NATIONAL ASSEMBLY

SECOND SESSION THIRTY-NINTH LEGISLATURE

Bill 32
(2011, chapter 34)

An Act giving effect to the Budget Speech delivered on 17 March 2011 and amending various legislative provisions

Introduced 2 November 2011
Passed in principle 9 November 2011
Passed 8 December 2011
Assented to 9 December 2011

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EXPLANATORY NOTES

Firstly, this Act amends various legislation to, among other things, give effect to measures announced in the Budget Speech delivered on 17 March 2011 and in Information Bulletins published by the Ministère des Finances in 2010 and 2011.

It amends the Tax Administration Act to protect the mandataries of the State that collect an amount required by a fiscal law to be collected against judicial proceedings.

It amends the Act respecting prescription drug insurance and the Act respecting the Régie de l'assurance maladie du Québec to enhance exemptions relating to the public prescription drug insurance plan and to the health contribution.

It amends the Taxation Act to introduce, amend or abolish fiscal measures specific to Québec. More specifically the amendments deal with

(1) the introduction of a tax credit for experienced workers;

(2) the implementation of two new components of the refundable tax credit for informal caregivers of persons of full age;

(3) certain conditions governing the application of the refundable solidarity tax credit;

(4) the tax treatment of certain amounts repaid by a succession;

(5) the eligibility period of the refundable tax credit for the acquisition or leasing of new energy-efficient vehicles;

(6) the introduction of a refundable tax credit for the production of cellulosic ethanol; and

(7) adjustments to certain cultural field tax credits.

It amends the Act respecting lotteries, publicity contests and amusement machines, the Act respecting the Régie des alcools, des courses et des jeux and the Act respecting the Société des loteries du

Québec in particular to provide for a certification and verification procedure for gaming machines and video lottery machines.

It amends the Act respecting the Québec sales tax to broaden the scope of the zero-rating measure that applies to printed books.

It amends the Fuel Tax Act to implement a new mechanism for managing the tax exemption of Indians regarding the fuel tax.

It further amends the Taxation Act to make amendments similar to those made to the Income Tax Act of Canada by Bill C-47 (Statutes of Canada, 2010, chapter 25), assented to on 15 December 2010. The Act thus gives effect mainly to harmonization measures announced in the Budget Speech delivered on 30 March 2010. More specifically the amendments deal with

(1) the disbursement quota of a charity; and

(2) the tax treatment applicable to securities options.

It further amends the Act respecting the Québec sales tax to make amendments similar to those made to the Excise Tax Act by Bill C-9 (Statutes of Canada, 2010, chapter 12), assented to on 12 July 2010. The Act thus gives effect mainly to a harmonization measure announced in Information Bulletin 2009-9 published on 22 December 2009 by the Ministère des Finances, dealing with the new rebate for registered pension plan trusts.

Lastly, this Act amends other legislation to make various technical amendments as well as consequential and terminology-related amendments.

LEGISLATION AMENDED BY THIS ACT:

– Tax Administration Act (R.S.Q., chapter A-6.002);

– Act respecting the Agence du revenu du Québec (R.S.Q., chapter A-7.003);

– Act respecting prescription drug insurance (R.S.Q., chapter A-29.01);

– Taxation Act (R.S.Q., chapter I-3);

– Act respecting lotteries, publicity contests and amusement machines (R.S.Q., chapter L-6);

– Act respecting the legal publicity of enterprises (R.S.Q., chapter P-44.1);

– Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);

– Act respecting the Régie des alcools, des courses et des jeux (R.S.Q., chapter R-6.1);

– Act respecting the Québec Pension Plan (R.S.Q., chapter R-9);

– Act respecting the Société des loteries du Québec (R.S.Q., chapter S-13.1);

– Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);

– Fuel Tax Act (R.S.Q., chapter T-1);

– Act giving effect to the Budget Speech delivered on 30 March 2010 and to certain other budget statements (2011, chapter 1);

– Act respecting mainly the implementation of certain provisions of the Budget Speech of 17 March 2011 and the enactment of the Act to establish the Northern Plan Fund (2011, chapter 18).

Bill 32

AN ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 17 MARCH 2011 AND AMENDING VARIOUS LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

TAX ADMINISTRATION ACT

1. (1) Section 17.6 of the Tax Administration Act (R.S.Q., chapter A-6.002) is amended by replacing the first paragraph by the following paragraph:

"**17.6.** The Minister may suspend, revoke or refuse to issue or renew a permit issued or applied for under the Tobacco Tax Act (chapter I-2) or the Fuel Tax Act (chapter T-1), or a certificate issued or applied for under section 26.1 of the Fuel Tax Act, where the person who applied for the permit or certificate or the holder of the permit or certificate, as the case may be, fails to comply with the requirements of this Act or, as the case may be, of the Tobacco Tax Act or the Fuel Tax Act."

(2) Subsection 1 has effect from 1 July 2011.

2. (1) Section 17.8 of the Act is amended by replacing the first paragraph by the following paragraph:

"**17.8.** The suspension of a registration certificate or permit issued under a fiscal law, or the suspension of a certificate issued under section 26.1 of the Fuel Tax Act (chapter T-1) is effective from the date of service of the decision upon the holder. The decision must be served by personal service or by registered mail."

(2) Subsection 1 has effect from 1 July 2011.

3. (1) Section 17.9 of the Act is amended

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

"**17.9.** The revocation of a registration certificate or permit issued under a fiscal law, or the revocation of a certificate issued under section 26.1 of the Fuel Tax Act (chapter T-1), is effective from the date of service of the decision upon the holder.";

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

"The holder shall return the registration certificate, permit or certificate to the Minister immediately after being served."

(2) Subsection 1 has effect from 1 July 2011.

4. (1) Section 18 of the Act is replaced by the following section:

"**18.** No judicial recourse may be exercised against a person because the person has withheld, deducted or collected an amount which a fiscal law authorizes or orders the person to withhold, deduct or collect."

(2) Subsection 1 has effect from 29 October 2010. It also applies in respect of cases pending before the courts on that date.

5. Section 69.1 of the Act is amended by replacing subparagraph *y* of the second paragraph by the following subparagraph:

"(*y*) the Anti-Corruption Commissioner, the Associate Commissioner for Audits and the audit teams and investigation units designated by the Government in accordance with the Anti-Corruption Act (chapter L-6.1), in respect of information necessary for the enforcement of that Act; and".

6. (1) The Act is amended by inserting the following section after section 96:

"**96.1.** The Government may set, by regulation, the tariff of fees payable by users of the service offered by the Agency with respect to advance rulings or paid advice."

(2) Subsection 1 has effect from 1 April 2011.

ACT RESPECTING THE AGENCE DU REVENU DU QUÉBEC

7. (1) The Act respecting the Agence du revenu du Québec (R.S.Q., chapter A-7.003) is amended by inserting the following section after section 199:

"**199.1.** The Regulation respecting the fees for users of the advance rulings and written opinions service of the Direction générale de la législation, des enquêtes et du registraire des entreprises of the Agence du revenu du Québec (R.R.Q., chapter A-6.01, r. 3), deemed to have been made under the Public Administration Act (chapter A-6.01), is deemed to be a regulation made under the Tax Administration Act (chapter A-6.002)."

(2) Subsection 1 has effect from 1 April 2011.

8. (1) Section 24.1 of the Act respecting prescription drug insurance (R.S.Q., chapter A-29.01) is replaced by the following section:

"**24.1.** The following persons are exempted from payment of the premium for a calendar year:

(1) persons 65 years of age or over throughout the year who receive monthly guaranteed income supplements in the year under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9), the aggregate of which supplements represents at least 94% of the maximum amount that may be paid in that respect annually; and

(2) persons who reach 65 years of age in the year, if paragraph 2 of section 15 applies to them for each of the months in the year that precede the month following the month in which they reach that age and if they receive, for each of the months in the year that follow the month in which they reach that age, at least 94% of the maximum amount of monthly guaranteed income supplement under the Old Age Security Act.

For the purposes of subparagraphs 1 and 2 of the first paragraph, an amount received by a person as a monthly guaranteed income supplement under the Old Age Security Act and the maximum amount that may be paid in that respect must be determined without taking into account the amount that may be added to the amount of the supplement under section 12.1 or 22.1 of that Act."

(2) Subsection 1 applies from the year 2011.

9. (1) Section 28 of the Act is amended

(1) by adding "(Revised Statutes of Canada, 1985, chapter O-9)" at the end of the first paragraph;

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

"For the purposes of the first paragraph, an amount received by a person as a monthly guaranteed income supplement under the Old Age Security Act and the maximum amount that may be paid in that respect must be determined without taking into account the amount that may be added to the amount of the supplement under section 12.1 or 22.1 of that Act."

(2) Subsection 1 has effect from 1 July 2011.

10. (1) Section 29 of the Act is amended

(1) by replacing "the guaranteed" in subparagraph 1 of the second paragraph by "monthly guaranteed";

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

"For the purposes of subparagraph 1 of the second paragraph, an amount received by a person as a monthly guaranteed income supplement under the Old Age Security Act and the maximum amount that may be paid in that respect must be determined without taking into account the amount that may be added to the amount of the supplement under section 12.1 or 22.1 of that Act."

(2) Subsection 1 has effect from 1 July 2011.

TAXATION ACT

11. Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 90 of chapter 24 of the statutes of 2009, is again amended by replacing subparagraph v of paragraph *g* of the definition of "donation avec réserve d'usufruit ou d'usage reconnue" in the French text by the following subparagraph:

"v. l'usufruit ou le droit d'usage s'éteint en cas de disparition de l'œuvre d'art ou du bien culturel et que le contribuable peut réclamer le produit de l'assurance visée au sous-paragraphe iii;".

12. (1) Section 2.2 of the Act is amended by replacing "Division II.11.3" by "Divisions II.11.3, II.11.6 and II.11.7".

(2) Subsection 1 has effect from 1 January 2011.

13. (1) Section 21.4.17 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) subject to this chapter, other than this section, section 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing those Québec tax results is expressed in a currency other than Canadian currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of section 1029.8.36.0.95 or 1029.8.36.0.105, is to be converted to an amount expressed in Canadian currency using the relevant spot rate for the day on which the particular amount arose."

(2) Subsection 1 has effect from 18 March 2011.

14. (1) Section 21.4.19 of the Act is amended

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

"(*c*) subject to paragraph *b* of section 21.4.24, sections 21.4.30 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing the taxpayer's Québec tax results for the particular taxation year is expressed in a currency other than the taxpayer's elected functional currency, the particular

amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of section 1029.8.36.0.95 or 1029.8.36.0.105, is to be converted to an amount expressed in the taxpayer's elected functional currency using the relevant spot rate for the day on which the particular amount arose;";

(2) by striking out "ou de la devise canadienne" in the portion of paragraph *f* before subparagraph i in the French text.

(2) Paragraph 1 of subsection 1 has effect from 18 March 2011.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 13 December 2007.

15. Section 21.40 of the Act is amended by replacing subparagraph ii of subparagraph *h* of the second paragraph by the following subparagraph:

"ii. from which any amount was distributed before 19 February 1997, or".

16. (1) Section 49 of the Act is amended by replacing "Subject to sections 49.2 and 58.0.1" by "Subject to section 49.2".

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

17. (1) Section 49.2.2 of the Act is replaced by the following section:

"**49.2.2.** For the purposes of this section, section 49.2, Title IV, sections 725.2.2 and 725.2.3, paragraph *a* of section 725.3 and section 888.1, and subject to section 49.2.3, a taxpayer is deemed to dispose of securities that are identical properties in the order in which the taxpayer acquired them and the following rules apply for that purpose:

(*a*) if the taxpayer acquires a particular security (other than under the circumstances to which section 49.2 or 886 applies) at a time when the taxpayer also acquires or holds one or more other securities that are identical to the particular security and are, or were, acquired under circumstances to which any of those sections applied, the taxpayer is deemed to have acquired the particular security at the time immediately preceding the earliest of the times at which the taxpayer acquired those other securities; and

(*b*) if the taxpayer acquires, at the same time, two or more identical securities under the circumstances to which section 49.2 applied, the taxpayer is deemed to have acquired the securities in the order in which the agreements under which the taxpayer acquired the rights to acquire the securities were made."

