129.4.3.22.** In this Part,

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.46;

“Minister” means the Minister of Revenue;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.46;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.46.

**“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 under Part I for any taxation year, or 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, for a particular taxation year, a tax equal to

(a) 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 1029.8.36.0.3.48, or would be deemed to have so paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, in relation to the wages for the taxation year, where the Minister of Finance revokes in the particular year 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, 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 wages for a taxation year preceding the particular year; and

(b) where paragraph *a* does not apply in relation to the wages for the taxation year and, in the particular year, an amount, in relation to the wages for the taxation 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 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 would be deemed to have so paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof, in relation to the wages for the taxation year, exceeds the aggregate of

i. the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.48 in relation to the wages for the taxation year, if that section were read without reference to the fourth and fifth paragraphs thereof and if every amount that was so refunded, paid or allocated in relation to the wages, at or before the end of the particular year, had been government assistance or non-government assistance received by the corporation in the taxation year and attributable to such wages, and

ii. the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, for a taxation year preceding the particular year, in respect of an amount so refunded, paid or allocated in relation to the wages.

**“1129.4.3.24.** For the purposes of Part I, except Division II.6.0.1.6 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.4.3.23 in relation to qualified wages is deemed to be an amount of assistance repaid at that time by the corporation in respect of the wages, pursuant to a legal obligation.

**“1129.4.3.25.** 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 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 to “or 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 the portion before paragraph *a*, without reference to “or would be deemed to have so paid to the Minister under section 1029.8.36.0.3.48 if it were read without reference to the fourth and fifth paragraphs thereof,” in paragraph *a* and in the portion of paragraph *b* before subparagraph *i*, and without reference to “if that section were read without reference to the fourth and fifth paragraphs thereof and” in subparagraph *i* of paragraph *b*.

**123.** (1) The said Act is amended by inserting, after section 1129.4.12, the following :

**“PART III.1.3.1**

**“SPECIAL TAX RELATING TO THE CREDITS FOR THE CORPORATIONS ESTABLISHED IN THE CENTRE DE DÉVELOPPEMENT DES BIOTECHNOLOGIES DE LAVAL**

**“1129.4.12.1.** In this Part,

“acquisition costs” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“Centre de développement des biotechnologies de Laval” has the meaning assigned by the first paragraph of section 771.1 ;

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“eligible facility” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“eligible rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“filing-due date” has the meaning assigned by section 1 ;

“Minister” means the Minister of Revenue ;

“qualified property” has the meaning assigned by section 1029.8.36.0.37.1 ;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“specified employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.37.1 ;

“specified wages” has the meaning assigned by section 1029.8.36.0.37.1 ;

“taxation year” has the meaning assigned by Part I ;

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

**“1129.4.12.2.** Every corporation that 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 on account of its tax payable for a particular taxation year under Part I, 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 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 1029.8.36.0.37.3 or

1029.8.36.0.37.4, or under section 1029.8.36.0.37.15, 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 1029.8.36.0.37.3 or 1029.8.36.0.37.4, or under section 1029.8.36.0.37.15, 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.

**“1129.4.12.3.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.5 on account of its tax payable for a particular taxation year under Part I, in relation to specified wages incurred in that 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 1029.8.36.0.37.5 or 1029.8.36.0.37.16, 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 1029.8.36.0.37.5 or 1029.8.36.0.37.16, 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.

**“1129.4.12.4.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.8 on account of its tax payable under Part I, in relation to the acquisition costs incurred in respect of a qualified property or of the 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 1029.8.36.0.37.8 or 1029.8.36.0.37.17, 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 1029.8.36.0.37.8 or 1029.8.36.0.37.17, 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 in 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 1129.4.12.5 applies in respect of the property for the repayment year or for a preceding taxation year.

**“1129.4.12.5.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.8 on account of its tax payable under Part I, in relation to the acquisition costs incurred in respect of a 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 the building housing the Centre de développement des biotechnologies de Laval.

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 1029.8.36.0.37.8 or 1029.8.36.0.37.17, 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 1129.4.12.4, for a taxation year preceding the particular year, in relation to the acquisition costs.

The period to which the first paragraph refers means 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 that ends on the day that is

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.

**“1129.4.12.6.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.0.37.9 on account of its tax payable under Part I, in relation to the eligible rental expenses incurred in respect of an eligible facility, 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 eligible 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 1029.8.36.0.37.9 or 1029.8.36.0.37.18, in relation to the eligible 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 1029.8.36.0.37.9 or 1029.8.36.0.37.18, in relation to the eligible 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 eligible rental expenses, were refunded, paid or allocated in the taxation year in which the corporation incurred the eligible 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 eligible rental expenses.

**“1129.4.12.7.** For the purposes of section 1129.4.12.6, the amount determined under the second paragraph, in relation to the eligible rental expenses incurred by the corporation in a particular taxation year in respect of an eligible facility, 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 it had issued in respect of the facility.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of the eligible rental expenses incurred by the corporation in the particular taxation year and on or after the effective date specified in the notice of revocation, exceeds the aggregate of all amounts each of which is an amount relating to the expenses that, in a taxation year preceding the repayment year but subsequent to the particular year, was refunded or otherwise paid or allocated to a payment to be made by the corporation.

No tax is payable for a taxation year under section 1129.4.12.6 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.

**“1129.4.12.8.** For the purposes of Part I, except Division II.6.0.3.1 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under any of sections 1129.4.12.2 to 1129.4.12.6 in relation to an expense or property is deemed to be an amount of assistance repaid at that time by the corporation in respect of the expense or property, pursuant to a legal obligation.

**“1129.4.12.9.** 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 30 March 2001.

**124.** (1) The said Act is amended by inserting, after section 1129.4.27, the following :

**“PART III.1.7**

**“SPECIAL TAX RELATING TO THE CREDIT FOR THE CONSTRUCTION, RENOVATION OR ALTERATION OF STRATEGIC BUILDINGS IN THE INTERNATIONAL TRADE ZONE AT MIRABEL**

**“1129.4.28.** In this Part,

“completion date of the work” has the meaning assigned by the first paragraph of section 1029.8.36.0.84 ;

“eligible expenses” has the meaning assigned by section 1029.8.36.0.84 ;

“filing period” has the meaning assigned by the first paragraph of section 1029.8.36.0.84 ;

“Minister” means the Minister of Revenue ;

“strategic building” has the meaning assigned by the first paragraph of section 1029.8.36.0.84 ;

“taxation year” has the meaning assigned by Part I.

**“1129.4.29.** Every corporation that, in relation to eligible expenses incurred in respect of a strategic building, is deemed to have paid an amount to

the Minister, under Division II.6.0.7 of Chapter III.1 of Title III of Book IX of Part I, on account of its tax payable under Part I for a particular taxation year shall pay, for a subsequent taxation year, a tax equal to

(a) the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have so paid to the Minister under that Division II.6.0.7, in respect of the expenses for a year preceding the subsequent year, where the Minister of Finance revokes, in the subsequent year, a certificate issued by the Minister of Finance to the corporation in respect of the strategic building, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this section, in respect of the expenses, for a taxation year preceding the subsequent year; or

(b) where subparagraph *a* does not apply for the subsequent year or a taxation year preceding the subsequent year, in relation to a strategic building, the amount determined in respect of the corporation under the second paragraph where, in the subsequent taxation year, an amount relating to the expenses is, directly or indirectly refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The amount to which subparagraph *b* of the first paragraph refers, in relation to eligible expenses incurred in respect of a strategic building, is equal, for the corporation, to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.85 for the particular year, in relation to the expenses, exceeds the aggregate 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 for the particular year, in relation to the expenses, if the amount so refunded, paid or allocated had been government assistance received by the corporation in the particular year and attributable to the expenses; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this section, in respect of an amount so refunded, paid or allocated, in relation to the expenses, for a taxation year preceding the subsequent year.

**“1129.4.30.** Every corporation that, in relation to eligible expenses incurred in respect of a strategic building, is deemed to have paid an amount to the Minister, under Division II.6.0.7 of Chapter III.1 of Title III of Book IX of Part I, on account of its tax payable under Part I for any taxation year shall, where it is in default by reason of any of the situations described in the third paragraph in a particular taxation year, pay, for that particular year, in relation to the expenses, a tax equal to

(a) where the particular year in which the default occurs is one of the first five taxation years of the corporation’s filing period, an amount 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 Division II.6.0.7, in respect of the expenses for a taxation year preceding the particular year, exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.29 or this section in respect of the expenses for the particular year or a preceding year; or

(b) where the particular year in which the default occurs 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 first paragraph,

(a) A is the amount determined under subparagraph *a* of the first paragraph; and

(b) B is the number of taxation years, including the particular year referred to in the first paragraph in which the corporation is in default, following the taxation year that includes the completion date of the work.

The situations to which the first paragraph refers in which a corporation is in default in respect of a particular taxation year, in relation to a strategic building, are the following:

(a) the corporation fails, for that particular year, to file the qualification certificate relating to the building with the Minister, in accordance with section 1029.8.36.0.87; and

(b) the corporation disposes of the building in the particular year.

**“1129.4.31.** For the purposes of Part I, except Division II.6.0.7 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.4.29 or 1129.4.30 in relation to eligible expenses in respect of a strategic building is deemed to be an amount of assistance repaid at that time by the corporation in respect of the expenses, pursuant to a legal obligation.