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

18. (1) Section 49.4 of the Act is amended by replacing subparagraph *a* of the fourth paragraph by the following subparagraph:

"(*a*) the taxpayer is deemed, except for the purposes of subparagraph ii of paragraph *d* of section 58.0.2, as it read before being repealed, not to have disposed of the exchanged option and not to have acquired the new option;".

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010. In addition, when subparagraph *a* of the fourth paragraph of section 49.4 of the Act applies after 31 December 1999 and before 4:00 p.m. Eastern Standard Time, 4 March 2010, it is to be read as if "paragraph *d* of section 58.0.2" was replaced by "subparagraph *d* of the first paragraph of section 58.0.2".

19. (1) Section 49.5 of the Act is amended

(1) by replacing "section 49.2 or 58.0.1" in the portion of the first paragraph before subparagraph *a* by "section 49.2";

(2) by replacing "auxquelles réfère le premier alinéa" in the portion of the second paragraph before subparagraph *a* in the French text by "auxquelles le premier alinéa fait référence".

(2) Paragraph 1 of subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

20. (1) The Act is amended by inserting the following section after section 50:

"**50.1.** An employee who transfers or disposes of rights under the agreement referred to in section 48 in respect of some or all of the securities to the particular qualifying person (or a qualifying person with which the particular qualifying person is not dealing at arm's length) with which the employee is not dealing at arm's length is deemed to receive, because of the employee's office or employment, in the taxation year in which the employee makes the transfer or disposition, a benefit equal to the amount by which the value of the consideration for the transfer or disposition exceeds the amount paid by the employee to acquire those rights."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

21. (1) The Act is amended by inserting the following section after section 52:

"**52.0.1.** If rights of an employee under the agreement referred to in section 48 have, by one or more transactions between persons not dealing at arm's length, become vested in a particular person who transfers or disposes of the rights to a particular qualifying person (or a qualifying person with which

the particular qualifying person is not dealing at arm's length) with which the particular person is not dealing at arm's length, the employee is deemed, subject to the second paragraph, to receive, because of the employee's office or employment, in the taxation year in which the particular person made the transfer or disposition, a benefit equal to the amount by which the value of the consideration for the transfer or disposition exceeds the amount paid by the employee to acquire those rights.

Where the employee was deceased at the time the particular person transferred or disposed of the employee's rights, the benefit is deemed to have been received by the particular person, in the taxation year in which the particular person transferred or disposed of the employee's rights, as income from the duties of an office or employment performed by the particular person in that year in the country in which the employee primarily performed the duties of the employee's office or employment."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

22. (1) Section 52.1 of the Act is amended by replacing "sections 50 to 52" by "sections 50 to 52.0.1".

(2) Subsection 1 applies in respect of a death that occurs after 4:00 p.m. Eastern Standard Time, 4 March 2010.

23. (1) Sections 58.0.1 to 58.0.6 of the Act are repealed.

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010. In addition, when section 58.0.2 of the Act applies after 31 December 1999 and before 4:00 p.m. Eastern Standard Time, 4 March 2010, it is to be read as if the following paragraph was added:

"If, in the course of a reorganization that gives rise to a dividend that would, but for section 308.3, be subject to section 308.1, rights to acquire securities listed on a stock exchange referred to in any of subparagraphs i to iii of subparagraph *d* of the first paragraph (in this paragraph referred to as "public options") under an agreement to sell or issue securities referred to in section 48 are exchanged for rights to acquire securities that are not listed on such a stock exchange (in this paragraph referred to as "private options"), and the private options are subsequently exchanged for public options, the private options are deemed to be rights to acquire shares that are listed on such a stock exchange for the purposes of subparagraph *d* of the first paragraph."

24. (1) Section 58.0.7 of the Act is replaced by the following section:

"**58.0.7.** Where, at any time in a taxation year, a taxpayer holds a security that was acquired under the circumstances to which section 58.0.1, as it read before being repealed, applied, the taxpayer shall enclose with the fiscal return the taxpayer is required to file for the year under section 1000, or would be

required to so file if tax were payable by the taxpayer under this Part, a copy of every document sent to the Minister of National Revenue under subsection 16 of section 7 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

25. (1) The Act is amended by inserting the following section after section 132.2:

"**132.3.** A taxpayer shall not deduct, in computing the taxpayer's income from a business or property for a taxation year, an amount in respect of which a valid election was made by or on behalf of the taxpayer under subsection 1.1 of section 110 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

26. (1) The Act is amended by inserting the following section after section 234.0.1:

"**234.0.2.** Where, in respect of a taxation year, an individual has made an election under section 1086.28, the amount deemed to be a capital gain under subparagraph *b* of the first paragraph of that section is deemed to be a gain from the disposition of property for the year."

(2) Subsection 1 has effect from 4 March 2010.

27. (1) Section 255 of the Act is amended

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

"(*f*) where the property is a share of the capital stock of a corporation, the amount of the benefit that, in respect of the acquisition of the property by the taxpayer, is deemed by Division VI of Chapter II of Title II to have been received in any taxation year beginning before the particular time and ending after 31 December 1971 by the taxpayer or by a person that did not deal at arm's length with the taxpayer or, if the share was acquired after 27 February 2000, the amount of the benefit that would have been so deemed to have been received if that Division VI were applied without reference to sections 49.2 and 58.0.1, as the latter section read before being repealed;";

(2) by replacing paragraph *j*.3 by the following paragraph:

"(*j*.3) where the property is a unit of a mutual fund trust, the amount of the benefit that, in respect of the acquisition of the property by the taxpayer, is deemed by Division VI of Chapter II of Title II to have been received in any

taxation year beginning before the particular time by the taxpayer or by a person that did not deal at arm's length with the taxpayer or, if the unit was acquired after 27 February 2000, the amount of the benefit that would have been so deemed to have been received if that Division VI were applied without reference to section 58.0.1, as it read before being repealed;".

(2) Subsection 1 applies in respect of a property acquired as a result of the exercise of a right after 4:00 p.m. Eastern Standard Time, 4 March 2010.

28. (1) Section 259.0.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) the security is acquired in circumstances to which any of sections 49.2, 49.5 and 886 applies or to which section 58.0.1, as it read before being repealed, applies; or".

(2) Subsection 1 applies in respect of a security acquired as a result of the exercise of a right after 4:00 p.m. Eastern Standard Time, 4 March 2010.

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

"(*h*) the generation or distribution of energy, or the production of fuel, using property described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1); and

"(*i*) the development of projects for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in each project is the capital cost of property described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act."

(2) Subsection 1 applies from the taxation year 2004. However, when subparagraphs *h* and *i* of the first paragraph of section 363 of the Act apply before 23 February 2005, they are to be read as follows:

"(*h*) the generation or distribution of energy, or the production of fuel, using property described in Class 43.1 in Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1); and

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

30. Section 518 of the Act is amended by replacing "paragraph 21.2" by "subsection 21.2".

31. Section 529 of the Act is amended by replacing "paragraph 21.2" in the first paragraph by "subsection 21.2".

32. Section 614 of the Act is amended by replacing "paragraph 21.2" in the portion of the second paragraph before subparagraph *a* by "subsection 21.2".

33. (1) Section 725.2 of the Act is amended

(1) by inserting the following paragraph after paragraph *b*:

"(*b*.1) the security was acquired under the agreement by the individual or a person not dealing at arm's length with the individual in circumstances described in section 51; and";

(2) by replacing "subparagraph i" in subparagraph i of paragraph *c* by "subparagraph i.1".

(2) Subsection 1 applies in respect of the acquisition of a security occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

34. (1) The Act is amended by inserting the following section after section 725.2.0.1:

"**725.2.0.2.** Where section 725.2 applies to an individual for a particular taxation year in respect of the transfer or disposition of rights under an agreement referred to in section 48 as regards a security of a particular qualifying person, it is to be read without reference to its paragraph *b*.1 if

(*a*) the particular qualifying person made a valid election under subsection 1.1 of section 110 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in relation to the transfer or disposition; and

(*b*) the individual encloses a prescribed form containing prescribed information with the fiscal return the individual is required to file for the particular year under section 1000, or would be required to so file if tax were payable under this Part by the taxpayer."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

35. (1) Section 726.4.17.18 of the Act is amended by replacing "Lower North Shore" in paragraph *b* of the definition of "northern exploration zone" by "Côte-Nord administrative region (09), described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1),".

(2) Subsection 1 has effect from 14 September 2010.

36. (1) The Act is amended by inserting the following after section 752.0.10.0.1:

"**CHAPTER I.0.2.0.1**

"TAX CREDIT FOR EXPERIENCED WORKERS

"**752.0.10.0.2.** In this chapter,

"eligible work income" of an individual for a taxation year means the aggregate of all amounts, other than excluded work income, each of which is

(*a*) an amount included under any of sections 32 to 58.3 in computing the individual's income for the year from an office or employment;

(*b*) the amount by which the individual's income for the year from any business the individual carries on either alone or as a partner actively engaged in the business exceeds the aggregate of the individual's losses for the year from such businesses;

(*c*) an amount included in computing the individual's income for the year under paragraph *e*.2 or *e*.6 of section 311; or

(*d*) an amount included in computing the individual's income for the year under paragraph *h* of section 312;

"excess work income limit" applicable for a taxation year means an amount equal to

(*a*) $3,000, for the taxation year 2012;

(*b*) $4,000, for the taxation year 2013;

(*c*) $5,000, for the taxation year 2014;

(*d*) $8,000, for the taxation year 2015; and

(*e*) $10,000, for a taxation year subsequent to the taxation year 2015;

"excluded work income" of an individual for a taxation year means

(*a*) an amount included in computing the individual's income for the year from an office or employment, if the amount is the value of a benefit received or enjoyed by the individual in the year because of a previous office or employment;

(*b*) an amount deducted in computing the individual's taxable income for the year; or

(*c*) if the individual reaches 65 years of age in the year, an amount attributable to the part of the year that precedes the day on which the individual reaches that age.

"**752.0.10.0.3.** An individual who, on the last day of a taxation year or, if the individual dies in the year, on the date of the individual's death, is resident in Québec and has reached 65 years of age may deduct from the individual's tax otherwise payable for the year under this Part an amount determined by the formula

$A \times B \times (1 - C)$.

In the formula in the first paragraph,

(*a*) A is the percentage specified in paragraph *a* of section 750 that is applicable for the year;

(*b*) B is the lesser of the excess work income limit applicable for the year and the amount by which the individual's eligible work income for the year exceeds $5,000; and

(*c*) C is the percentage specified in the first paragraph of section 358.0.3 that is applicable for the year."

(2) Subsection 1 applies from the taxation year 2012.

37. (1) Section 752.0.22 of the Act is replaced by the following section:

"**752.0.22.** For the purpose of computing the tax payable under this Part by an individual, the following provisions are to be applied in the following order: sections 752.0.0.1, 752.0.1, 776.41.14, 752.0.7.4, 752.0.10.0.3, 752.0.18.3, 776.1.5.0.17, 776.1.5.0.18, 752.0.18.8, 752.0.14, 752.0.11 to 752.0.13.1.1, 776.41.21, 752.0.10.6, 752.0.18.10, 752.0.18.15, 767 and 776.41.5."

(2) Subsection 1 applies from the taxation year 2012.

38. (1) Section 752.0.27 of the Act is amended

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

"**752.0.27.** Where an individual becomes a bankrupt in a calendar year, the following rules apply for the purpose of determining the amounts deductible under sections 752.0.0.1 to 752.0.7, 752.0.10.0.3 and 752.0.14 to 752.0.18 in computing the individual's tax payable under this Part for each of the individual's taxation years referred to in section 779 that end in the calendar year:";

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

"(*b*.0.1) in the case of an amount that is deductible for such a taxation year under section 752.0.10.0.3, the amount is to be computed as if

i. the particular amount in dollars that is specified in the definition of "excess work income limit" in section 752.0.10.0.2 and that would otherwise be applicable for such a taxation year was replaced by the proportion of that particular amount that the number of days in that taxation year is of the number of days in the calendar year, and

ii. the amount of $5,000 specified in subparagraph *b* of the second paragraph of section 752.0.10.0.3 was replaced, for the taxation year that is deemed to begin on the date of the bankruptcy, by an amount equal to the amount by which $5,000 exceeds the individual's eligible work income, within the meaning of section 752.0.10.0.2, for the taxation year that is deemed to end the day before the bankruptcy; and";

(3) by adding the following paragraph after the second paragraph:

"For the purposes of subparagraph i of subparagraph *b*.0.1 of the first paragraph in respect of each of the taxation years referred to in section 779 that end in the calendar year in which an individual becomes a bankrupt, in computing the proportion described in that subparagraph i, no account is to be taken of the days in that taxation year and that calendar year on which the individual is not at least 65 years of age."

(2) Subsection 1 applies from the taxation year 2012.

39. (1) Section 772.2 of the Act is amended

(1) by adding the following subparagraph after subparagraph viii of paragraph *d* of the definition of "non-business-income tax":

"ix. that may reasonably be regarded as relating to the amount determined for B in the formula in the first paragraph of section 752.0.10.0.3 in respect of the taxpayer for the year;";

(2) by adding the following paragraph after paragraph *c* of the definition of "business-income tax":

"(*d*) that may reasonably be regarded as relating to the amount determined for B in the formula in the first paragraph of section 752.0.10.0.3 in respect of the taxpayer for the year;".

(2) Subsection 1 applies from the taxation year 2012.

40. (1) Section 776.41.5 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

"(*a*) A is the aggregate of all amounts each of which is an amount that the individual's eligible spouse for the taxation year may deduct under this Book in computing the eligible spouse's tax otherwise payable for the year under this Part, other than an amount deductible under any of sections 752.0.10.0.3, 752.12, 776.1.5.0.17 and 776.1.5.0.18; and".

(2) Subsection 1 applies from the taxation year 2012.

41. (1) Section 776.65 of the Act is amended by replacing "752.0.10" in subparagraph *a* of the first paragraph by "752.0.10.0.3".

(2) Subsection 1 applies from the taxation year 2012.

42. (1) Section 779 of the Act is amended by replacing "II.11.5" by "II.11.7".

(2) Subsection 1 has effect from 1 January 2011.

43. (1) Section 835 of the Act is amended, in the first paragraph,

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

"(*n*) "transition year" of a life insurer means

i. in respect of the accounting standards adopted by the Accounting Standards Board and effective from 1 October 2006, the life insurer's first taxation year that begins after 30 September 2006, or

ii. in respect of the International Financial Reporting Standards adopted by the Accounting Standards Board and effective from 1 January 2011, the life insurer's first taxation year that begins after 31 December 2010;";

(2) by adding the following subparagraphs after subparagraph *o*:

"(*p*) "deposit accounting insurance policy" means an insurance policy of a life insurer that, according to generally accepted accounting principles, is not an insurance contract for a taxation year of the life insurer; and

"(*q*) "excluded policy" means an insurance policy of a life insurer that would be a deposit accounting insurance policy for the life insurer's base year if the International Financial Reporting Standards adopted by the Accounting Standards Board and effective from 1 January 2011 applied for that base year."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2010.

44. (1) The Act is amended by inserting the following section after section 844.9:

"**844.9.1.** In applying sections 844.8 and 844.9 to a life insurer for a taxation year in respect of the International Financial Reporting Standards adopted by the Accounting Standards Board and effective from 1 January 2011, the following rules apply:

(*a*) subparagraph *b* of the second paragraph of section 835 is to be read as follows:

"(*b*) B is the maximum amount that the life insurer would be permitted to claim under paragraph *a* of section 840 as a reserve for its base year if no account were taken of the life insurer's excluded policies.";

(*b*) the portion of the first paragraph of sections 844.8 and 844.9 before the formula is to be read as if "that ends after the beginning of the transition year" were replaced by "that ends at least two years after the beginning of the transition year";

(*c*) subparagraph *b* of the second paragraph of sections 844.8 and 844.9 is to be read as if "the first day of the transition year" were replaced by "the first day of the first year that ends at least two years after the beginning of the transition year"."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2010.

45. (1) Section 985.1 of the Act is amended

(1) by striking out paragraphs *a*.0.1, *a*.0.2 and *a*.2;

(2) by inserting the following paragraph after paragraph *b:*

"(*b*.1) "designated gift" means that portion of a gift of property made in a taxation year by a particular registered charity, to another registered charity with which it does not deal at arm's length, that is designated by the particular registered charity in the return that it is required to file with the Minister for the year in accordance with the first paragraph of section 985.22;".

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

46. (1) Sections 985.1.0.1 and 985.1.0.2 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

47. (1) Section 985.2.1 of the Act is amended by replacing the portion before paragraph *b* by the following:

"**985.2.1.** For the purposes of paragraph *b* of sections 985.6 to 985.8 and section 985.21, the following are deemed to be neither an amount expended in a taxation year on charitable activities nor a gift made to a qualified donee:

(*a*) a designated gift; and".

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

48. (1) Section 985.8.1 of the Act is amended

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

"(*a*) of a registered charity, if it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on charitable activities;

"(*b*) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph *a* applies was to assist the other registered charity in avoiding or unduly delaying the obligation to expend amounts on charitable activities;";

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

"(*d*) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

49. (1) Section 985.9 of the Act is amended

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

"A × B × 0.035/365.";

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

"(*a*) A is the number of days in the taxation year; and

"(*b*) B is

i. the prescribed amount for the year, in respect of all or a portion of a property owned by the charity at any time in the 24 months immediately preceding the year that was not used directly in charitable activities or administration, if that amount is greater than

(1) if the charity is a charitable organization, $100,000, and

(2) in any other case, $25,000, and

ii. in any other case, nil.";

(3) by striking out subparagraphs *c* and *d* of the second paragraph;

(4) by striking out the third and fourth paragraphs.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

50. (1) Sections 985.9.1 and 985.9.1.1 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

51. (1) Section 985.9.4 of the Act is amended by replacing the portion before paragraph *b* by the following:

"**985.9.4.** For the purposes of subparagraph i of subparagraph *b* of the second paragraph of section 985.9, the Minister may

(*a*) authorize a change in the number of periods chosen by a registered charity in determining the prescribed amount; and".

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

52. (1) Section 985.14 of the Act is amended

(1) by replacing "aux fins" in the portion before paragraph *a* in the French text by "pour l'application";

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

"(*a*) a designated gift;".

(2) Paragraph 2 of subsection 1 applies to a taxation year that ends after 3 March 2010.

53. (1) Section 985.15 of the Act is replaced by the following section:

"**985.15.** A registered charity may, with the approval in writing of the Minister, accumulate property for a particular purpose, on the terms and conditions and over the period of time specified in the approval.

Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including any income related to the accumulated property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9

for the portion of any taxation year in the period, except to the extent that the registered charity is not in compliance with the terms and conditions of the approval."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

54. (1) Section 985.16 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

55. (1) Section 985.35.6 of the Act is amended

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

"Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including the income related to that property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the registered museum is not in compliance with the terms and conditions of the approval.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

56. (1) Section 985.35.9 of the Act is replaced by the following section:

"**985.35.9.** The Minister may, in the manner described in sections 1064 and 1065, revoke the registration

(*a*) of a registered museum, if it has entered into a transaction (including a gift to another registered museum) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on museum activities;

(*b*) of a registered museum, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered museum to which paragraph *a* applies was to assist the other registered museum in avoiding or unduly delaying the obligation to expend amounts on museum activities; and

(*c*) of a registered museum, if it has in a taxation year received a gift of property from another registered museum with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on museum activities carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

57. (1) Section 985.35.16 of the Act is amended

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

"Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including the income related to that property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the registered cultural or communications organization is not in compliance with the terms and conditions of the approval.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

58. (1) Section 985.35.19 of the Act is replaced by the following section:

"**985.35.19.** The Minister may, in the manner described in sections 1064 and 1065, revoke the registration

(*a*) of a registered cultural or communications organization, if it has entered into a transaction (including a gift to another registered cultural or communications organization) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on artistic, cultural or communications activities;

(*b*) of a registered cultural or communications organization, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered cultural or communications organization to which paragraph *a* applies was to assist the other registered cultural or communications organization in avoiding or unduly delaying the obligation to expend amounts on artistic, cultural or communications activities; and

(*c*) of a registered cultural or communications organization, if it has in a taxation year received a gift of property from another registered cultural or communications organization with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on artistic, cultural or communications activities carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

59. (1) Section 985.40 of the Act is amended

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

"Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including the income related to that property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the recognized political education organization is not in compliance with the terms and conditions of the approval.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

60. (1) Section 985.43 of the Act is replaced by the following section:

"**985.43.** The Minister may, in the manner described in sections 1064 and 1065, revoke the recognition

(*a*) of a recognized political education organization, if it has entered into a transaction (including a gift to another recognized political education organization) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on educational activities promoting Québec sovereignty or Canadian unity;

(*b*) of a recognized political education organization, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another recognized political education organization to which paragraph *a* applies was to assist the other recognized political education organization in avoiding or unduly delaying the obligation to expend amounts on educational activities promoting Québec sovereignty or Canadian unity; and

(*c*) of a recognized political education organization, if it has in a taxation year received a gift of property from another recognized political education organization with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on educational activities promoting Québec sovereignty or Canadian unity carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

61. Section 1007.4 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) despite section 1007 and sections 1010 to 1011, the Minister may, before the end of the day that is one year after the day on which all rights of

objection and appeal expire or are determined in respect of the determination or redetermination, determine the tax, interest, penalties or other amounts payable and determine an amount deemed to have been paid or to have been an overpayment under this Part in respect of any member of the partnership and any other taxpayer for any taxation year as may be necessary to give effect to the determination or redetermination or a final judgment of the Court of Québec, the Court of Appeal or the Supreme Court of Canada."

62. (1) Section 1010 of the Act is amended

(1) by replacing subsection 1 by the following subsection:

"(1) The Minister may at any time determine the tax, interest and penalties payable under this Part, or notify in writing any taxpayer who filed a fiscal return for a taxation year that no tax is payable for that taxation year.";

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

"(2) The Minister may also redetermine the tax, interest and penalties payable under this Part and make a reassessment or an additional assessment, as the case may be,";

(3) by replacing paragraphs *a*.0.1 and *a*.1 of subsection 2 by the following paragraphs:

"(*a*.0.1) within four years after the later day referred to in paragraph *a* if, at the end of the taxation year concerned, the taxpayer is a mutual fund trust or a corporation other than a Canadian-controlled private corporation;

"(*a*.1) within six years after the later day referred to in paragraph *a* or, in the case of a taxpayer referred to in paragraph *a*.0.1, within seven years after that day, where

i. a redetermination of the taxpayer's tax by the Minister is required in accordance with section 1012 or would have been required if the taxpayer had claimed an amount in the prescribed time limit under section 1012,

ii. as a consequence of a redetermination of another taxpayer's tax in accordance with this paragraph or section 1012, there is reason to redetermine the taxpayer's tax for any relevant taxation year,

iii. a redetermination of the taxpayer's tax would be made by the Minister, but for the expiration of the time limit prescribed in paragraph *a*, as a consequence of an additional payment of any income or profits tax to, or a reimbursement of any such tax by, the government of a foreign country or a political subdivision of a foreign country,

iv. a redetermination of the taxpayer's tax is required to be made as a consequence of a reduction under section 359.15 of an amount purported to

be renounced by the corporation under any of the sections referred to in that section,

v. a redetermination of the taxpayer's tax is required to be made in order to give effect to the application of sections 752.0.10.10.1 and 752.0.10.18,

vi. a redetermination of the taxpayer's tax is required to be made as a consequence of a transaction involving the taxpayer and a person not resident in Canada with whom the taxpayer was not dealing at arm's length, or

vii. a redetermination of the taxpayer's tax is required to be made, if the taxpayer is not resident in Canada and carries on a business in Canada, as a consequence of an allocation by the taxpayer of revenues or expenses as amounts in respect of the Canadian business, other than revenues or expenses that relate solely to the Canadian business, that are recorded in the books of account of the Canadian business, and the documentation in support of which is kept in Canada, or a notional transaction between the taxpayer and its Canadian banking business, where the transaction is recognized for the purposes of the computation of an amount under this Act or an applicable tax agreement; and";

(4) by replacing subparagraph i of paragraph *b* of subsection 2 by the following subparagraph:

"i. has made a misrepresentation that is attributable to negligence or wilful default or has committed any fraud in filing the return or in supplying any information provided for in this Part, or";

(5) by inserting the following subsection after subsection 2:

"(2.1) In addition, the Minister may redetermine the tax, interest and penalties payable by the taxpayer under this Part for a taxation year for which tax consequences under this Part result from the fact that a redetermination of the taxpayer's tax must be made by the Minister in accordance with section 1012, as a consequence of the application of paragraph *g* or *h* of section 1012.1, in relation to a taxation year referred to in the first or second paragraph of section 1012.1.1, and, despite paragraph *a*.1 of subsection 2, make a reassessment or an additional assessment beyond the period referred to in that paragraph *a*.1.";

(6) by replacing subsection 3 by the following subsection:

"(3) However, the Minister may, under paragraph *a*.1 of subsection 2 or subsection 2.1, make a reassessment or an additional assessment beyond the periods referred to in paragraph *a* or *a*.0.1 of subsection 2 only to the extent that the reassessment or additional assessment may be reasonably regarded as related to the tax redetermination referred to in that paragraph *a*.1 or subsection 2.1, as the case may be."