**“1129.4.32.** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 30 June 2000.

**125.** (1) The said Act is amended by inserting, after section 1129.27, the following:

### **“PART III.6.1**

#### **“SPECIAL TAX RELATING TO SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS**

**“1129.27.1.** In this Part, unless the context indicates otherwise,

“Corporation” means the corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36);

“cumulative limit amount” applicable in respect of a particular calendar year means

- (a) \$150,000,000, where the particular calendar year is the year 2001;
- (b) \$300,000,000, where the particular calendar year is the year 2002;
- (c) \$450,000,000, where the particular calendar year is the year 2003;
- (d) \$600,000,000, where the particular calendar year is the year 2004;
- (e) \$750,000,000, where the particular calendar year is the year 2005;
- (f) \$900,000,000, where the particular calendar year is the year 2006;
- (g) \$1,050,000,000, where the particular calendar year is the year 2007;
- (h) \$1,200,000,000, where the particular calendar year is the year 2008;
- (i) \$1,350,000,000, where the particular calendar year is the year 2009; or
- (j) \$1,500,000,000, where the particular calendar year is the year 2010;

“liability period” means the period that begins on 1 July 2001 and ends on 31 December 2010;

“Minister” means the Minister of Revenue;

“paid-up capital” has the meaning assigned by section 1;

“share” means a share or fraction of a share of the capital stock of the Corporation.

**“1129.27.2.** The Corporation is required to pay, for a calendar year included in whole or in part in the liability period, in this section referred to as the “particular calendar year”, a tax under this Part equal to the amount determined by the formula

$$[50\% \times (A - B)] - C.$$

In the formula provided for in the first paragraph,

(a) A is the paid-up capital of the shares of the capital stock of the Corporation at the end of the particular calendar year;

(b) B is the cumulative limit amount applicable in respect of the particular calendar year; and

(c) C is any amount of tax that the Corporation is required to pay to the Minister under this section for a preceding calendar year.

**“1129.27.3.** Where the Corporation is required to pay tax under this Part for a particular calendar year, the Corporation shall, on or before 31 March following the end of that particular calendar year,

(a) file with the Minister, without notice or demand therefor, a return under this Part in prescribed form containing the prescribed information;

(b) estimate, in the return, the amount of its tax payable under this Part for that particular calendar year; and

(c) pay to the Minister the amount of its tax payable under this Part for that particular calendar year.

**“1129.27.4.** Except where inconsistent with this Part, sections 1001, 1002 and 1037 and Titles II, V and VI of Book IX of Part I apply to this Part, with the necessary modifications.

#### **“PART III.6.2**

**“SPECIAL TAX RELATING TO THE RECOVERY OF THE TAX CREDIT FOR THE PURCHASE OF SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS**

**“1129.27.5.** In this Part, unless the context indicates otherwise,

“Corporation” means the corporation governed by the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36);

“Minister” means the Minister of Revenue;

“share” means a share or fraction of a share of the capital stock of the Corporation.

**“1129.27.6.** Subject to section 1129.27.7, where a share is redeemed or purchased by the Corporation less than seven years after its issue date, the individual referred to in section 776.1.5.0.11 or, as the case may be, the person to whom the share devolved as a consequence of the individual’s death, is

required to pay, for the taxation year in which the redemption or purchase is made, a tax under this Part equal to the amount determined by the formula

$$[(2,556 - A) / 2,556] \times B.$$

In the formula provided for in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the share referred to in the first paragraph and that ends on the day on which the share is redeemed or purchased by agreement; and

(b) B is the lesser of

i. half the amount paid for the purchase of the share by the individual referred to in the first paragraph, and

ii. the amount paid by the Corporation for the redemption or purchase by agreement of the share.

**“1129.27.7.** Section 1129.27.6 does not apply in respect of a share that is redeemed or purchased by the Corporation under

(a) paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36); or

(b) a provision of the purchase by agreement policy approved by the Minister of Finance in accordance with the second paragraph of section 11 of the Act referred to in paragraph *a*, under which the Corporation may purchase by agreement a share it issued because no amount was deducted in respect of the share under section 776.1.5.0.11.

**“1129.27.8.** Where the Corporation redeems or purchases a share in respect of which tax is payable under section 1129.27.6, the following rules apply:

(a) the Corporation is required to withhold the amount of tax, on behalf of the person who is liable to pay the tax, from the amount paid or credited by the Corporation to that person because of the redemption or purchase of the share; and

(b) the Corporation is required to pay to the Minister the amount so withheld on behalf of that person within 30 days following the day on which the share is redeemed or purchased.

**“1129.27.9.** The Corporation is required to pay, on behalf of the person who is liable to pay the tax referred to in section 1129.27.6, any amount that the Corporation did not withhold under section 1129.27.8, and it is authorized to recover the amount so paid from that person.

**“1129.27.10.** Except where inconsistent with this Part, sections 1000 to 1014 and 1037 to 1079.6 apply to this Part, with the necessary modifications.”

(2) Subsection 1, where it enacts Part III.6.1 of the said Act, applies from the calendar year 2001.

(3) Subsection 1, where it enacts Part III.6.2 of the said Act, has effect from 1 July 2001.

**126.** (1) The said Act is amended by inserting, after section 1129.45.3.17, enacted by section 218 of chapter 51 of the statutes of 2001, the following :

**“PART III.10.1.5**

**“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION  
IN THE GASPÉSIE REGION AND IN CERTAIN MARITIME REGIONS  
OF QUÉBEC**

**“1129.45.3.18.** In this Part,

“base period” has the meaning assigned by section 1029.8.36.72.43 ;

“eligible region” has the meaning assigned by the first paragraph of section 1029.8.36.72.43 ;

“Minister” means the Minister of Revenue ;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.72.43 ;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.43 ;

“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.

**“1129.45.3.19.** 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 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

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced 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 1029.8.36.72.44, 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 referred to therein 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 a 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 1029.8.36.72.45, 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 referred to therein 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 a 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 1029.8.36.72.46 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 1029.8.36.72.45, 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 1029.8.36.72.45, 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 referred to therein 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, if 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

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 1029.8.36.72.44 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 1029.8.36.72.44 in respect of the corporation in relation to that preceding calendar year if any 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 1029.8.36.72.45 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 that 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 1029.8.36.72.45 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 1029.8.36.72.46 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 that corporation, the amount by which the amount 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 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 1029.8.36.72.45, 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 if 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

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.

**“1129.45.3.20.** For the purposes of Part I, except for Division II.6.6.4 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.

**“1129.45.3.21.** Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.72.49 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

#### **“PART III.10.1.6**

#### **“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION IN THE CITY OF BIOTECHNOLOGY AND HUMAN HEALTH OF METROPOLITAN MONTRÉAL**

**“1129.45.3.22.** In this Part,

“base period” has the meaning assigned by the first paragraph of section 1029.8.36.72.56;

“Minister” means the Minister of Revenue;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.72.56;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.56;

“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.

**“1129.45.3.23.** 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 1029.8.36.72.57 or 1029.8.36.72.58, 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

(a) where the corporation pays, in the particular taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced 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 1029.8.36.72.57, 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 referred to therein 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 a 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 1029.8.36.72.58, 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 the City of Biotechnology and Human Health of Metropolitan Montréal 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 referred to therein 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 a 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 1029.8.36.72.59 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 1029.8.36.72.58, 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 1029.8.36.72.58, 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 referred to therein 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, if 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

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 1029.8.36.72.57 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 1029.8.36.72.57 in respect of the corporation in relation to that preceding calendar year if any 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 1029.8.36.72.58 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 the City of Biotechnology and Human Health of Metropolitan Montréal 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 that 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 1029.8.36.72.58 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 1029.8.36.72.59 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 that corporation, the amount by which the amount 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 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 1029.8.36.72.58 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 if 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

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.

**“1129.45.3.24.** For the purposes of Part I, except for Division II.6.6.5 of Chapter III.1 of Title III of Book IX, 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.

**“1129.45.3.25.** 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 1029.8.36.72.63 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, where it enacts Part III.10.1.5 of the said Act, has effect from 1 January 2000. However, where section 1129.45.3.18 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.6.6.4 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.6.6.4 of Chapter III.1 of Title III of Book IX of Part I;”.

(3) Subsection 1, where it enacts Part III.10.1.6 of the said Act, has effect from 1 January 2001. However, where section 1129.45.3.22 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.6.6.5 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.6.6.5 of Chapter III.1 of Title III of Book IX of Part I;”.

**127.** (1) Section 1129.45.14 of the said Act is replaced by the following :

**“1129.45.14.** Every corporation that, in relation to qualified wages paid to an individual, 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, shall pay a tax equal to the amount provided for in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, where an amount relating to wages included in computing the qualified wages paid to the individual for the particular year 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.

The tax referred to in the first paragraph is equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.96 for the particular year, in relation to the qualified wages, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.96 for the particular year, in relation to the qualified wages, if any amount that was, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, had been refunded, paid or allocated in the particular year; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount so refunded, paid or allocated, in relation to wages included in computing the qualified wages.”

(2) Subsection 1 has effect from 1 April 1998.

**128.** (1) The said Act is amended by inserting, after section 1129.45.31, enacted by section 220 of chapter 51 of the statutes of 2001, the following :

**“PART III.10.8**

**“SPECIAL TAX RELATING TO FINANCIAL ANALYSTS SPECIALIZED IN SECURITIES OF QUÉBEC CORPORATIONS**

**“1129.45.32.** In this Part,

“individual” has the meaning assigned by section 1 ;

“Minister” means the Minister of Revenue ;

“qualified wages” has the meaning assigned by section 1029.8.36.147 ;

“taxation year” has the meaning assigned by Part I ;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.147.

**“1129.45.33.** Every corporation that, in relation to qualified wages paid to an individual, 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, shall pay a tax equal to the amount provided for in the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, where an amount relating to wages included in computing the qualified wages paid to the individual for the particular year 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.

The tax referred to in the first paragraph is equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.152 for the particular year, in relation to the qualified wages, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.152 for the particular year, in relation to the qualified wages, if any amount that was, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, had been refunded, paid or allocated in the particular year ; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount so refunded, paid or allocated, in relation to wages included in computing the qualified wages.

**“1129.45.34.** For the purposes of Part I, except Division II.6.13 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 qualified wages is deemed to be an amount of assistance repaid by the corporation at that time in respect of those wages pursuant to a legal obligation.