(2) Paragraphs 5 and 6 of subsection 1 apply in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. They also apply in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section 111.

63. Section 1010.1 of the Act is replaced by the following section:

"**1010.1.** Where the Minister would, but for this section, be entitled by virtue only of the filing of a waiver referred to in subparagraph ii of paragraph *b* of subsection 2 of section 1010, to redetermine the tax, interest or penalties payable under this Part, and to make a reassessment or an additional assessment, as the case may be, the Minister may not make such redetermination, reassessment or additional assessment after the day that is six months after the date on which a notice of revocation of the waiver is filed with the Minister in the prescribed form and in duplicate, by registered mail."

64. (1) Section 1012.1 of the Act is amended by adding the following paragraphs after paragraph *f*:

"(*g*) the first paragraph of section 1055.1.2 as a consequence of an election referred to in subparagraph *a* of the second paragraph of that section and made by the taxpayer's legal representative for a subsequent taxation year; or

"(*h*) the first paragraph of section 1055.1.3 as a consequence of an election referred to in subparagraph *a* of the second paragraph of that section and made by the taxpayer's legal representative for a subsequent taxation year."

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section 111.

65. (1) The Act is amended by inserting the following section after section 1012.1:

"**1012.1.1.** If section 1012 applies, in relation to a taxation year, in respect of a particular amount referred to in paragraph *g* or *h* of section 1012.1, it is to be read as if "for any relevant taxation year, other than a taxation year preceding the taxation year" was replaced by "for the taxation year".

If section 1012 applies, in relation to a particular taxation year, in respect of a particular amount referred to in paragraph *d* of section 1012.1 and the conditions of the third paragraph are met, it is to be read as follows:

"**1012.** If a taxpayer has filed for a particular taxation year the fiscal return required by section 1000 and a particular amount referred to in paragraph *d* of section 1012.1 is subsequently claimed as a deduction in computing the taxpayer's taxable income for the particular taxation year by

filing with the Minister, on or before the filing-due date applicable to the taxpayer's succession for the subsequent taxation year in respect of any amount deducted because of paragraph *g* of section 1012.1 in computing income for the taxation year of the taxpayer's death, a prescribed form to amend the fiscal return for the particular taxation year, the Minister shall, for any relevant taxation year, other than a taxation year preceding the particular taxation year, redetermine the taxpayer's tax to take into account the amount so claimed as a deduction in computing the taxpayer's taxable income."

The conditions to which the second paragraph refers are the following:

(*a*) the particular amount relates to a non-capital loss incurred in the taxation year in which the taxpayer died and does not exceed the portion of that loss that may reasonably be attributed to the deduction of any amount in computing the taxpayer's income for that year because of paragraph *g* of section 1012.1, as a consequence of an election made by the taxpayer's legal representative for the subsequent taxation year referred to in that paragraph; and

(*b*) on or before the filing-due date applicable to the taxpayer's succession for the subsequent taxation year in respect of the amount deducted because of paragraph *g* of section 1012.1 in computing the taxpayer's income for the taxation year in which the taxpayer died, the legal representative files with the Minister an amended fiscal return in the name of the taxpayer for the particular taxation year."

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section 111.

66. Section 1012.2 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1012.2.** Where a taxpayer has filed for a particular taxation year the fiscal return required by section 1000 and the amount included in computing the taxpayer's income for the particular taxation year under section 580 is subsequently reduced because of a reduction described in the second paragraph, the Minister shall, if the taxpayer files with the Minister, on or before the filing-due date for the taxpayer's subsequent taxation year in respect of the reduction, a request in the prescribed form to amend the fiscal return for the particular taxation year, redetermine the taxpayer's tax for any relevant taxation year other than a taxation year preceding the particular taxation year in order to take into account the reduction in the amount included in computing the income of the taxpayer for the particular taxation year under section 580."

67. Section 1012.3 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**1012.3.** The Minister shall redetermine a taxpayer's tax for a particular taxation year, in order to take into account the application of paragraph *d* of the definition of "excluded property" in the first paragraph of section 851.22.1 or the application of section 851.22.23.6, in respect of property held by the taxpayer, if".

68. (1) The Act is amended by inserting the following section after section 1015.0.2:

"**1015.0.3.** For the purposes of subparagraph *a* of the second paragraph of section 1015, an amount that is deemed to have been received by a taxpayer as a benefit under or because of section 49 or any of sections 50 to 52.0.1 is remuneration paid as a bonus, except the portion of the amount that is

(*a*) deductible by the taxpayer under section 725.2 in computing the taxpayer's taxable income for a taxation year;

(*b*) deemed to have been received in a taxation year as a benefit because of a disposition of securities to which section 49.2 applies; or

(*c*) determined under subparagraph *b* of the first paragraph of section 725.2.3 to be deductible by the taxpayer under section 725.2.2 in computing the taxpayer's taxable income for a taxation year."

(2) Subsection 1 has effect from 1 January 2011. However, it does not apply with respect to a benefit arising from a right granted before that date to a taxpayer under an agreement referred to in section 48 of the Act that was entered into in writing before 4:00 p.m. Eastern Standard Time, 4 March 2010 and that included, at that time, a written condition prohibiting the taxpayer from disposing of a security acquired under the agreement for a period of time after exercise.

69. (1) The Act is amended by inserting the following section after section 1017.2:

"**1017.3.** An amount deemed to have been received as a benefit under or because of section 49 or any of sections 50 to 52.0.1 must not be considered a basis on which the Minister may determine a lesser amount under section 1016 solely because it is received as a non-cash benefit."

(2) Subsection 1 has effect from 1 January 2011.

70. (1) Section 1029.6.0.0.1 of the Act is amended, in the second paragraph,

(1) by replacing subparagraph ii of subparagraph *f* by the following subparagraph:

"ii. the amount of financial assistance granted by the Canada Book Fund of the Department of Canadian Heritage,";

(2) by adding the following subparagraph after subparagraph iv of subparagraph *i*.1:

"v. the amount of assistance attributable to the program supporting the improvement of first generation fuel ethanol production efficiency;".

(2) Paragraph 1 of subsection 1 has effect from 1 April 2010.

(3) Paragraph 2 of subsection 1 has effect from 18 March 2011.

71. (1) Section 1029.6.0.6 of the Act, amended by section 54 of chapter 1 of the statutes of 2011, is again amended, in the fourth paragraph,

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

"(*a*.1) the amounts of $591 and $484 mentioned in section 1029.8.61.64;

"(*b*) the amount of $21,505 mentioned in section 1029.8.61.64;";

(2) by inserting the following subparagraphs after subparagraph *b*.1:

"(*b*.2) the amounts of $591 and $484 mentioned in section 1029.8.61.85;

"(*b*.3) the amount of $21,505 mentioned in section 1029.8.61.85;

"(*b*.4) the amount of $591 mentioned in section 1029.8.61.93;".

(2) Subsection 1 applies from the taxation year 2012. In addition, when section 1029.6.0.6 of the Act applies to the taxation year 2011, it is to be read without reference to subparagraphs *a*.1 and *b* of the fourth paragraph.

72. (1) Section 1029.6.0.7 of the Act is amended

(1) by replacing "subparagraphs *a*, *b* to *f*" in the first paragraph by "subparagraphs *a*, *b*, *b*.1, *b*.3, *c* to *f*";

(2) by inserting "*b*.2, *b*.4," after "*a*.1," in the second paragraph.

(2) Subsection 1 applies from the taxation year 2012.

73. (1) Section 1029.8.34 of the Act is amended

(1) by replacing subparagraph 3 of 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 subparagraph:

"(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b*.1 of the definition of "labour expenditure" and with whom the corporation is not dealing at arm's

length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that relate to an expenditure for services rendered outside the Montréal area of the corporation for a taxation year preceding the year in respect of that property, to the extent that the amount has not, under subparagraph iii of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area", reduced the amount of that expenditure for services rendered outside the Montréal area of the corporation for that preceding year; and";

(2) by replacing subparagraph 3 of subparagraph ii of paragraph *a* of the definition of "qualified computer-aided special effects and animation expenditure" in the first paragraph by the following subparagraph:

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

(3) by replacing paragraph *b* of the definition of "labour expenditure" in the first paragraph by the following paragraph:

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

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

ii. a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iv, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services as part of the production of the property,

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

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

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

(4) by inserting the following paragraphs after paragraph *b* of the definition of "labour expenditure" in the first paragraph:

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

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

ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or

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

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

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

ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or

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

(5) by replacing paragraph *c* of the definition of "labour expenditure" in the first paragraph by the following paragraph:

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

(6) by replacing subparagraph 3 of subparagraph ii of paragraph *a* of the definition of "qualified labour expenditure" in the first paragraph by the following subparagraph:

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

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

(8) by replacing subparagraph iii of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area" in the first paragraph by the following subparagraph:

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

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

(10) by replacing subparagraph iii of paragraph *b* of the definition of "computer-aided special effects and animation expenditure" in the first paragraph by the following subparagraph:

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

(11) by inserting the following definition in alphabetical order in the first paragraph:

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

(12) by replacing subparagraph *c* of the second paragraph by the following subparagraph:

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

(13) by inserting the following subparagraphs after subparagraph *c* of the second paragraph:

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

i. the aggregate of all amounts each of which is the salaries or wages paid by a person or partnership who is a subcontractor party to the particular contract or a subcontract that arises from it, to the person’s or partnership’s employee who is not an eligible employee, unless the salaries or wages are paid

(1) to an employee of the first-tier subcontractor, where the particular contract is referred to in paragraph *b*.1 of that definition,

(2) by a corporation or partnership that does not have an establishment in Québec or does not carry on a business in Québec, for services rendered as part of the production of the property,

(3) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered as part of the production of the property, or

(4) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, does not deal at arm’s length

with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage,

ii. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that is a party to a subcontract arising from the particular contract and that does not have an establishment in Québec for services rendered as part of the production of the property,

iii. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a partnership that is a party to a subcontract arising from the particular contract and that does not carry on a business in Québec for services rendered as part of the production of the property,

iv. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered as part of the production of the property, and

v. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, does not deal at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage;

"(*c*.2) a corporation that has entered into a contract (in this subparagraph referred to as an "initial contract") with a first-tier subcontractor for the provision of services as part of the production of a property may not, in computing its labour expenditure for a taxation year in respect of the property under paragraph *b* or *b*.1 of that definition, include an amount in relation to the portion of the remuneration that the corporation pays under the initial contract to the first-tier subcontractor and to the portion of any remuneration the first-tier subcontractor pays to a second-tier subcontractor for services rendered as part of the production of the property if, in relation to the portion of the remuneration the corporation pays under the initial contract to the first-tier subcontractor, it includes an amount in computing its labour expenditure for any taxation year in respect of the property under paragraph *b*.2 of that definition;";

(14) by striking out subparagraph *d*.1 of the second paragraph;

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

"(*e*) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, if applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* of that definition, or to the amount referred to in any of subparagraphs i to v of paragraph *b* and i to iv of paragraphs *b*.1 and *b*.2 of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of";

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

"iii. if the particular amount corresponds to the amount referred to in any of subparagraphs i to v of paragraph *b* and i to iv of paragraphs *b*.1 and *b*.2 of that definition, the amount of any government assistance and non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, that is attributable to services rendered by an individual or to the wages of the eligible employees of the person or partnership referred to in that subparagraph; and";

(17) by replacing "with whom or with which" in the following provisions of the first paragraph by "with whom":

— subparagraph 1 of subparagraph i of paragraph *b* of the definition of "qualified computer-aided special effects and animation expenditure";

— subparagraph 1 of subparagraph i of paragraph *b* of the definition of "qualified expenditure for services rendered outside the Montréal area";

— subparagraph 1 of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure".