**“1129.45.35.** 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 30 June 2000.

**129.** (1) Section 1130 of the said Act, amended by sections 221 and 228 of chapter 51 of the statutes of 2001 and by section 260 of chapter 53 of the statutes of 2001, is again amended

(1) by replacing the definition of “eligible activities” by the following :

““eligible activities” means eligible activities within the meaning of section 737.18.6 or the first paragraph of section 737.18.14;”;

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

““annual qualification certificate” means an annual qualification certificate within the meaning assigned by the first paragraph of section 737.18.14;”;

(3) by replacing the definition of “recognized business” by the following :

““recognized business” means a recognized business within the meaning assigned by the first paragraph of section 737.18.14 or the first paragraph of section 1029.8.36.0.38 and section 1029.8.36.0.38.1;”;

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

““eligibility period” means an eligibility period within the meaning assigned by section 737.18.14;”;

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

““major investment project” means a major investment project within the meaning assigned by the first paragraph of section 737.18.14;”.

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**130.** (1) Section 1135 of the said Act is amended

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

**“1135.** In no case may the tax payable by a corporation, other than a corporation referred to in paragraph *d*, that is a farming corporation or a corporation whose activities consist mainly in carrying on a fishing business be less than \$125, or the tax payable by another corporation that is not one of the following corporations be less than \$250:”;



(2) by striking out paragraphs *a* and *b*;

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

“(d) a corporation whose activities in the taxation year, and those of any partnership of which the corporation is a member, in the fiscal period of that partnership that ends in the taxation year, consist solely in carrying on eligible activities of a recognized business carried on by the corporation in the taxation year or by the partnership in the fiscal period, during any of the following periods :

i. the eligibility period of the corporation or partnership, as the case may be, in respect of a major investment project relating to the recognized business, or

ii. the base period applicable to the corporation or partnership, as the case may be, in respect of those eligible activities; and”.

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**131.** (1) The said Act is amended by inserting, after section 1138.2.1, the following section :

“**1138.2.2.** A corporation that carries on, in a taxation year, a recognized business in connection with which a major investment project was carried out or is in the process of being carried out, or is a member of a partnership that carries on, in a fiscal period of the partnership that ends in the year, such a recognized business, may deduct from its paid-up capital otherwise determined for the year under this Title, the aggregate of all amounts each of which is, in relation to a particular major investment project of the corporation or partnership, the proportion of the amount that would be the corporation’s paid-up capital otherwise determined for the year under this Title if such capital were established on the sole basis of the financial statements referred to in subparagraph *c* or *d* of the second paragraph in relation to the particular major investment project, that the number of days in the eligibility period of the corporation for the year or of the partnership for the fiscal period, as the case may be, in relation to the particular major investment project, is of the number of days in the taxation year or fiscal period, as the case may be.

However, a deduction is allowed under the first paragraph for a taxation year in respect of a major investment project of the corporation or partnership, only if the corporation encloses, with its fiscal return it is required to file under section 1000 for the year, the following documents :

(a) the prescribed form containing the prescribed information ;

(b) a copy of the unrevoked initial qualification certificate issued to the corporation or partnership in relation to the major investment project, and of any valid annual qualification certificate for the taxation year of the corporation

or the fiscal period of the partnership issued in relation to the major investment project ;

(c) where the recognized business is carried on by the corporation, the financial statements of the corporation prepared in accordance with generally accepted accounting principles but pertaining only to the eligible activities of the corporation, in relation to the major investment project, and, as the case may be, the financial statements of a joint venture in which the corporation has an interest and that carries on activities arising from the major investment project, prepared in accordance with those principles but pertaining only to those latter activities ; and

(d) where the recognized business is carried on by the partnership,

i. the financial statements of the partnership prepared in accordance with generally accepted accounting principles but pertaining only to the eligible activities of the partnership, in relation to the major investment project,

ii. where applicable, the financial statements of a joint venture in which the partnership has an interest and that carries on activities arising from the major investment project, prepared in accordance with generally accepted accounting principles but pertaining only to those activities, and

iii. the financial statements of the corporation prepared in accordance with generally accepted accounting principles but pertaining only to the elements attributable to the eligible activities of the partnership, in relation to the major investment project, and, where applicable, only to the elements attributable to the activities referred to in subparagraph ii.

For the purposes of subparagraph *b* of the second paragraph, where, at any time, a corporation or partnership acquires from another corporation or partnership all or substantially all of a recognized business, and the Minister of Finance previously authorized the acquisition for the purposes of this Book, the initial qualification certificate issued to the other corporation or partnership, in relation to the major investment project, is deemed to have been issued, from that time, to the corporation or partnership, as the case may be.

The amounts reported in the financial statements referred to in subparagraph *c* or *d* of the second paragraph of the corporation, partnership or joint venture must be the same as the amounts that, in respect of eligible activities, activities or elements attributable to eligible activities or activities referred to in that subparagraph, were taken into account in determining the amounts reported in the financial statements of the corporation, partnership or joint venture, as the case may be, otherwise prepared under this Part.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**132.** (1) The said Act is amended by inserting, after section 1141.7, the following section:

**“1141.3.** A corporation that carries on, in a taxation year, a recognized business in connection with which a major investment project was carried out or is in the process of being carried out, or is a member of a partnership that carries on, in a fiscal period of the partnership that ends in the year, such a recognized business, may deduct from its paid-up capital otherwise determined for the year under this Title, the aggregate of all amounts each of which is, in relation to a particular major investment project of the corporation or partnership, the proportion of the amount that would be the corporation’s paid-up capital otherwise determined for the year under this Title if such capital were established on the sole basis of the financial statements referred to in subparagraph *c* or *d* of the second paragraph in relation to the particular major investment project, that the number of days in the eligibility period of the corporation for the year or of the partnership for the fiscal period, as the case may be, in relation to the particular major investment project, is of the number of days in the taxation year or fiscal period, as the case may be.

However, a deduction is allowed under the first paragraph for a taxation year in respect of a major investment project of the corporation or partnership, only if the corporation encloses, with its fiscal return it is required to file under section 1000 for the year, the following documents :

(a) the prescribed form containing the prescribed information ;

(b) a copy of the unrevoked initial qualification certificate issued to the corporation or partnership in relation to the major investment project, and of any valid annual qualification certificate for the taxation year of the corporation or the fiscal period of the partnership issued in relation to the major investment project ;

(c) where the recognized business is carried on by the corporation, the financial statements of the corporation prepared in accordance with generally accepted accounting principles but pertaining only to the eligible activities of the corporation, in relation to the major investment project ; and

(d) where the recognized business is carried on by the partnership, the financial statements of the partnership prepared in accordance with generally accepted accounting principles but pertaining only to the eligible activities of the partnership, in relation to the major investment project, and the financial statements of the corporation prepared in accordance with those principles but pertaining only to the elements attributable to eligible activities of the partnership, in relation to the major investment project.

For the purposes of subparagraph *b* of the second paragraph, where, at any time, a corporation or partnership acquires from another corporation or partnership all or substantially all of a recognized business, and the Minister of Finance previously authorized the acquisition for the purposes of this Book, the initial qualification certificate issued to the other corporation or partnership, in relation to the major investment project, is deemed to be issued, from that time, to the corporation or partnership, as the case may be.

The amounts reported in the financial statements referred to in subparagraph *c* or *d* of the second paragraph of the corporation or partnership must be the same as the amounts that, in respect of eligible activities or elements attributable to eligible activities referred to in that subparagraph, were taken into account in determining the amounts reported in the financial statements of the corporation or partnership, as the case may be, otherwise prepared under this Part.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**133.** (1) Section 1159.3 of the said Act is amended

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

“i. 0.25% of its paid-up capital as established for the year under Title II of Book III of Part IV, computed without reference to sections 1141.3, 1141.4 and 1141.8, and” ;

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

“i. 0.35% of any premium payable in respect of which tax is to be paid in the year under Book II of Part VI, without reference to subparagraph *b* of the third paragraph of section 1167 and section 1170.1, and” ;

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

“i. 0.25% of the product obtained by multiplying its paid-up capital as established for the year under Title II of Book III of Part IV, computed without reference to sections 1141.3, 1141.4 and 1141.8, by the proportion that the number of days in its taxation year during which it was a financial institution is of the number of days in its taxation year, and” ;

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

“i. 0.35% of the product obtained by multiplying any premium payable in respect of which tax is to be paid in the year under Book II of Part VI, without reference to subparagraph *b* of the third paragraph of section 1167 and section 1170.1, by the proportion that the number of days in its taxation year during which it was a financial institution is of the number of days in its taxation year, and” .

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**134.** (1) Section 1166 of the said Act is amended

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

““eligible activities” has the meaning assigned by the first paragraph of section 737.18.14;”;

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

““annual qualification certificate” has the meaning assigned by the first paragraph of section 737.18.14;”;

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

““eligible employee” of a corporation for a pay period means an employee of the corporation who, throughout that period, reports for work at an establishment of the corporation situated in Québec ;

““employee” has the meaning assigned by section 1 ;

““recognized business” has the meaning assigned by the first paragraph of section 737.18.14;”;

(4) by inserting, in the first paragraph, the following definition in alphabetical order :

““total payroll” of a corporation for a taxation year means the aggregate of all amounts each of which is the salaries or wages paid by the corporation during a pay period that ends in the year, to an eligible employee of the corporation for the pay period;”;

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

““eligibility period” has the meaning assigned by section 737.18.14;”;

(6) by inserting, in the first paragraph, the following definition in alphabetical order :

““major investment project” has the meaning assigned by the first paragraph of section 737.18.14;”;

(7) by inserting, in the first paragraph, the following definition in alphabetical order :

““salary or wages” has the meaning assigned by section 1 ;”;

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

“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 of a corporation reports for work at an establishment of the corporation situated in Québec and at an establishment of the corporation situated outside Québec, the employee is, for that pay 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 pay period, the employee reports for work mainly at an establishment of the corporation situated outside Québec; and

(b) where, during a pay period within a taxation year, an employee of a corporation is not required to report for work at an establishment of the 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 pay period are performed mainly in Québec.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**135.** (1) Section 1167 of the said Act is amended

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

“Subject to the third paragraph, the tax payable by an insurance corporation shall not be less than”;

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

“The second paragraph does not apply to

(a) a corporation to which section 61 of the Act respecting international financial centres (chapter C-8.3) applies; and

(b) a corporation whose operations consist solely in carrying on eligible activities, in respect of a major investment project relating to a recognized business of the corporation, in its eligibility period in relation to the recognized business.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000. However, where the third paragraph of section 1167 of the said Act, enacted by paragraph 2 of subsection 1, applies to such a taxation year that begins on or before 20 December 1999, it shall be read with subparagraph *a* replaced by the following subparagraph:

“(a) a corporation whose operations consist solely in operating, directly or through a partnership, an international financial centre; and”.

**136.** (1) The said Act is amended by inserting, after section 1170, the following sections:

**1170.1.** Subject to sections 1170.2 and 1170.3, an insurance corporation carrying on a recognized business in a taxation year may deduct, in computing its tax payable under this Book for a 12-month period ending in that year, the amount obtained by multiplying the amount of tax that would be payable by it, but for this section, under this Book for that 12-month period, by the product determined by the formula

$$[(A - B) / A] \times (C / D).$$

In the formula provided for in the first paragraph,

(a) A is the proportion of the insurance corporation’s total payroll for the taxation year that 365 is of the number of days in the taxation year;

(b) B is

i. except where subparagraph ii or iii applies, the proportion of the insurance corporation’s total payroll for its taxation year, in this section referred to as the “base year”, that precedes the taxation year in which the insurance corporation began carrying on eligible activities, in respect of a major investment project relating to a recognized business, that 365 is of the number of days in the base year,

ii. where the base year has fewer than 183 days and the insurance corporation has a taxation year, preceding the base year, that has more than 182 days, the amount that would be determined under subparagraph i if it applied to the total payroll of the insurance corporation for its last taxation year, preceding the base year, that has more than 182 days, or

iii. where the taxation year in which the insurance corporation began carrying on eligible activities, in respect of a major investment project relating to a recognized business, is its first taxation year, an amount equal to zero;

(c) C is the number of days in the insurance corporation’s eligibility period for the taxation year, in respect of a major investment project relating to a recognized business; and

(d) D is the number of days in the taxation year.

However, the amount that an insurance corporation may deduct under the first paragraph for a 12-month period may not exceed the amount by which the insurance corporation’s tax payable under this Book for that 12-month period, computed before the application of this section, exceeds its tax payable under

this Book for the last 12-month period referred to in section 1167 that ended before the beginning of the taxation year in which the insurance corporation began carrying on eligible activities, in respect of a major investment project relating to a recognized business.

**“1170.2.** An insurance corporation may deduct an amount under this Book in computing its tax payable for a 12-month period that ends in a taxation year, pursuant to section 1170.1, only if it encloses with its fiscal return it is required to file under section 1000 for the year the prescribed form containing the prescribed information and a copy of the unrevoked initial qualification certificate issued to the corporation, in respect of a major investment project relating to a recognized business carried on in the year by the corporation, and of any valid annual qualification certificate issued for the year in respect of the major investment project.

**“1170.3.** For the purposes of section 1170.2, where, at any time, an insurance corporation has acquired from another insurance corporation all or substantially all of a recognized business, and the Minister of Finance previously authorized the acquisition for the purposes of this Book, the initial qualification certificate issued to the other insurance corporation, in respect of a major investment project relating to the recognized business, is deemed to have been issued, from that time, to the insurance corporation.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**137.** (1) Section 1175.1 of the said Act, amended by section 256 of chapter 53 of the statutes of 2001, is again amended

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

““eligible activities” has the meaning assigned by the first paragraph of section 737.18.14;”;

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

““annual qualification certificate” has the meaning assigned by the first paragraph of section 737.18.14;”;

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

““eligible employee” has the meaning assigned by section 1166;

““employee” has the meaning assigned by section 1;”;

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

““recognized business” has the meaning assigned by the first paragraph of section 737.18.14;”;



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

““total payroll” has the meaning assigned by the first paragraph of section 1166;”;

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

““eligibility period” has the meaning assigned by section 737.18.14;

““major investment project” has the meaning assigned by the first paragraph of section 737.18.14;”;

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

““salary or wages” has the meaning assigned by section 1;”.

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**138.** (1) The said Act is amended by inserting, after section 1175.4, the following sections :

**“1175.4.1.** Subject to sections 1175.4.2 and 1175.4.3, a life insurer carrying on a recognized business in a taxation year may deduct from its tax payable for the year under this Part, computed before the application of this section and section 1175.5, the amount obtained by multiplying the amount of that tax by the product determined by the formula

$$[(A - B) / A] \times (C / D).$$

In the formula provided for in the first paragraph,

(a) A is the proportion of the life insurer’s total payroll for the taxation year that 365 is of the number of days in the taxation year ;

(b) B is

i. except where subparagraph ii or iii applies, the proportion of the life insurer’s total payroll for its taxation year, in this section referred to as the “base year”, that precedes the taxation year in which the life insurer began carrying on eligible activities, in respect of a major investment project relating to a recognized business, that 365 is of the number of days in the base year,

ii. where the base year has fewer than 183 days and the life insurer has a taxation year, preceding the base year, that has more than 182 days, the amount that would be determined under subparagraph i if it applied to the life insurer’s total payroll for its last taxation year, preceding the base year, that has more than 182 days, or

iii. where the taxation year in which the life insurer began carrying on eligible activities, in respect of a major investment project relating to a recognized business, is its first taxation year, an amount equal to zero;

(c) C is the number of days in the life insurer's eligibility period for the taxation year, in respect of a major investment project relating to a recognized business; and

(d) D is the number of days in the taxation year.

However, the amount that a life insurer may deduct under the first paragraph for a particular taxation year may not exceed the amount by which its tax payable under this Part for the particular year, computed before the application of this section and section 1175.5 exceeds

(a) except where subparagraph *b* or *c* applies, the proportion of the tax payable under this Part by the life insurer for the base year, computed before the application of section 1175.5, that the number of days in the particular year is of the number of days in the base year,

(b) where the base year has fewer than 183 days and the life insurer has a taxation year, preceding the base year, that has more than 182 days, the amount that would be determined under subparagraph *a* if it applied to the life insurer's tax payable under this Part, computed before the application of section 1175.5, for its last taxation year, preceding the base year, that has more than 182 days, or

(c) where the taxation year in which the life insurer began carrying on eligible activities, in respect of a major investment project relating to a recognized business, is its first taxation year, zero.

**“1175.4.2.** A life insurer may deduct an amount under this Part in computing its tax payable for a taxation year, pursuant to section 1175.4.1, only if it encloses with its fiscal return it is required to file under section 1000 for the year the prescribed form containing the prescribed information and a copy of the unrevoked initial qualification certificate issued to the life insurer, in respect of a major investment project relating to a recognized business carried on in the year by the life insurer, and of any valid annual qualification certificate issued for the year in respect of the major investment project.

**“1175.4.3.** For the purposes of section 1175.4.2, where, at any time, a life insurer has acquired from another life insurer all or substantially all of a recognized business, and the Minister of Finance previously authorized the acquisition for the purposes of this Part, the initial qualification certificate issued to the other life insurer, in respect of a major investment project relating to the recognized business, is deemed to have been issued, from that time, to the life insurer.”

(2) Subsection 1 applies to taxation years that end after 14 March 2000.

**139.** (1) The said Act is amended by inserting, after section 1175.22, the following :

**“PART VI.3**

**“SPECIAL TAX RELATING TO A MAJOR INVESTMENT PROJECT**

**“1175.23.** In this Part,

“fiscal period” has the meaning assigned by Part I;

“major investment project” has the meaning that would be assigned by the first paragraph of section 737.18.14 if the word “corporation”, wherever it appears, were replaced by the word “person”;

“Minister” means the Minister of Revenue ;

“person” has the meaning assigned by section 1 ;

“taxation year” has the meaning assigned by Part I.

**“1175.24.** Where the initial qualification certificate issued by the Minister of Finance in respect of a major investment project is revoked, any person in respect of whom an amount has been determined under section 94.0.3.2 of the Act respecting the Ministère du Revenu (chapter M-31), in relation to the major investment project, shall pay, for the person’s taxation year in which the certificate was revoked, a tax equal to that amount.

**“1175.25.** Where the initial qualification certificate issued by the Minister of Finance in respect of a major investment project is revoked and an amount has been determined, in respect of a partnership, under section 94.0.3.3 of the Act respecting the Ministère du Revenu (chapter M-31), in relation to the major investment project, any person that is a member of the partnership at the end of the partnership’s fiscal period in which the certificate is revoked, shall pay, for the person’s taxation year in which the fiscal period ends, a tax equal to the person’s share of that amount.

For the purposes of the first paragraph, a person’s share of an amount is equal to the proportion of the amount that the person’s share of the partnership’s income or loss for the fiscal period is of the partnership’s income or loss for that fiscal period, on the assumption, if the partnership’s income or loss for the fiscal period is nil, that the partnership’s income for that fiscal period is equal to \$1,000,000.