(2) Subsection 1 applies to a taxation year that begins after 31 December 2009. However, when section 1029.8.34 of the Act applies before 4 May 2011, it is to be read without reference to ", at the time that portion of the remuneration is incurred," in the following provisions:

— subparagraphs ii and iii of paragraphs *b*, *b*.1 and *b*.2 of the definition of "labour expenditure" in the first paragraph;

— subparagraph 3 of subparagraph i and subparagraphs iv and v of subparagraph *c*.1 of the second paragraph.

74. (1) Section 1029.8.36.0.0.4 of the Act is amended

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

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

(2) by replacing subparagraphs i and ii of subparagraph *e* of the third paragraph by the following subparagraphs:

“i. the portion of the cost of a contract that may reasonably be considered to be the consideration for services rendered as part of the production of the property by a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or by a particular corporation that is not dealing at arm’s length with a corporation holding such a licence, except to the extent that the portion relates to services rendered by the particular corporation exclusively at the post-production stage of the property, and

“ii. the cost incurred by the corporation in respect of the acquisition, rental or leasing of a corporeal property, including software, used as part of the production of the property with a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or with a particular corporation that is not dealing at arm’s length with a corporation holding such a licence, except to the extent that the cost is incurred with the particular corporation in respect of a corporeal property used exclusively at the post-production stage of the property;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2009.

75. (1) Section 1029.8.36.0.0.13 of the Act is amended

(1) by replacing the portion of the definition of “qualified labour expenditure attributable to preparation costs” in the first paragraph before paragraph *a* by the following:

““qualified labour expenditure attributable to preparation costs and digital version publishing costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth paragraph, the lesser of”;

(2) by replacing subparagraphs 1 to 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs” in the first paragraph by the following subparagraphs:

“(1) the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for the year in respect of the property,

"(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *c* of the fifth paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18 in relation to the preparation of the property or to the publishing of a digital version of the property, up to 250% of the tax under Part III.1.0.5 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i, in relation to that assistance, and

"(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property for a taxation year preceding the year, exceeds 250% of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5 for a year preceding the year, because of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18, in relation to assistance referred to in subparagraph ii, exceeds";

(3) by replacing subparagraphs 1 to 3 of subparagraph ii of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph by the following subparagraphs:

"(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, in connection with a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph *c* of the fifth paragraph, reduced that labour expenditure attributable to preparation costs and digital version publishing costs for that preceding year,

"(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, on or before the corporation's filing-due date for the year, in connection with a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph ii of subparagraph *c* of the fifth

paragraph, reduced that labour expenditure attributable to preparation costs and digital version publishing costs for that preceding year, and

"(3) the amount of any government assistance and non-government assistance that an eligible individual, a particular corporation or a partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the particular corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *c* of the definition of "labour expenditure attributable to preparation costs and digital version publishing costs", to the extent that the amount has not, under subparagraph iii of subparagraph *c* of the fifth paragraph, reduced the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for that preceding year in respect of the property; and";

(4) by replacing the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph before subparagraph 1 by the following:

"i. 50% of the amount by which the aggregate of the preparation costs directly attributable to the preparation of the property and the digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property that the corporation incurred before the end of the year in respect of the property to the extent that they relate to services rendered before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph, and that are paid by the corporation, exceeds the aggregate of";

(5) by replacing subparagraph ii of paragraph *b* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph by the following subparagraph:

"ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the preparation of the property or the publishing of a digital version of the property for a taxation year preceding the year exceeds 250% of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5, in respect of the preparation of the property or the publishing of a digital version of the property, for a taxation year preceding the year;";

(6) by replacing the definition of "labour expenditure attributable to preparation costs" in the first paragraph by the following definition:

""labour expenditure attributable to preparation costs and digital version publishing costs" of a corporation for a taxation year, in respect of property

that is an eligible work or an eligible group of works, means, subject to the fourth and fifth paragraphs, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(*a*) the salaries or wages directly attributable to the preparation of the property or the publishing of an eligible digital version relating to the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they relate to services rendered in Québec for eligible preparation work relating to the property or for eligible publishing work concerning an eligible digital version and relating to the property before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph, and that are paid by the corporation to its eligible employees;

(*b*) the non-refundable advances directly attributable to the preparation of the property or the publishing of an eligible digital version relating to the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the non-refundable advances that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that are paid by the corporation to a Québec author or a holder of the rights of a Québec author, except such advances paid to a Québec author or a holder of the rights of a Québec author for the acquisition of rights on the existing material;

(*c*) the portion of the remuneration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate for services rendered in Québec to the corporation for eligible preparation work relating to the property or for eligible publishing work concerning an eligible digital version and relating to the property pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation,

i. to an eligible individual who carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of the eligible digital version of that work, or to the wages of the individual's eligible employees that relate to services rendered in Québec by the individual's eligible employees in connection with the preparation of the work or the publishing of its eligible digital version,

ii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, other than a particular corporation referred to in subparagraph iii, to the extent that that portion of remuneration is reasonably attributable to the wages paid to the particular corporation's eligible employees that relate to services rendered in Québec by the particular corporation's eligible employees in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of its eligible digital version,

iii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, all the issued capital stock of which, other than directors' qualifying shares, belongs to an eligible individual, and whose activities consist principally in providing the eligible individual's services, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec by the eligible individual in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of its eligible digital version, or

iv. to a partnership that carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of the eligible digital version of that work, by an eligible individual who is a member of the partnership, or to the wages paid to the partnership's eligible employees that relate to services rendered in Québec by the partnership's eligible employees in connection with the preparation of the work or with the publishing of its eligible digital version; and

(*d*) half of the consideration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, half of the portion of the consideration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate pursuant to a contract entered

into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation, for services rendered in Québec to the corporation for eligible preparation work or for eligible publishing work concerning an eligible digital version by an eligible individual or by a corporation or partnership having an establishment in Québec, other than an employee of the corporation, with which the corporation is dealing at arm's length at the time the contract is entered into;";

(7) by replacing the definition of "eligible employee" in the first paragraph by the following definition:

""eligible employee" of an individual, a corporation or a partnership, for a taxation year, means, in respect of a property that is an eligible work or an eligible group of works, an individual resident in Québec at any time in the calendar year in which the individual carries out work relating to the property that is eligible preparation work, eligible printing work, eligible reprinting work or eligible publishing work concerning an eligible digital version;";

(8) by replacing the definition of "eligible individual" in the first paragraph by the following definition:

""eligible individual", for a taxation year, means, in respect of a property that is an eligible work or an eligible group of works, an individual resident in Québec at any time in the calendar year in which the individual carries out work relating to the property that is eligible preparation work, eligible printing work, eligible reprinting work or eligible publishing work concerning an eligible digital version;";

(9) by inserting the following definition in alphabetical order in the first paragraph:

""eligible publishing work concerning an eligible digital version" relating to a property that is an eligible work or an eligible group of works means the work performed to carry out the publishing stages of the eligible digital version of the work or of a work that is part of the group of works, including the conversion, production of metadata, indexing, previewing, stocking, destocking, quality control and filing of the work in a digital warehouse;";

(10) by inserting the following definition in alphabetical order in the first paragraph:

""eligible digital version" of an eligible work or a work that is part of an eligible group of works published by a corporation means a digital version of that work in respect of which the Société de développement des entreprises culturelles specifies in the favourable advance ruling given or the certificate issued to the corporation in respect of the eligible work or eligible group of works, for the purposes of this division, that the digital version is an eligible digital version of the work or of the work that is part of the group of works;";

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

"For the purposes of this section, the initial stage of publishing, in relation to an eligible work or an eligible group of works, means the date specified for that purpose in the favourable advance ruling given or the certificate issued by the Société de développement des entreprises culturelles, in relation to that work or group of works, for the purposes of this division.";

(12) by replacing the portion of the fourth paragraph before subparagraph *a* by the following:

"For the purposes of the definitions of "labour expenditure attributable to preparation costs and digital version publishing costs", "labour expenditure attributable to printing and reprinting costs", "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph, the following rules apply:";

(13) by replacing subparagraph *b* of the fourth paragraph by the following subparagraph:

"(*b*) no expenditure may be taken into consideration in computing a labour expenditure attributable to printing and reprinting costs for a taxation year in respect of a property that is an eligible work or an eligible group of works or a labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of the property, printing and reprinting costs directly attributable to the printing and reprinting of the property, preparation costs directly attributable to the preparation of the property and digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property, as the case may be, incurred before the end of the year, unless the expenditure is paid at the time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.14 for that taxation year; and";

(14) by replacing the portion of the fifth paragraph before subparagraph *b* by the following:

"For the purposes of the definition of "labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph, the following rules apply:

(*a*) for the purposes of paragraph *a* of the definition, the salaries or wages directly attributable to the preparation of a property that is an eligible work or an eligible group of works or to the publishing of an eligible digital version relating to the property are, where an employee undertakes, supervises or directly supports the preparation of the property or the publishing of the eligible digital version, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the preparation of the

property or to the publishing of the eligible digital version relating to the property;";

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

"(*c*) the amount of the labour expenditure attributable to preparation costs and digital version publishing costs of a corporation for a taxation year in respect of a property is to be reduced, if applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* of that definition, to the advances described in paragraph *b* of that definition, to the portion of the remuneration described in any of subparagraphs i to iv of paragraph *c* of that definition or to the consideration or the portion of the consideration described in paragraph *d* of that definition, that are included in that labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for the year, and the aggregate of";

(16) by replacing subparagraph *e* of the fifth paragraph by the following subparagraph:

"(*e*) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of a property is deemed to be null.";

(17) by inserting the following paragraph after the seventh paragraph:

"For the purposes of this division, the digital version publishing costs directly attributable to the publishing of an eligible digital version relating to a property that is an eligible work or an eligible group of works incurred by a corporation before the end of a taxation year are

(*a*) the digital version publishing costs, other than publishing fees and administration costs, incurred by the corporation to carry out the publishing stages of the eligible digital version of the work or of a work that is part of the group of works, including the conversion, production of metadata, indexing, previewing, stocking, destocking, quality control and filing of the work in a digital warehouse; and

(*b*) the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the publishing of the eligible digital version of the eligible work or of a work that is part of the eligible group of works, that is the portion of the depreciation of that particular property, for the year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the publishing of the eligible digital version of the work.";

(18) by replacing the portion of the ninth paragraph before subparagraph *a* by the following:

"For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is an eligible work or an eligible group of works, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount";

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

"i. because of subparagraph *c* of the fifth paragraph, a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property, or

"ii. because of subparagraph ii of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph, a qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property;";

(20) by replacing the tenth paragraph by the following paragraph:

"For the purposes of the definitions of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph, the following rules apply:

(*a*) in relation to a property referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.14, the definition of "qualified labour expenditure attributable to printing and reprinting costs" is to be read, in respect of the property, as if "333 1/3%" was replaced wherever it appears by "380.95%" and the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" is to be read, in respect of the property, as if "250%" was replaced wherever it appears by "285.71%"; and

(*b*) in relation to a property referred to in subparagraph *a*.1 of the first paragraph of section 1029.8.36.0.0.14, the definition of "qualified labour expenditure attributable to printing and reprinting costs" is to be read, in respect of the property, as if "333 1/3%" was replaced wherever it appears by "370.37%" and the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" is to be read, in respect of the property, as if "250%" was replaced wherever it appears by "285.71%"."

(2) Paragraphs 1 to 10 and 12 to 20 of subsection 1 apply in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 17 March 2011. In addition, when paragraph *b* of the definition of "labour expenditure attributable to preparation costs" in the first paragraph of section 1029.8.36.0.0.13 of the Act

applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 21 December 2010 and before 18 March 2011, it is to be read as follows:

"(*b*) the non-refundable advances directly attributable to the preparation of the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the non-refundable advances that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that are paid by the corporation to a Québec author or a holder of the rights of a Québec author, except such advances paid to a Québec author or a holder of the rights of a Québec author for the acquisition of rights on the existing material;".

(3) Paragraph 11 of subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 21 December 2010.

76. (1) Section 1029.8.36.0.0.14 of the Act is amended, in the first paragraph,

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

"i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and";

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

"i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and";

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

"i. an amount equal to 40% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and".

(2) Subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 17 March 2011.

77. Section 1029.8.36.0.3.9 of the Act is amended by striking out subparagraphs *a* and *b* of the third paragraph.

78. Section 1029.8.36.0.3.19 of the Act is amended by striking out subparagraphs *a* to *c* of the third paragraph.

79. (1) Section 1029.8.36.0.94 of the Act is amended

(1) by adding the following definition at the end of the first paragraph:

""shipment of eligible ethanol" of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible ethanol that the qualified corporation produces in Québec after 17 March 2011, that is sold in Québec, after that date and in the qualified corporation's eligibility period, to the holder of a collection officer's permit issued under the Fuel Tax Act (in this section referred to as the "purchaser") who takes possession of the ethanol in the particular month or, where the particular month ends after the end of the qualified corporation's eligibility period, in the part of the particular month included in the qualified corporation's eligibility period, and that is intended for Québec.";

(2) by replacing the definition of "eligible ethanol" in the first paragraph by the following definition:

""eligible ethanol" means the ethyl alcohol with the chemical formula C_2H_5OH (other than eligible cellulosic ethanol) produced from renewable materials to be sold as a product to be blended directly with gasoline or for use as an input in the reformulation of gasoline or the production of ethyl tertiary-butyl ether;";

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

""eligible cellulosic ethanol" has the meaning assigned by section 1029.8.36.0.103;";

(4) by replacing the definition of "eligible production of ethanol" in the first paragraph by the following definition:

""eligible production of ethanol" of a qualified corporation for a particular month means the total number of litres of ethanol that corresponds to all of the qualified corporation's shipments of eligible ethanol for the particular month;";

(5) by inserting the following definition in alphabetical order in the first paragraph:

""ethanol production unit" of a qualified corporation means all the property the qualified corporation uses in producing eligible ethanol or eligible cellulosic ethanol in Québec;";

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

"For the purposes of the definition of "shipment of eligible ethanol" in the first paragraph, a shipment of ethanol is destined for Québec only if

(*a*) where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec; or

(*b*) where subparagraph *a* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec."

(2) Subsection 1 applies in respect of a taxation year that ends after 17 March 2011. However, when the definition of "eligible production of ethanol" in the first paragraph of section 1029.8.36.0.94 of the Act applies in respect of a taxation year that includes that date, it is to be read as follows:

""eligible production of ethanol" of a qualified corporation for a particular month of a taxation year means the aggregate of

(*a*) the number of litres of eligible ethanol that the qualified corporation produces in Québec before 18 March 2011 and in the particular month and that, on or before the qualified corporation's filing-due date for the taxation year, is sold in Québec to a holder of a collection officer's permit issued under the Fuel Tax Act or that, on that date, may reasonably be expected to be sold in Québec after that date to such a holder; and

(*b*) the total number of litres of ethanol that corresponds to all of the corporation's shipments of eligible ethanol for the particular month;".

80. (1) The Act is amended by inserting the following section after section 1029.8.36.0.94:

"**1029.8.36.0.94.1.** If, after 17 March 2011, a qualified corporation produces eligible ethanol in Québec and stores it in a reservoir with another type of ethanol it produced or with ethanol that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of ethanol the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed ethanol") is deemed to consist of distinct shipments derived from each of the qualified corporation's ethanol production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number

of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed ethanol by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

(A + B)/(B + C + D).

In the formula in the first paragraph,

(*a*) A is the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(*b*) B is the number of litres of ethanol derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(*c*) C is the number of litres of ethanol that is added to the reservoir during the particular month and that is not derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be; and

(*d*) D is the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of ethanol obtained by multiplying the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation's ethanol production unit or the other source of supply, as the case may be.

For the purposes of this division, the portion of a shipment of mixed ethanol for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from an ethanol production unit of a qualified corporation is deemed to be a shipment of eligible ethanol of the qualified corporation for the particular month only if the qualified corporation's facilities allow for the precise measurement of the number of litres of ethanol derived from each of the qualified corporation's ethanol production units and from each of the other sources of supply that feeds the reservoir before the ethanol is added.

For the purposes of this division, if, after 17 March 2011, a qualified corporation produces eligible ethanol in Québec and stores it in a reservoir with ethanol that it produced before 18 March 2011 or that it acquired before

that date (in this paragraph referred to as the "previous stock"), the following rules apply:

(*a*) despite the first paragraph, a particular shipment of ethanol drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(*b*) the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month must be determined without taking the previous stock into account."

(2) Subsection 1 has effect from 18 March 2011.

81. (1) Section 1029.8.36.0.95 of the Act is amended

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

"**1029.8.36.0.95.** A corporation that, for a taxation year included in whole or in part in the corporation's eligibility period, is a qualified corporation and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the taxation year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the taxation year, on account of its tax payable for the taxation year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.99 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the taxation year, by the formula

$A \times [\$0.185 - (\$0.0082 \times B + \$0.004 \times C)]$.

In the formula in the first paragraph,";

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

"ii. the qualified corporation's monthly ceiling on the production of ethanol for the particular month;";

(3) by replacing "least" in the portion of subparagraph *a* of the second paragraph before subparagraph i by "lesser" and by striking out subparagraph iii of subparagraph *a* of the second paragraph;

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

"(*c*) if applicable, a copy of the agreement described in section 1029.8.36.0.96."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

82. (1) Section 1029.8.36.0.96 of the Act is replaced by the following section:

"**1029.8.36.0.96.** For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.95, the monthly ceiling on the production of ethanol of a qualified corporation, for a particular month of a taxation year, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 345,205 by the number of days in the particular month.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

83. (1) Sections 1029.8.36.0.97 and 1029.8.36.0.98 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

84. (1) Section 1029.8.36.0.99 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

"(*a*) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under subparagraph *a* of the second paragraph of that section, of a qualified corporation's eligible production of ethanol for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

"(*b*) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under subparagraph *a* of the second paragraph of that section, of a qualified corporation's eligible production of ethanol for a particular month of the taxation year, that is not a benefit or advantage that

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

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

85. (1) Section 1029.8.36.0.100 of the Act is amended

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

"**1029.8.36.0.100.** If, at a particular time of a qualified corporation's taxation year, all or, if applicable, a portion of the excise tax imposed under section 23 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) on unleaded gasoline is not payable, because of subsection 2 of section 23.4 of that Act, on the portion (in subparagraph *a* of the third paragraph referred to as the "exempt portion of the blend") of the blend of that gasoline with alcohol, within the meaning of subsection 1 of section 23.4 of that Act, that corresponds to the percentage by volume of alcohol in the blend, the amount determined for the taxation year under the second paragraph in respect of the qualified corporation is deemed, for the purposes of section 1029.8.36.0.99, to be an amount of government assistance that is attributable to the portions, determined under subparagraph *a* of the second paragraph of section 1029.8.36.0.95, of the qualified corporation's eligible production of ethanol, for the particular months of the taxation year, and that the corporation has received on or before its filing-due date for the taxation year.";

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

"(*b*) B is the portion, determined under subparagraph *a* of the second paragraph of section 1029.8.36.0.95, of the qualified corporation's eligible production of ethanol for the particular month."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

86. (1) Section 1029.8.36.0.101 of the Act is amended

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

"**1029.8.36.0.101.** A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.95, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of ethanol for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it

is required to file under section 1000 for a subsequent taxation year (in this section referred to as the "year concerned") in which any of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:";

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

"(*c*) a portion of the corporation's eligible production of ethanol, for a particular month of the particular taxation year, that was carried out before 18 March 2011, is sold to a person or partnership who is not the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) or ceases to be reasonably considered to be expected to be sold subsequently to such a holder.";

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

"The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.95 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year, is exceeded by the total of

(*a*) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.95 if any of the events described in any of subparagraphs *a* to *c* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.37, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of ethanol for a particular month of the particular taxation year, occurred in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.37 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

87. (1) The Act is amended by inserting the following after section 1029.8.36.0.102:

“**DIVISION II.6.0.9**

“CREDIT FOR CELLULOSIC ETHANOL PRODUCTION IN QUÉBEC

“§1.—*Interpretation and general*

“**1029.8.36.0.103.** In this division,

“associated group” in a taxation year means all the corporations that meet the following conditions:

(*a*) the corporations are associated with each other in the taxation year; and

(*b*) each corporation is a qualified corporation for the taxation year;

“average monthly market price of ethanol” in respect of a particular month means the arithmetic average of the daily closing values on the Chicago Board of Trade of a US gallon of ethanol, expressed in American dollars, for the particular month;

“eligible cellulosic ethanol” means the ethyl alcohol with the chemical formula C_2H_5OH that is produced, after 17 March 2011 and before 1 April 2018, by an ethanol production unit mainly from eligible renewable materials, exclusively by means of a thermochemical process, to be sold as a product to be blended directly with gasoline or for use as an input in the reformulation of gasoline or the production of ethyl tertiary-butyl ether;

“eligible production of cellulosic ethanol” of a qualified corporation for a particular month means the total number of litres that corresponds to all of the qualified corporation’s shipments of eligible cellulosic ethanol for the particular month;

“eligible renewable materials” means the following inputs:

(*a*) residual materials derived from industries, commercial establishments or institutions, or from construction, renovation or demolition activities;

(*b*) treated wood residues;

(*c*) forestry and agricultural residues;

(*d*) urban household waste; and

(*e*) a combination of inputs referred to in paragraphs *a* to *d*;

“ethanol production unit” of a qualified corporation means all the property the qualified corporation uses in producing eligible cellulosic ethanol or another type of ethanol in Québec;

"month" means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

"qualified corporation" for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of eligible cellulosic ethanol, other than a corporation

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

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

"shipment of eligible cellulosic ethanol" of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible cellulosic ethanol that the qualified corporation produces in Québec, that is sold in Québec to the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) (in the second paragraph referred to as the "purchaser") who takes possession of the cellulosic ethanol in the particular month and before 1 April 2018, and that is intended for Québec.

For the purposes of the definition of "shipment of eligible cellulosic ethanol" in the first paragraph, a shipment of cellulosic ethanol is destined for Québec only if

(*a*) where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec; or

(*b*) where subparagraph *a* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec.

For the purposes of the definition of "eligible cellulosic ethanol" in the first paragraph, the following rules apply:

(*a*) ethanol produced by means of a production process that includes a fermentation process is not eligible cellulosic ethanol;

(*b*) ethanol produced in whole or in part from grain corn is not eligible cellulosic ethanol; and

(*c*) ethanol is considered to be produced mainly from inputs referred to in paragraphs *a* to *e* of the definition of "eligible renewable materials" in the first paragraph if those inputs represent more than half the weight or volume of all the inputs used in producing the ethanol.

"**1029.8.36.0.104.** If a qualified corporation produces eligible cellulosic ethanol in Québec and stores it in a reservoir with another type of ethanol it produced or with ethanol that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of ethanol the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed ethanol") is deemed to consist of distinct shipments derived from each of the qualified corporation's ethanol production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed ethanol by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

(A + B)/(B + C + D).

In the formula in the first paragraph,

(*a*) A is the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(*b*) B is the number of litres of ethanol derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(*c*) C is the number of litres of ethanol that is added to the reservoir during the particular month and that is not derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be; and

(*d*) D is the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of ethanol obtained by multiplying the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation's ethanol production unit or the other source of supply, as the case may be.

For the purposes of this division, the portion of a shipment of mixed ethanol for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from a cellulosic ethanol production unit of a qualified corporation is deemed to be a shipment of eligible cellulosic ethanol of the

qualified corporation for the particular month only if the qualified corporation's facilities allow for the precise measurement of the number of litres of ethanol derived from each of the qualified corporation's ethanol production units and from each of the other sources of supply that feeds the reservoir before the ethanol is added.

For the purposes of this division, if a qualified corporation produces eligible cellulosic ethanol in Québec and stores it in a reservoir with ethanol that it produced before 18 March 2011 or that it acquired before that date (in this paragraph referred to as the "previous stock"), the following rules apply:

(*a*) despite the first paragraph, a particular shipment of ethanol drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(*b*) the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month must be determined without taking the previous stock into account.

"§2. — *Credit*

"**1029.8.36.0.105.** A corporation that, for a taxation year, is a qualified corporation and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is an amount determined, for a particular month of the year, by the formula

$A \times [\$0.15 – (\$0.05 \times B + \$0.15 \times C)]$.