**“1175.26.** Where a qualification certificate issued by the Minister of Finance, in relation to a major investment project, in respect of a calendar year is revoked in a particular taxation year of a person and, in relation to the major investment project, that person deducted an amount in computing the person’s taxable income under section 737.18.17, or in computing the person’s paid-up

capital under section 1138.2.2 or 1141.8, reduced the person's tax payable under Part VI pursuant to section 1170.1, or under Part VI.1 pursuant to section 1175.4.1, or paid or is deemed to have paid wages or another amount in respect of which no contribution was payable under the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) because of subparagraph *d* of the sixth paragraph of section 34 of that Act, the person shall pay for the particular taxation year a tax equal to the aggregate of

(a) the aggregate of all amounts each of which is the amount by which the tax payable by the person under Part I for a taxation year preceding the particular year, that would have been determined by the Minister pursuant to section 1005 if the Minister had taken the revocation into account, exceeds the person's tax payable under that Part determined by the Minister pursuant to that section for that preceding year;

(b) the aggregate of all amounts each of which is the amount by which the tax payable by the person under Part IV, VI or VI.1, for a taxation year preceding the particular year or a 12-month period ending in a preceding taxation year, as the case may be, that would have been determined by the Minister pursuant to section 1005 if the Minister had taken the revocation into account, exceeds the person's tax payable under that Part determined by the Minister pursuant to that section for that preceding year or that 12-month period; and

(c) the amount by which the amount of contribution payable by the person, taking the revocation into account, under section 34 of the Act respecting the Régie de l'assurance maladie du Québec, in respect of the wages or amounts paid or deemed to be paid in the calendar year, exceeds the amount of the contribution payable by the person, but for the revocation, under that section 34 in respect of those wages or amounts, except to the extent that that excess amount has become otherwise payable by the person.

Similarly, a person shall pay, for a particular taxation year, where the initial qualification certificate issued or deemed to be issued by the Minister of Finance, in respect of a major investment project, is revoked at any time in the particular year, a tax equal to the aggregate of all amounts each of which is the tax that would be payable by that person, under the first paragraph, for the particular year, if each qualification certificate valid at that time, issued by the Minister of Finance, in respect of a calendar year, in relation to the major investment project, were revoked in the particular year.

**“1175.27.** Where a qualification certificate issued by the Minister of Finance, in relation to a major investment project, in respect of a calendar year is revoked in a fiscal period of a partnership ending in a particular taxation year of a person who is a member of the partnership at the end of that fiscal period and, in relation to the major investment project, the partnership has paid or is deemed to have paid for a pay period included in the calendar year wages or another amount, that person shall pay for the particular taxation year a tax equal to the person's share of the amount by which the amount of the contribution payable by the partnership, taking the revocation into account,

under section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), in respect of the wages or amounts paid or deemed to be paid in the calendar year, exceeds the amount of the contribution payable by the partnership, but for the revocation, under that section 34, in respect of those wages or amounts, except to the extent that that excess amount has become otherwise payable by the partnership.

Similarly, where the initial qualification certificate issued or deemed to have been issued by the Minister of Finance to a partnership, in relation to a major investment project, is revoked at any time in a fiscal period of the partnership ending in a particular taxation year of a person who is a member of the partnership at the end of that fiscal period, that person shall pay for the particular year a tax equal to the aggregate of all amounts each of which is the tax that would be payable by that person, under the first paragraph, for the particular year, if each qualification certificate valid at that time, issued by the Minister of Finance, in respect of a calendar year, in relation to the major investment project, were revoked in the fiscal period.

For the purposes of the first paragraph, a person's share of an amount is equal to the proportion of the amount that the person's share of the partnership's income or loss for the fiscal period is of the partnership's income or loss for that fiscal period, on the assumption, if the partnership's income or loss for the fiscal period is nil, that the partnership's income for that fiscal period is equal to \$1,000,000.

**“1175.28.** 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 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 14 March 2000.

## LICENSES ACT

**140.** (1) Section 79.11 of the Licenses Act (R.S.Q., chapter L-3) is amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) as regards every millilitre of beer the person acquires, a specific duty of 0.040 of a cent and a duty equal to 7.5% of the aggregate of the specific duty, the greater of the sale price paid and the average sale price, determined by regulation, in force at the time of the acquisition of the beer, and an amount equal to the tax that would be paid or payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) if that tax were calculated only on the aggregate of the specific duty and the greater of the sale price paid and the average sale price, determined without reference to the input tax credit provided for in that Part that would relate to that beer;”.

(2) Subsection 1 applies in respect of beer acquired by a retailer after 29 March 2001. It also applies in respect of beer acquired by a retailer before 30 March 2001 for which the retailer claims a reimbursement of the duty of 7.5% provided for in subparagraph *b* of the first paragraph of section 79.11 of the said Act after 29 March 2001.

## ACT RESPECTING THE MINISTÈRE DU REVENU

**141.** Section 39 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended, in the first paragraph,

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

**“39.** For the administration and enforcement of a fiscal law, in particular for the recovery of an amount owed by a person under such a law, the Minister may, by a formal demand delivered by registered mail or personal service, require from any person, whether or not the person is liable to pay a duty, that the person file by registered mail or personal service, within a reasonable time fixed in the demand :”;

(2) by striking out, in subparagraph *a*, the words “exigible under a fiscal law”.

**142.** (1) Section 94.0.3 of the said Act is repealed.

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

**143.** (1) The said Act is amended by inserting, after section 94.0.3, the following sections :

**“94.0.3.1.** In sections 94.0.3.2 to 94.0.3.4, unless the context indicates otherwise, “annual qualification certificate”, “compensation period”, “date of the beginning of the exemption period”, “eligible activities”, “major investment project” and “recognized business” have the meaning that would be assigned by section 737.18.14 of the Taxation Act (chapter I-3) if the word “corporation”, wherever it appears, were replaced by the word “person”.

**“94.0.3.2.** Where a person carries on a recognized business, or is a member of a partnership that carries on a recognized business, in relation to a major investment project, in the compensation period of the person or partnership, as the case may be, in relation to that major investment project, and the Minister of Finance issues the annual qualification certificate that determines the date of the beginning of the exemption period in relation to the major investment project, the Minister of Revenue shall pay to the person an amount equal to the aggregate of

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

i. where the recognized business is carried on by the person, the amount determined in relation to the major investment project, for a taxation year that ends in the person's compensation period, in relation to that major investment project, and that is determined by the formula

$A \times C$ , and

ii. where the recognized business is carried on by the partnership, the amount determined, for a taxation year of the person in which a fiscal period of the partnership ending in the partnership's compensation period ends, in relation to the major investment project, and that is determined by the formula

$B \times C$ ;

(b) where the recognized business is carried on

i. by the person, the aggregate of all amounts each of which is, for a taxation year that ends in the person's compensation period or for a 12-month period that ends in such a taxation year, the amount by which the amount of tax payable by the person for the year or the 12-month period, under Part IV, VI or VI.1 of the Taxation Act (chapter I-3), exceeds the amount of tax that would be payable by the person under that Part for the year or the 12-month period, if the person's eligibility period for the year, in relation to the major investment project, were composed of the part of the year included in the person's compensation period, and neither the second paragraph of sections 1138.2.2 and 1141.8 of that Act, nor sections 1170.2 and 1175.4.2 of that Act were taken into account, or

ii. by the partnership, the aggregate of all amounts each of which is, for a taxation year of the person in which a fiscal period of the partnership ending in the partnership's compensation period ends, the amount by which the amount of tax payable by the person for the year, under Part IV of the Taxation Act, exceeds the amount of tax that would be payable by the person under that Part for the year, if the partnership's eligibility period for the fiscal period, in relation to the major investment project, were composed of the part of the fiscal period that is included in the partnership's compensation period, and the second paragraph of sections 1138.2.2 and 1141.8 of that Act was not taken into account; and

(c) where the recognized business is carried on by the person, the amount by which the amount of the contribution payable by the person under section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), in respect of the wages or amounts paid or deemed to be paid in the particular period that begins on the date of the beginning of the exemption period of the person, in relation to the major investment project, and that ends on the last day of the calendar year that precedes the calendar year covered by the annual qualification certificate that determines that date, in relation to that major investment project, exceeds the amount of the contribution that would be payable by the person in respect of those wages or amounts under that

section 34, if the particular period were entirely covered by one or more qualification certificates issued by the Minister of Finance, in relation to the major investment project, in respect of a calendar year.

In the formulas provided for in subparagraph *a* of the first paragraph, in relation to a person's taxation year,

(*a*) *A* is the amount that would be deductible by the person in computing the person's taxable income for the taxation year under subparagraph *a* of the first paragraph of section 737.18.17 of the Taxation Act, if

i. neither the condition relating to the issue of an annual qualification certificate, in the first paragraph of that section 737.18.17, nor the third paragraph of that section were taken into account,

ii. the eligible activities, in relation to the major investment project, were the only business carried on by the person,

iii. the person's eligibility period for each taxation year that ends in the person's compensation period, in relation to the major investment project, were composed of the part of the year that is included in the person's compensation period,

iv. subparagraphs i and ii of subparagraph *a* of the second paragraph of section 737.18.14 of the Taxation Act were read without reference to subparagraph 2 thereof, and

v. where the person's taxation year is the year that includes the date of the beginning of the exemption period of the person, in respect of the major investment project, subparagraphs *a* and *b* of the second paragraph of that section 737.18.17 were read with the addition, after the words "the number of days in the taxation year", of the words "in which the person carries on eligible activities in relation to the major investment project";

(*b*) *B* is the amount that would be deductible by the person in computing the person's taxable income for the taxation year under subparagraph *b* of the first paragraph of section 737.18.17 of the Taxation Act, if

i. neither the condition relating to the issue of an annual qualification certificate, in the first paragraph of that section 737.18.17, nor the third paragraph of that section were taken into account,

ii. the person's income were computed taking into account only the person's share of the partnership's income from eligible activities in relation to the major investment project,

iii. the partnership's eligibility period for each fiscal period that ends in the partnership's compensation period, in relation to the major investment project, were composed of the part of the fiscal period that is included in the partnership's compensation period,



iv. subparagraphs i and ii of subparagraph *a* of the second paragraph of section 737.18.14 of the Taxation Act were read without reference to subparagraph 2 thereof, and

v. where the partnership's fiscal period is the fiscal period that includes the date of the beginning of the exemption period of the partnership, in respect of the major investment project, subparagraphs *d* and *e* of the second paragraph of that section 737.18.17 were read with the addition, after the words "the number of days of the fiscal period", of the words "in which the partnership carries on eligible activities in relation to the major investment project"; and

(c) C is the amount by which the rate determined, in respect of the taxation year, in the portion of paragraph *d.2* of subsection 1 of section 771 of the Taxation Act before subparagraph i, exceeds the total of the rate determined, in respect of the year, in that subparagraph i and, where the person is a savings and credit union, within the meaning of section 797 of that Act, the rate determined, in respect of the year, in subparagraph ii of that paragraph *d.2*.