In the formula in the first paragraph,

(*a*) A, expressed as a number of litres, is the lesser of

i. the qualified corporation's eligible production of cellulosic ethanol for the particular month, and

ii. the qualified corporation's monthly ceiling on the production of cellulosic ethanol for the particular month;

(*b*) B is

i. if the average monthly market price of ethanol in respect of the particular month is greater than US$2.00, the number that represents the amount by which the average monthly market price of ethanol, up to US$2.20, exceeds US$2.00, and

ii. in any other case, zero; and

(*c*) C is

i. if the average monthly market price of ethanol in respect of the particular month is greater than US$2.20, the number that represents the amount by which the average monthly market price of ethanol, up to US$3.1333, exceeds US$2.20, and

ii. in any other case, zero.

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

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

(*b*) a copy of a report specifying, in respect of each month included in the taxation year, the qualified corporation's eligible production of cellulosic ethanol and the average monthly market price of ethanol; and

(*c*) if applicable, a copy of the agreement described in section 1029.8.36.0.106.

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

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

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

"**1029.8.36.0.106.** For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.105, the monthly ceiling on the production of cellulosic ethanol of a qualified corporation, for a particular month included in a taxation year, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified

corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 109,589 by the number of days in the particular month.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month."

(2) Subsection 1 has effect from 18 March 2011.

88. (1) Section 1029.8.36.53.21 of the Act is amended by replacing the portion of paragraph *b* of the definition of "recognized energy-efficient vehicle" in the first paragraph before subparagraph i by the following:

"(*b*) if the vehicle is powered wholly or partly by gasoline or diesel fuel and is not a rechargeable hybrid vehicle, the vehicle's weighted fuel consumption rating, determined in accordance with section 1029.8.36.53.22, does not exceed".

(2) Subsection 1 applies in respect of a vehicle acquired or leased after 17 March 2011.

89. (1) Section 1029.8.36.53.23 of the Act is amended by replacing "before 1 January 2016" in the first paragraph by "before 1 January 2012".

(2) Subsection 1 has effect from 18 March 2011.

90. (1) Section 1029.8.36.53.24 of the Act is amended by replacing "before 1 January 2016" in the first paragraph by "before 1 January 2012".

(2) Subsection 1 has effect from 18 March 2011.

91. (1) Section 1029.8.36.53.25 of the Act is amended

(1) by striking out subparagraphs iii to v of paragraph *a*;

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

"(*b*) if the vehicle is powered wholly or partly by gasoline and its weighted fuel consumption rating is less than 3 litres, or is powered wholly or partly by

diesel fuel and its weighted fuel consumption rating is less than 2.58 litres, $3,000;";

(3) by inserting the following paragraph after paragraph *b*:

"(*b*.1) if the vehicle is a rechargeable hybrid vehicle acquired after 17 March 2011 and before 1 January 2012,

i. $8,000, if the vehicle is equipped with a battery with a capacity of 17 kilowatt-hours or more, or

ii. $7,769, if the vehicle is equipped with a battery with a capacity of 16 kilowatt-hours;";

(4) by replacing paragraphs *c* and *d* by the following paragraphs:

"(*c*) if the vehicle is a low-speed vehicle, $4,000; and

"(*d*) if the vehicle is a vehicle that does not use fuel as its source of energy, other than a low-speed vehicle, $8,000."

(2) Subsection 1 has effect from 18 March 2011.

92. (1) Section 1029.8.36.166.40 of the Act is amended by inserting the following paragraph after paragraph *c* of the definition of "qualified property" in the first paragraph:

"(*c*.1) is not used in the course of operating an ethanol plant; and".

(2) Subsection 1 applies in respect of a property acquired after 16 March 2011.

93. (1) Section 1029.8.61.1 of the Act is amended, in the first paragraph,

(1) by replacing "within the meaning of that Act" in paragraph *a* of the definition of "public network facility" by "to which that Act applies";

(2) by replacing "referred to in" in paragraph *c* of the definition of "public network facility" by "within the meaning of";

(3) by replacing "section 1029.8.61.64" in subparagraph iii of paragraph *a* of the definition of "eligible service" by "section 1029.8.61.64 or 1029.8.61.85".

(2) Paragraph 3 of subsection 1 has effect from 1 January 2011.

94. (1) Section 1029.8.61.6 of the Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

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

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

95. (1) The heading of Division II.11.3 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

"CREDIT FOR INFORMAL CAREGIVERS WHO HOUSE PERSONS OF FULL AGE".

(2) Subsection 1 has effect from 1 January 2011.

96. (1) Section 1029.8.61.61 of the Act is amended, in the definition of "minimum housing period",

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

""minimum housing period" of a particular person for a taxation year in relation to an individual is a housing period of the particular person of at least";

(2) by replacing subparagraph i of paragraph *a* by the following subparagraph:

"i. the particular person reached, before the end of the year, 70 years of age or would have reached that age before that time had the particular person not died in the year, and";

(3) by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

"i. the particular person is, during the period, 18 years of age or over,

"ii. the period is included in a housing period of the particular person (in this section referred to as the "particular housing period"), of at least 365 consecutive days commencing in the year or in the preceding year,";

(4) by replacing subparagraph iv of paragraph *b* by the following subparagraph:

"iv. throughout the particular housing period, the particular person ordinarily lives with the individual or another individual in a self-contained domestic establishment and has a severe and prolonged impairment in mental or physical functions the effects of which are such that the particular person's ability to perform a basic activity of daily living is markedly restricted or that the

particular person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, and";

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

"v. throughout the period during which the particular person ordinarily lives in the self-contained domestic establishment with the individual or the other individual,";

(6) by replacing subparagraphs 2 and 3 of subparagraph v of paragraph *b* by the following subparagraphs:

"(2) the individual or the individual's spouse or the other individual or the other individual's spouse, as the case may be, alone or jointly with another person other than the particular person, is the owner, lessee or sublessee of the self-contained domestic establishment, and

"(3) the particular person is resident in Canada and is referred to in paragraph *a* of the definition of "eligible relative" in respect of the individual or the individual's spouse or the other individual or the other individual's spouse, as the case may be."

(2) Subsection 1 applies from the taxation year 2011.

97. (1) Section 1029.8.61.64 of the Act is amended

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

"**1029.8.61.64.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual's balance-due day for that taxation year, on account of the individual's tax payable under this Part for that taxation year, an amount equal to the aggregate of all amounts each of which is, subject to sections 1029.8.61.66 and 1029.8.61.67, an amount determined, in respect of each person who, throughout the minimum housing period of that person for the year in relation to the individual, is an eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment which, throughout that period, is maintained by the individual, alone or jointly with another person, and of which the individual or the individual's spouse, alone or jointly with another person other than the eligible relative, is the owner, lessee or sublessee throughout that period, by the formula";

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

"(*a*) A is an amount of $591; and

"(*b*) B is an amount equal to the amount by which $484 exceeds 16% of the income of the eligible relative for the year that exceeds $21,505."

(2) Subsection 1 applies from the taxation year 2011.

98. (1) Section 1029.8.61.68 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2011.

99. (1) Section 1029.8.61.69 of the Act is amended

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

"**1029.8.61.69.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.64 for a taxation year in respect of a particular person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:";

(2) by replacing subparagraphs i and ii of paragraph *a* by the following subparagraphs:

"i. the individual certifies that, throughout the minimum housing period of the particular person for the year in relation to the individual, the individual ordinarily lived with the particular person in the self-contained domestic establishment referred to in subparagraph ii, and

"ii. the individual or the individual's spouse certifies that, throughout the period referred to in subparagraph i, the individual or the individual's spouse maintained a self-contained domestic establishment, alone or jointly with another person, of which the individual or the individual's spouse, alone or jointly with another person other than the particular person, was the owner, lessee or sublessee throughout that period; and";

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

"(*b*) if the particular person has a severe and prolonged impairment in mental or physical functions the effects of which are such that

i. the particular person's ability to perform a basic activity of daily living is markedly restricted and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of "minimum housing period" in section 1029.8.61.61, the

prescribed form on which a physician, within the meaning of section 752.0.18, or, where the particular person has a sight impairment, a physician or an optometrist, within the meaning of that section, or, where the particular person has a speech impairment, a physician or a speech-language pathologist, within the meaning of that section, or, where the particular person has a hearing impairment, a physician or an audiologist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in walking, a physician, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in mental functions necessary for everyday life, a physician or a psychologist, within the meaning of that section, certifies that the particular person has such an impairment, or

ii. the particular person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of "minimum housing period" in section 1029.8.61.61, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the particular person has an impairment with respect to the particular person's ability in walking or in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, certifies that the particular person has such an impairment."

(2) Subsection 1 applies from the taxation year 2011.

100. (1) The Act is amended by inserting the following after section 1029.8.61.82:

"**DIVISION II.11.6**

"CREDIT FOR INFORMAL CAREGIVERS CO-RESIDING WITH PERSONS OF FULL AGE

"§1.—*Interpretation and general*

"**1029.8.61.83.** In this division,

"eligible relative" of an individual means a person who

(*a*) is the child, grandchild, nephew, niece, brother, sister, father, mother, uncle, aunt, grandfather, grandmother, great-uncle or great-aunt of the individual or of the individual's spouse or any other direct ascendant of the individual or of the individual's spouse;

(*b*) has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living; and

(*c*) is unable to live alone because of the person's impairment;

"minimum co-residency period" of a person for a taxation year is a co-residency period of the person of at least 365 consecutive days commencing in the year or in the preceding year, if

(*a*) the period includes a period of at least 183 days in the year (in this definition referred to as the "particular period"); and

(*b*) the person is, during the particular period, 18 years of age or over.

For the purposes of the definition of "eligible relative" in the first paragraph, a person who, immediately before death, was the spouse of an individual is deemed to be a spouse of the individual.

"**1029.8.61.84.** The first and second paragraphs of section 752.0.17 apply for the purpose of determining whether a person has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living.

For the purpose of determining whether an individual is deemed to have paid an amount to the Minister under section 1029.8.61.85 for a taxation year in respect of an eligible relative, any person referred to in section 1029.8.61.85 shall, on request in writing by the Minister for information with respect to the eligible relative's impairment and its effect on the eligible relative or with respect to the therapy that is, if applicable, required to be administered to the eligible relative, provide the information so requested in writing.

"§2. — *Credit*

"**1029.8.61.85.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual's balance-due day for that taxation year, on account of the individual's tax payable under this Part for that taxation year, an amount equal to the aggregate of all amounts each of which is, subject to sections 1029.8.61.88 and 1029.8.61.89, an amount determined, in respect of each person who, throughout the minimum co-residency period of that person for the year, is an

eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment of which the person or the person's spouse, alone or jointly with another person, is the owner, lessee or sublessee throughout that period, by the formula

A + B.

In the formula in the first paragraph,

(*a*) A is an amount of $591; and

(*b*) B is an amount equal to the amount by which $484 exceeds 16% of the income of the eligible relative for the year that exceeds $21,505.

For the purposes of this section, an individual who was resident in Québec immediately before death is deemed to be resident in Québec at the end of 31 December of the year of the individual's death.

"**1029.8.61.86.** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister for the year under section 1029.8.61.85 in respect of the same person, that person is deemed to be the eligible relative solely of the individual from among those individuals who is the person's main support for the year.

"**1029.8.61.87.** For the purposes of section 1029.8.61.85, a person is dependent upon an individual during a taxation year if the individual is not the person's spouse and has deducted, for the year, in respect of the person, an amount under any of sections 752.0.1 to 752.0.7, 752.0.11 to 752.0.18.0.1 and 776.41.14.

"**1029.8.61.88.** The amount determined by the formula in the first paragraph of section 1029.8.61.85, in respect of each person who is an eligible relative of an individual and has reached 18 years of age in a taxation year, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.85 for the year on account of the individual's tax payable under this Part is to be replaced by an amount equal to the proportion of that amount that the number of months in the year that follow the month in which that person reaches 18 years of age is of 12.

"**1029.8.61.89.** The amount determined by the formula in the first paragraph of section 1029.8.61.85, in respect of a person who is an eligible relative of an individual, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.85 for a taxation year on account of the individual's tax payable under this Part is to be reduced by an amount that is the portion of a last resort financial assistance benefit received in that year by the individual or, as the case may be, by the individual's spouse for the year, in respect of that person, under Chapter I or II of Title II of the Individual and Family

Assistance Act (chapter A-13.1.1), that is attributable to the amount of the increase for a dependent child of full age who is handicapped and attends an educational institution at the secondary level in general education provided for in the second paragraph of section 75 of the Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1).