A person may obtain the payment to which the first paragraph refers, in relation to a taxation year or other period, only if the person applies to the Minister in prescribed form containing the prescribed information and encloses the following documents :

(a) the financial statements, for the taxation year or fiscal period that ends in the taxation year, as the case may be, relating to the major investment project, that would be required for the purposes of section 737.18.17, 1138.2.2 or 1141.8 of the Taxation Act, to the extent that that section applies for the year for the purposes of subparagraph *a* or *b* of the first paragraph ;

(b) a copy of the unrevoked initial qualification certificate issued by the Minister of Finance to the corporation or partnership in relation to the major investment project; and

(c) a copy of the annual qualification certificate referred to in the first paragraph.

For the purposes of this Act, the amounts owed under the first paragraph are sums that the Minister shall refund by reason of the application of a fiscal law and an application made under the third paragraph constitutes an application for a refund. The sums shall be taken out of the tax revenues collected under the Taxation Act, except to the extent that they are attributable to subparagraph *c* of the first paragraph, in which case they shall be taken out of the tax revenues collected under section 34 of the Act respecting the Régie de l'assurance maladie du Québec.

**“94.0.3.3.** Where a partnership carries on a recognized business in relation to a major investment project, in its compensation period in relation to that major investment project, and the Minister of Finance issues the annual qualification certificate that determines the date of the beginning of the exemption period in relation to the major investment project, the Minister of

Revenue shall pay to the partnership an amount equal to the amount by which the amount of the contribution payable by the partnership under section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), in respect of the wages or amounts paid or deemed to be paid in the particular period that begins on the date of the beginning of the exemption period of the partnership, in relation to the major investment project, and that ends on the last day of the calendar year that precedes the calendar year covered by that annual qualification certificate, exceeds the amount of the contribution that would be payable by the partnership in respect of those wages or amounts under that section 34, if the particular period were entirely covered by one or more qualification certificates issued by the Minister of Finance, in relation to the major investment project, in respect of a calendar year.

A partnership may obtain the payment to which the first paragraph refers only if the partnership applies to the Minister in prescribed form containing the prescribed information and encloses the following documents :

(a) a copy of the unrevoked initial qualification certificate issued to the partnership in relation to the major investment project ; and

(b) a copy of the annual qualification certificate referred to in the first paragraph.

For the purposes of this Act, the amounts owed under the first paragraph are sums that the Minister shall refund by reason of the application of a fiscal law and an application made under the second paragraph constitutes an application for a refund. The sums shall be taken out of the tax revenues collected under section 34 of the Act respecting the Régie de l'assurance maladie du Québec.

**“94.0.3.4.** Where, at any time, a person or partnership, in this section referred to as the “acquirer”, acquired all or substantially all of a recognized business from another person or partnership, in this section referred to as the “vendor”, and the Minister of Finance previously authorized the acquisition for the purposes of section 94.0.3.2 or 94.0.3.3, the following rules apply :

(a) for the purposes of subparagraph *b* of the third paragraph of section 94.0.3.2 and subparagraph *a* of the second paragraph of section 94.0.3.3, the initial qualification certificate issued to the vendor, in relation to the major investment project, is deemed to have been issued, from that time, to the acquirer ;

(b) an amount shall be computed in respect of the vendor, under subparagraph *i* or *ii* of each of subparagraphs *a* and *b* of the first paragraph of section 94.0.3.2, in respect of the vendor's taxation year or fiscal period, which includes that time and which, but for the transfer, would have ended in the vendor's compensation period, in relation to the major investment project ; and

(c) the particular period referred to in subparagraph *c* of the first paragraph of section 94.0.3.2 or section 94.0.3.3, determined in respect of the vendor, is deemed to end at that time.”

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

#### ACT RESPECTING LABOUR STANDARDS

**144.** (1) Section 39.0.1 of the Act respecting labour standards (R.S.Q., chapter N-1.1) is amended by inserting, in subparagraph 6 of the second paragraph after “mainly performs his duties,” “the employee’s principal place of residence,”.

(2) Subsection 1 applies in respect of remuneration paid or deemed paid after 25 March 1997.

#### ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

**145.** (1) Section 33 of the Act respecting the Régie de l’assurance maladie du Québec (R.S.Q., chapter R-5) is amended by adding, after paragraph *b* of the definition of “eligibility period” in the first paragraph, the following paragraph:

“(c) where the exempt employer is a corporation referred to in subparagraph iii of paragraph *a* of section 771.12 of the Taxation Act, 30 March 2001;”.

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

**146.** (1) Section 33.0.4 of the said Act, amended by section 247 of chapter 51 of the statutes of 2001, is again amended, in the second paragraph,

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

“i. the total payroll for the particular year of any employer and, for the purposes of subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph of section 34.0.0.1, the total payroll for the preceding year of the corporation resulting from the merger, shall be established as if the corporations mentioned in subparagraph *a* of the first paragraph were the same corporation, and”;

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

“i. the total payroll for the particular year of any employer and, for the purposes of subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph of section 34.0.0.1 in respect of a period referred to in that subparagraph *a* that is the period in which the transfer occurred or a period subsequent to the particular year, the total payroll for the preceding year of the

person that is the transferee or of any employer as a member of the partnership that is the transferee shall be established as if the particular corporation or particular partnership and the person or partnership that is the transferee were the same person or partnership, and”.

(2) Subsection 1 applies from the year 1999.

**147.** (1) Section 34 of the said Act, amended by section 248 of chapter 51 of the statutes of 2001, is again amended

(1) by adding, after subparagraph *c* of the sixth paragraph, the following subparagraph:

“(d) the wages or amount are paid or deemed to be paid to an employee in relation to the part of the working time of the employee devoted to eligible activities of the employer, in relation to a major investment project of the employer, within the meaning assigned to those expressions by section 737.18.14 of the Taxation Act, and are paid or deemed to be paid for a pay period within a particular period covered by a qualification certificate issued by the Minister of Finance, in relation to the major investment project, in respect of a year.”;

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

“For the purposes of subparagraph *d* of the sixth paragraph, where the pay period is not included in whole in the particular period referred to therein, only the period to which the wages or amount relate, that is within the particular period, shall be taken into account.”

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

**148.** (1) The said Act is amended by inserting, after section 34.0.0.0.3, the following section:

**“34.0.0.0.4.** Where an employer that, for a taxation year, is a corporation referred to in the first paragraph of section 1029.8.36.0.3.48 or 1029.8.36.0.3.57 of the Taxation Act (chapter I-3), makes the election under the fourth paragraph of section 1029.8.36.0.3.48 or under the second paragraph of section 1029.8.36.0.3.57 for the taxation year, the employer is deemed, on the date on which the election is made, to have paid to the Minister of Revenue for the particular year in which the election is made, an amount under section 34.0.0.0.1 equal to the aggregate of all amounts each of which is an amount that the employer would be deemed to have paid to the Minister of Revenue for the taxation year 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 and third paragraphs thereof.

For the purposes of the first paragraph, where an employer makes the election under the fourth paragraph of section 1029.8.36.0.3.48 of the Taxation Act or under the second paragraph of section 1029.8.36.0.3.57 of that Act in the month of January or February of a particular year, the employer is deemed, if the employer so specifies, to have made that election in the preceding year and to have paid to the Minister of Revenue, on the last day of the month of December of that preceding year, an amount under section 34.0.0.0.1 equal to the aggregate of all amounts each of which is an amount that the employer would be deemed to have paid to the Minister of Revenue for the taxation year 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 and third paragraphs thereof.”

(2) Subsection 1 applies from the year 2002.

**149.** (1) Section 34.0.0.2 of the said Act is amended by inserting, after “mainly performs his duties,” “the employee’s principal place of residence,”.

(2) Subsection 1 applies in respect of wages paid or deemed paid after 25 March 1997.

#### ACT RESPECTING THE SOCIÉTÉ DE DÉVELOPPEMENT DE LA ZONE DE COMMERCE INTERNATIONAL DE MONTRÉAL À MIRABEL

**150.** (1) Section 5 of the Act respecting the Société de développement de la Zone de commerce international de Montréal à Mirabel (R.S.Q., chapter S-10.0001) is amended by inserting, after the word “Mirabel”, the words “or in connection with a building the mission of which is to contribute to the development of the zone”.

(2) Subsection 1 has effect from 30 June 2000.

#### ACT RESPECTING THE QUÉBEC SALES TAX

**151.** (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 258 of chapter 51 of the statutes of 2001 and by section 272 of chapter 53 of the statutes of 2001, is again amended by replacing the portion before paragraph 1 of the definition of “short-term accommodation” by the following :

““short-term accommodation” means a residential complex or a residential unit that is supplied to a recipient by way of lease, licence or other similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging, where the period throughout which the individual is given continuous occupancy of the complex or unit is less than one month and, for the purposes of sections 357.2 to 357.5,”.

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

**152.** (1) Section 17.1 of the said Act is amended

(1) by replacing paragraph 5 by the following :

“(5) the person is a large business or is not required to collect the tax payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of a road vehicle so given in exchange.”;

(2) by adding the following paragraph :

“For the purposes of this section, “large business” has the meaning assigned by sections 551 to 551.4 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63).”

(2) Subsection 1 applies in respect of vehicles given in exchange after 20 December 2001.

**153.** (1) Section 22.26 of the said Act is amended

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

“(1) in the case of a telecommunication service of making telecommunications facilities available to a person,”;

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

“(c) where not all of the telecommunications facilities are ordinarily located in Québec, any part of the facilities is ordinarily located in another province and

i. the invoice for the supply of the service is sent to an address in Québec, or

ii. in any other case, no tax of the same nature as the tax payable under this Title is imposed on the person by the other province in respect of the supply of the service or, if such tax is imposed by that province, the person is entitled to obtain a rebate thereof; or”.

(2) Paragraph 1 of subsection 1 applies in respect of supplies made after 31 March 1997.

(3) Paragraph 2 of subsection 1 applies in respect of supplies made after 21 December 2000.

**154.** (1) The said Act is amended by inserting, after section 30, the following section :

**“30.0.1.** A supply of movable property delivered electronically is deemed to be a supply of incorporeal movable property.”

(2) Subsection 1 applies in respect of supplies made after 29 March 2001.

**155.** (1) Section 54.1 of the said Act is amended

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

**“54.1.** Where, at the time a supplier makes a supply of corporeal movable property to a recipient, the supplier accepts, in full or partial consideration for the supply, other property (in this section and in section 54.2 referred to as the “trade-in”) that is used corporeal movable property or a leasehold interest therein and is acquired for consumption, use or supply in the course of a commercial activity of the supplier, and the recipient is not required to collect the tax in respect of the supply of the trade-in otherwise than by reason of the application of subparagraph 3 of the second paragraph of section 422 or the trade-in is a road vehicle in respect of which the recipient is not entitled to claim an input tax refund as a consequence of being a large business, the value of the consideration for the supply made by the supplier is deemed to be equal to the amount by which the value of the consideration for that supply, as otherwise determined, exceeds”;

(2) by adding the following paragraph :

“For the purposes of this section and section 54.2, “large business” has the meaning assigned by sections 551 to 551.4 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63).”

(2) Subsection 1 applies in respect of supplies of trade-ins made after 20 December 2001.

**156.** (1) Section 54.2 of the said Act, amended by section 263 of chapter 51 of the statutes of 2001, is again amended

(1) by replacing paragraph 3 by the following :

“(3) to any supply of a trade-in that is a zero-rated supply, other than a zero-rated supply under section 197.2 made by a large business that is not entitled to claim an input tax refund in respect of the trade-in as a consequence of being a large business, a supply made outside Québec or a supply in respect of which no tax is payable because of paragraph 1 of section 75.1 or section 334.”;

(2) by striking out paragraph 4.

(2) Subsection 1 applies in respect of supplies of trade-ins made after 20 December 2001.

**157.** (1) Section 55 of the said Act is amended by replacing the second paragraph by the following:

“This section does not apply in respect of

(1) a supply of property or a service made by a person where

(a) an amount is deemed under section 290 to be the total consideration for the supply, or

(b) in the absence of the first paragraph,

i. the person, because of section 203 or 206, would not be entitled to claim an input tax refund in respect of the acquisition or bringing into Québec of the property or service by the person,

ii. section 286 would apply to the supply, or

iii. the supply would be an exempt supply referred to in Division V.1 or VI of Chapter III; or

(2) a supply by way of sale, other than by way of gift, of a used road vehicle made between related individuals.”

(2) Subsection 1 applies in respect of supplies made after 21 December 2000.

**158.** (1) Section 55.0.1 of the said Act is amended

(1) by replacing, in the portion of the first paragraph before subparagraph 1, “Notwithstanding section 55, where a taxable” by the words “Where a taxable”;

(2) by replacing, in the English text, subparagraph 1 of the second paragraph by the following:

“(1) a supply of a road vehicle made following the exercise by the recipient of a right to acquire the vehicle, conferred on the recipient under an agreement in writing for the lease of the vehicle entered into by the recipient and the supplier;”;

(3) by adding, after subparagraph 3 of the second paragraph, the following subparagraph:

“(4) a supply of a road vehicle made between individuals related to each other otherwise than by way of gift.”

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of supplies made after 31 May 1994.



(3) Paragraph 3 of subsection 1 applies in respect of supplies made after 21 December 2000.

**159.** (1) Section 55.1 of the said Act is amended by replacing the portion of paragraph 1 before subparagraph *a* by the following :

“(1) the supply is not a supply in respect of which section 55 or 55.0.1 applies, or would apply, but for the second paragraph of those sections, and if”.

(2) Subsection 1 applies in respect of supplies made after 31 May 1994.

**160.** (1) The said Act is amended by inserting, after section 80.1.1, the following section :

“**80.1.2.** No tax is payable in respect of a supply by way of sale of a used road vehicle made between two corporations, other than business corporations, in connection with a transfer under a law of rights and obligations.”

(2) Subsection 1 applies in respect of supplies made after 29 March 2001.

**161.** (1) Section 124 of the said Act is replaced by the following :

“**124.** A supply of a service of transporting elementary or secondary school students to or from a school of a school authority is exempt, if the supply is made by a school authority to a person who is not a school authority.”

(2) Subsection 1 is declaratory.

**162.** (1) Section 185 of the said Act is amended by replacing paragraph 6 by the following :

“(6) a service of acting as a mandatary of the person not resident in Québec, except a service of acting as a transfer agent in the case where the person is a corporation resident in Canada, or of arranging for, procuring or soliciting orders for supplies by or to the person;”.

(2) Subsection 1 applies in respect of

(1) a supply of a service of acting as a mandatary made by a transfer agent for which all of the consideration becomes due after 29 March 2001 and is not paid before 30 March 2001 ;

(2) a supply of a service of acting as a mandatary made by a transfer agent for which part of the consideration becomes due after 29 March 2001 and is not paid before 30 March 2001 ; however, the tax shall be computed on the value of any part of the consideration that becomes due or is paid before 30 March 2001 at a rate of 7.5%.

**163.** (1) The said Act is amended by inserting, after section 202, the following section:

**“202.1.** In determining an input tax refund of a registrant that is a clothing manufacturer within the meaning of section 350.48, no amount shall be included in respect of the tax payable by the registrant in respect of a supply referred to in section 350.49, unless the registrant files in accordance with that section the information return referred to therein in which the registrant declares the amount and all other information required in relation to the supply.”

(2) Subsection 1 has effect from 1 January 2002.

**164.** (1) The said Act is amended by inserting, after section 350.47, the following:

**“DIVISION XXI**

**“CLOTHING INDUSTRY**

**“350.48.** For the purposes of this division,

“clothing” does not include footwear or jewellery;

“clothing manufacturer” means a registrant that manufactures clothing, in whole or in part, or causes clothing to be so manufactured, excluding a registrant that

(1) manufactures only made-to-measure clothing for individuals;

(2) manufactures clothing or causes clothing to be manufactured solely for sale to persons who acquire it for a purpose other than that of again supplying it by way of sale, otherwise than by gift; or

(3) manufactures clothing or causes clothing to be manufactured solely for use in connection with its commercial activities.

**“350.49.** A clothing manufacturer shall file with the Minister for each of its reporting periods, with the return it is required to file under section 468, an information return on the supplies, made in Canada and acquired by the clothing manufacturer, that relate to the manufacturing, in whole or in part, of clothing, which shall contain the following information:

(1) every amount charged for the making of such a supply that is the consideration or part of the consideration for the supply that

(a) became due in the reporting period and was not paid in a preceding reporting period, or

(b) was paid in the reporting period before becoming due ;

(2) the tax payable, where applicable, in respect of the supply that is attributable to each amount referred to in subparagraph 1 ; and

(3) the name of the supplier having charged each amount referred to in subparagraph 1, the name under which the supplier does business, where applicable, the address and telephone number of the supplier and, where applicable, the registration number assigned to the supplier under section 415 or, where the supplier is an individual who is not registered under Division I of Chapter VIII, the supplier's social insurance number.

For the purposes of the first paragraph, a supply is made in Canada if it is deemed to be made in Canada under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

For the purposes of subparagraph 1 of the first paragraph, but not of subparagraph 2 of that paragraph, the consideration, notwithstanding section 52, does not include tax paid or payable pursuant to Part IX of the Excise Tax Act.

The information return shall be made in prescribed form and be filed with and as prescribed by the Minister for each reporting period of the clothing manufacturer, even if no amount became due or was paid by the clothing manufacturer in the reporting period in relation to a supply referred to in the first paragraph.”

(2) Subsection 1 applies in respect of any reporting period that begins after 31 December 2001.

**165.** (1) Section 351 of the said Act is amended by replacing the first paragraph by the following :

“**351.** Subject to section 357, a person not resident in Canada, other than a consumer, who is the recipient of a supply of corporeal movable property acquired by the person for use primarily outside Québec is entitled to a rebate of the tax paid by the person in respect of the supply if the person takes or ships the property outside Québec within 60 days after it is delivered to the person.”

(2) Subsection 1 applies in respect of supplies for which all of the consideration becomes due after 30 September 2000 and is not paid on or before that date.

**166.** (1) Subdivision II of subdivision 1 of Division I of Chapter VII of Title I of the said Act is repealed.

(2) Subsection 1,

(1) subject to paragraph 2, applies in respect of supplies of short-term accommodations, camping accommodations or tour packages that include such short-term accommodations or camping accommodations

(a) for which all of the consideration becomes due after 31 October 2001 and is not paid on or before that date, or

(b) for which all or part of the consideration becomes due before 1 November 2001 or is paid before that date, where all the short-term accommodations made available in connection with such supplies are intended to be occupied after 31 October 2001 ;

(2) where it repeals the definition of “camping accommodation” in section 353.6 of the said Act, as amended by section 342 of chapter 53 of the statutes of 2001, for the purposes of sections 357.2 to 357.5 of the said Act, has effect from 24 February 1998.

**167.** (1) Section 357 of the said Act, amended by section 178 of chapter 7 of the statutes of 2001 and by section 350 of chapter 53 of the statutes of 2001, is again amended

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

“**357.** A person is not entitled to a rebate under section 351 or 353.1 unless” ;

(2) by striking out subparagraph *c* of paragraph 1 ;

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

“(a) in the case of an application for a rebate under the first paragraph of section 351, the person is not resident in Canada, and” ;

(4) by striking out paragraphs 6 and 7.

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

**168.** (1) Section 357.5 of the said Act, amended by section 353 of chapter 53 of the statutes of 2001, is again amended by adding the following paragraph :

“For the purposes of this section, “camping accommodation” means a campsite at a recreational trailer park or campground, other than a campsite included in the definition of “short-term accommodation” in section 1 or included in that part of a tour package that is not the taxable portion of the tour package, within the meaning of section 63, that is supplied by way of lease, licence or similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging, if the period throughout which the individual is given continuous occupancy of the campsite is less than one month and includes water, electricity and waste disposal services, or the right to their use,

if they are accessed by means of an outlet or hook-up at the campsite and are supplied with the campsite.”

(2) Subsection 1 has effect from 24 February 1998.

**169.** (1) Section 357.6 of the said Act is amended by replacing the portion before subparagraph 1 of the first paragraph by the following :

“**357.6.** This section applies where, under sections 351, 353.1, 353.2 and 357.2 to 357.5, a registrant at a particular time pays to, or credits in favour of, a person an amount on account of a rebate and”.

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

**170.** Section 388.2 of the said Act is amended

(1) by replacing the first two paragraphs by the following :

“**388.2.** Ville de Montréal and Ville de Québec, in respect of a year that begins after 1996, and Ville de Laval, in respect of a year that begins after 2000, are entitled to compensation paid by the Minister before 30 June each year.

“For Ville de Montréal and Ville de Québec, the compensation is equal to

(1) in respect of the years 1997 to 2000, the amount prescribed for the year 1996 under section 388.1, indexed annually according to the rate of increase in personal consumer spending for recreation and entertainment in current dollars in Québec for the 12 months of the preceding year as compared with the 12 months of the year preceding that year, as determined by the Institut de la statistique du Québec ;

(2) in respect of the year 2001, the amount prescribed for the year 2001 ; and

(3) in respect of a year that begins after 2001, the amount prescribed for the year 2001, indexed annually according to the rate referred to in subparagraph 1.”;

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

“For Ville de Laval, the compensation is equal to

(1) in respect of the years 2001 to 2003, the prescribed amount ; and

(2) in respect of a year that begins after 2003, the amount prescribed for the year 2003, indexed annually according to the rate referred to in subparagraph 1 of the second paragraph.”

**171.** (1) Subdivision 6.5 of Division I of Chapter VII of Title I of the said Act, enacted by section 293 of chapter 51 of the statutes of 2001, is amended by replacing the portion before the second paragraph of section 402.12 by the following:

“§6.5. — *Motor vehicles shipped outside Québec*

“**402.12.** To the extent that a person fulfils the prescribed terms and conditions, the person is entitled to a rebate of the tax paid by the person in respect of a supply by way of retail sale of a new motor vehicle acquired by the person through a mandatary who is not registered, if the person ships the vehicle outside Québec as soon as is reasonable after it is delivered to the person.”

(2) Subsection 1 applies in respect of the tax that becomes payable after 30 June 1999 and is not paid before 1 July 1999 in respect of a supply of a new motor vehicle.

(3) In addition, where subsection 1 applies in respect of the tax paid before 20 December 2001 in relation to a supply by way of retail sale of a new motor vehicle shipped by the person outside Québec but in Canada, the second paragraph of section 402.12 of the said Act shall be read as follows:

“A person is entitled to the rebate under the first paragraph if the person files an application for a rebate before 20 December 2002.”

**172.** (1) Section 458.7 of the said Act is replaced by the following:

“**458.7.** Section 458.6 does not apply to

(1) a listed financial institution that made an election under section 459.2, 459.2.1, 459.4 or 460 and whose reporting period is not the reporting period of the listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); or

(2) a clothing manufacturer within the meaning of section 350.48.”

(2) Subsection 1 applies from the registrant’s first fiscal month that begins after 31 December 2001.

**173.** (1) Section 459.0.1 of the said Act is amended by adding, after subparagraph *c* of paragraph 2, the following subparagraph:

“(d) the registrant is a clothing manufacturer within the meaning of section 350.48; and”.

(2) Subsection 1 applies from the registrant’s first fiscal month that begins after 31 December 2001. In addition, notwithstanding sections 458.6 and 459.0.1 of the said Act, the reporting period of a clothing manufacturer that

begins before 1 January 2002 and ends after 31 December 2001 is deemed to end on the day that precedes the first day of the registrant's first fiscal month that begins after 31 December 2001, and the return which the registrant is required to file under section 468 of the said Act for that period shall be filed in the month subsequent to the day on which the period ends.

**174.** Section 677 of the said Act, amended by section 311 of chapter 51 of the statutes of 2001 and by section 385 of chapter 53 of the statutes of 2001, is again amended, in the first paragraph, by inserting, after subparagraph 40.1, the following subparagraph :

“(40.1.1) determine, for the purposes of section 388.2, the prescribed amount;”.

#### FUEL TAX ACT

**175.** (1) Section 10.7 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended

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

“**10.7.** A person is entitled, provided the person applies therefor on the prescribed form within the time, on the conditions and according to the modalities prescribed by regulation, to the reimbursement of the tax paid by the person in respect of the gasoline or non-coloured fuel oil that the person acquired and that is attributable to the use, by a prescribed motor vehicle, of eligible equipment of the vehicle, provided that such equipment is used for commercial or public purposes and not otherwise for the propulsion of the vehicle.”;

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

“For the purposes of the first paragraph, the Government may, by regulation,

(a) determine what motor vehicles are prescribed motor vehicles and what constitutes eligible equipment ;

(b) fix, in respect of the quantity of gasoline or non-coloured fuel oil acquired by a person and put in the tank supplying the propulsion engine of a prescribed motor vehicle, the percentage of that quantity of gasoline or non-coloured fuel oil that is attributable to the use, by the motor vehicle, of eligible equipment ; and

(c) determine, in respect of a carrier referred to in Division IX.1, the time, conditions and modalities of the application for a reimbursement.”

(2) Subsection 1 applies in respect of fuel purchases made after 30 June 1999.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE  
QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

**176.** (1) Section 550 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63), amended by section 380 of chapter 14 of the statutes of 1997 and by section 767 of chapter 85 of the statutes of 1997, is again amended by inserting, after the second paragraph, the following paragraph :

“For the purposes of the first paragraph, the value of the consideration of each supply referred to therein shall be determined without reference to the application of subdivision 2 of subdivision III of subdivision 1 of Division II of Chapter II of Title I and section 52.1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1).”

(2) Subsection 1 has effect from 15 December 1995.

ACT TO AGAIN AMEND THE TAXATION ACT, THE ACT  
RESPECTING THE QUÉBEC SALES TAX AND OTHER  
LEGISLATIVE PROVISIONS

**177.** (1) Section 768 of the Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 85) is amended by replacing, in section 550.4 it enacts, the portion before paragraph 2 by the following :

“**550.4.** For the purpose of computing the total of the amounts referred to in section 550.1 :

(1) the value of the consideration of each supply referred to therein shall be determined without reference to the application of subdivision 2 of subdivision III of subdivision 1 of Division II of Chapter II of Title I, section 54.1 and section 334 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1); and”.

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

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**178.** (1) Section 80 of the Act respecting international financial centres (1999, chapter 86) is amended, in the definition of “qualifying period”, in the third paragraph of section 737.16.1 of the Taxation Act (R.S.Q., chapter I-3), that subsection 3 enacts,

(1) by adding, after subparagraph iv of paragraph *b*, the following subparagraph :

“v. for the part, where applicable, of the particular period after 31 March 1998 and throughout which the conditions set out in subparagraphs i and ii are



not satisfied in respect of the individual's employment with the corporation or partnership, are devoted, in a proportion of at least 75%, to the operations of an international financial centre which the corporation or partnership was operating on 31 March 1998, in the case of an individual whose duties with the corporation or partnership began in whole or in part to be devoted to the operations of the international financial centre at a particular date after 31 March 1998 and were devoted to those operations in a proportion of at least 75% at all times from the particular date to the end of that part of the particular period;”;

(2) by adding, after subparagraph iii of paragraph *c*, the following subparagraph :

“iv. for the part, where applicable, of the particular period throughout which the conditions set out in subparagraphs i and ii are not satisfied in respect of the individual's employment with the corporation or partnership, are devoted, in a proportion of at least 75%, to the operations of the business or part of business described in subparagraph i that the corporation or partnership was operating on 31 March 1998 and that constitutes an international financial centre which the corporation or partnership was operating on that date, in the case of an individual whose duties with the corporation or partnership began in whole or in part to be devoted to the operations of the business or part of business on a particular date after 31 March 1998 and were devoted to those operations in a proportion of at least 75% at all times from the particular date to 31 December 1998 and, as confirmed by the Minister of Finance in the certificate referred to in the second paragraph in respect of the individual's employment with the corporation or partnership, from 1 January 1999 to the end of that part of the particular period;”.

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

**179.** An application for reimbursement made under section 10.7 of the Fuel Tax Act (R.S.Q., chapter T-1), between 30 June 1999 and 8 June 2002, is deemed to have been made under that section, as amended by section 175.

**180.** This Act comes into force on 8 June 2002.