"**1029.8.61.90.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.85 for a taxation year in respect of a person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:

(*a*) the prescribed form on which

i. the individual certifies that, throughout the minimum co-residency period of the person for the year, the individual ordinarily lived with that person in a self-contained domestic establishment, and

ii. the individual certifies that, throughout the period referred to in subparagraph i, the person or the person's spouse, alone or jointly with another person, is the owner, lessee or sublessee of the self-contained domestic establishment referred to in subparagraph i;

(*b*) if the person's severe and prolonged impairment in mental or physical functions is an impairment whose effects are such that

i. the person's ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or

herself, a physician or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and

(*c*) the prescribed form on which a physician, within the meaning of section 752.0.18, certifies that the person is unable to live alone because of the person's impairment.

"**DIVISION II.11.7**

"CREDIT FOR INFORMAL CAREGIVERS COHABITING WITH A SPOUSE

"§1. — *Interpretation and general*

"**1029.8.61.91.** In this division,

"eligible relative" of an individual means a person who

(*a*) is the individual's spouse;

(*b*) has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living; and

(*c*) is unable to live alone because of the person's impairment;

"minimum cohabitation period" of a person for a taxation year is a cohabitation period of the person of at least 365 consecutive days commencing in the year or in the preceding year, if

(*a*) the period includes at least 183 days in the year; and

(*b*) the person has, before the end of the year, reached 70 years of age or, if the person died in the year, had reached that age at the time of death;

"residence for the elderly" means a congregate residential facility where dwelling units intended for elderly persons are offered for rent along with a varied range of services relating mainly to security, housekeeping assistance and assistance with social activities.

"**1029.8.61.92.** The first and second paragraphs of section 752.0.17 apply for the purpose of determining whether a person has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect

of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living.

For the purpose of determining whether an individual is deemed to have paid an amount to the Minister under section 1029.8.61.93 for a taxation year in respect of an eligible relative, any person referred to in section 1029.8.61.93 shall, on request in writing by the Minister for information with respect to the eligible relative's impairment and its effect on the eligible relative or with respect to the therapy that is, if applicable, required to be administered to the eligible relative, provide the information so requested in writing.

"**1029.8.61.93.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual's balance-due day for that taxation year, on account of the individual's tax payable under this Part for that taxation year, an amount equal to $591 in respect of a person who, throughout the minimum cohabitation period of that person for the year, is an eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment (other than a self-contained domestic establishment situated in a residence for the elderly) of which the individual or the eligible relative, alone or jointly with another person, is the owner, lessee or sublessee throughout that period.

For the purposes of this section, an individual who was resident in Québec immediately before death is deemed to be resident in Québec at the end of 31 December of the year of the individual's death.

"**1029.8.61.94.** For the purposes of section 1029.8.61.93, a person is dependent upon an individual during a taxation year if the individual is not the person's spouse and has deducted, for the year, in respect of the person, an amount under any of sections 752.0.1 to 752.0.7, 752.0.11 to 752.0.18.0.1 and 776.41.14.

"**1029.8.61.95.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.93 for a taxation year in respect of a person, if the individual or the person is an eligible relative, within the meaning of section 1029.8.61.61 or 1029.8.61.83, in respect of whom another individual is deemed to have paid an amount to the Minister for the year on account of the other individual's tax payable under this Part under section 1029.8.61.64 or 1029.8.61.85.

"**1029.8.61.96.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.93 for a taxation year in respect of a person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:

(*a*) the prescribed form on which

i. the individual certifies that, throughout the minimum cohabitation period of the person for the year, the individual ordinarily lived with that person in a self-contained domestic establishment other than such an establishment situated in a residence for the elderly, and

ii. the individual certifies that, throughout the period referred to in subparagraph i, the individual or the individual's spouse, alone or jointly with another person, is the owner, lessee or sublessee of the self-contained domestic establishment referred to in subparagraph i;

(*b*) if the person's severe and prolonged impairment in mental or physical functions is an impairment whose effects are such that

i. the person's ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and

(*c*) the prescribed form on which a physician, within the meaning of section 752.0.18, certifies that the person is unable to live alone because of the person's impairment."

(2) Subsection 1 applies from the taxation year 2011.

101. (1) Section 1029.8.80.2 of the Act is amended by replacing subparagraph *g* of the first paragraph by the following subparagraph:

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

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

102. (1) Section 1029.8.116.9 of the Act is amended by replacing subparagraph *f* of the first paragraph by the following subparagraph:

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

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

103. (1) Section 1029.8.116.9.1 of the Act is amended by replacing subparagraph *e* of the first paragraph by the following subparagraph:

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

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

104. (1) Section 1029.8.116.12 of the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

""health services and social services network facility" means any of the following immovables:

(*a*) a facility maintained by a public or private institution referred to in the Act respecting health services and social services (chapter S-4.2) that operates a hospital centre, a residential and long-term care centre or a rehabilitation centre referred to in that Act;

(*b*) a facility maintained by a hospital centre or a reception centre that is a public or private institution for the purposes of the Act respecting health services and social services for Cree Native persons (chapter S-5); and

(*c*) an immovable or residential facility where are offered the services of an intermediate resource or a family-type resource within the meaning of the Act respecting health services and social services or those of a foster family within

the meaning of the Act respecting health services and social services for Cree Native persons;".

(2) Subsection 1 has effect from 1 January 2011.

105. (1) Section 1029.8.116.16 of the Act is amended

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

"**1029.8.116.16.** The amount that, subject to section 1029.8.116.17.1, is determined by the following formula is deemed, for a particular month that is subsequent to the month of June 2011, to be an overpayment of tax payable under this Part for a taxation year by an eligible individual in respect of the particular month, if the eligible individual makes an application to that effect in accordance with section 1029.8.116.18, if the individual has filed a document in which the individual agrees that the payment of the amount be made by direct deposit in a bank account held at a financial institution described in the fifth paragraph and if the individual and, if applicable, the individual's cohabiting spouse at the beginning of the particular month file the document specified in section 1029.8.116.19 for the base year relating to the particular month:";

(2) by adding the following paragraph after the fourth paragraph:

"A financial institution to which the first paragraph refers is one that is listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/ Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association."

(2) Subsection 1 applies in respect of a direct deposit made after 30 June 2011, except when its paragraph 1 inserts "that, subject to section 1029.8.116.17.1, is" in the portion of the first paragraph of section 1029.8.116.16 of the Act before the formula, in which case that paragraph 1 applies from the taxation year 2011.

106. (1) The Act is amended by inserting the following section after section 1029.8.116.17:

"**1029.8.116.17.1.** The amount determined for a particular month of a taxation year in respect of an eligible individual under section 1029.8.116.16 must not be less than the amount that would be determined in respect of the eligible individual for the particular month if, in the formula in the first paragraph of that section, the amounts for B and C were each equal to zero."

(2) Subsection 1 applies from the taxation year 2011.

107. (1) Section 1029.8.116.20 of the Act is replaced by the following section:

"**1029.8.116.20.** If, at the beginning of a particular month, an eligible individual is not the owner, lessee or sublessee of the individual's eligible dwelling and the particular person who is the owner, lessee or sublessee of the dwelling is, at that time, either confined to a prison or a similar institution, or living in a dwelling that is the individual's principal place of residence and that is in a health services and social services network facility, and was, immediately before the beginning of being confined in the prison or similar institution or living in the dwelling, as the case may be, the cohabiting spouse of the individual with whom the particular person ordinarily lived, the eligible individual rather than the particular person is, for the purposes of subparagraph *b* of the second paragraph of section 1029.8.116.16, deemed, at the beginning of the particular month, to be the owner, lessee or sublessee, as applicable, of the dwelling.

However, the first paragraph does not apply if, at the beginning of the particular month, the particular person is not the cohabiting spouse of the individual."

(2) Subsection 1 applies from the taxation year 2011.

108. (1) Section 1044 of the Act is amended

(1) by replacing "*f* of section 1012.1" in the first paragraph by "*f* to *h* of section 1012.1";

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

"(*a*) the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012, 1054, 1055.1.2 and 1055.1.3 so as to exclude from the taxpayer's income or to deduct the amount for the taxation year;".

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section 111.

109. (1) Section 1049 of the Act is amended by replacing subparagraph *c* of the fourth paragraph by the following subparagraph:

"(*c*) the amount otherwise deductible in computing the person's income for the year because of subparagraph *a* or *b* of the first paragraph of section 1054 or section 1055.1.2 or 1055.1.3 is deemed not to be deductible in computing the person's income for the year."

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section 111.

110. (1) Section 1053 of the Act is amended

(1) by replacing "and *d*.1.1 to *f* of section 1012.1" in the portion before paragraph *a* by ", *d*.1.1 and *f* to *h* of section 1012.1";

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

"(*a*) the forty-sixth day following the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012, 1054, 1055.1.2 and 1055.1.3 so as to exclude from the taxpayer's income or to deduct the amount for the taxation year;".

(2) Subsection 1, except when it strikes out the reference to paragraphs *d*.1.1.1 and *d*.1.2 of section 1012.1 of the Act in the portion of section 1053 of the Act before paragraph *a*, applies in respect of

(1) an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer; or

(2) an amount paid before 1 January 2010 by the legal representative of a deceased taxpayer, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section 111.

111. (1) The Act is amended by inserting the following sections after section 1055.1.1:

"**1055.1.2.** Despite any other provision of this Act, if the legal representative of a deceased taxpayer pays, in any taxation year (in this section referred to as the "repayment year"), an amount that would be deductible under section 78.1, but for this section, in computing the succession's income for the repayment year, the amount is deemed to have been paid by the taxpayer in the taxpayer's last taxation year and not to have been so paid by the legal representative.

The first paragraph applies only if the following conditions are met on or before the succession's filing-due date for the repayment year:

(*a*) the legal representative elects to have the first paragraph apply in respect of the amount paid; and

(*b*) the legal representative files with the Minister an amended fiscal return in the name of the taxpayer for the taxation year in which the taxpayer died.

"**1055.1.3.** Despite any other provision of this Act, if the legal representative of a deceased taxpayer repays, in a particular taxation year, an amount that is a benefit received by the taxpayer under the Act respecting parental insurance (chapter A-29.011), the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act, the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), and included by the taxpayer in computing the taxpayer's income for one or more taxation years, the amount is deemed to have been repaid by the taxpayer in the taxpayer's last taxation year and not to have been repaid by the legal representative.

The first paragraph applies only if the following conditions are met on or before the succession's filing-due date for the particular taxation year:

(*a*) the legal representative elects to have the first paragraph apply in respect of the repaid amount; and

(*b*) the legal representative files with the Minister an amended fiscal return in the name of the taxpayer for the taxation year in which the taxpayer died."

(2) Subsection 1 applies in respect of a repayment made after 31 December 2009.

(3) In addition, subsection 1 applies in respect of a repayment made before 1 January 2010, if the legal representative of a deceased taxpayer so elects on or before 31 December 2013, in which case the second paragraph of sections 1055.1.2 and 1055.1.3 of the Act, enacted by subsection 1, is to be read as follows:

"The first paragraph applies in respect of the repaid amount only if the legal representative files with the Minister, on or before 31 December 2013, an amended fiscal return in the name of the taxpayer for the taxation year in which the taxpayer died."

112. Section 1056.8 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1056.8.** Despite section 1010, where the Minister extends the time for making an election or grants permission to amend or revoke an election, the Minister shall make a reassessment and redetermine the tax, interest and penalties for any taxation year to take into account the election or the amended or revoked election."

113. (1) The Act is amended by inserting the following after section 1086.26:

"**PART I.6**

"TAX IN RESPECT OF SECURITY OPTION BENEFIT DEFERRAL

"**1086.27.** In this Part,

"filing-due date" has the meaning assigned by section 1;

"individual" has the meaning assigned by section 1;

"net capital loss" has the meaning assigned by section 730;

"proceeds of disposition" has the meaning assigned by section 251;

"qualified corporation" has the meaning assigned by section 725.1.3;

"qualifying person" has the meaning assigned by section 47.18;

"security" has the meaning assigned by section 47.18;

"taxation year" has the meaning assigned by section 1.

"**1086.28.** Where, in a particular taxation year preceding the taxation year 2015, an individual has disposed of or exchanged a security of a qualifying person in respect of which the individual made a valid election under paragraph *b* of section 58.0.1, as it read before being repealed, and the individual makes an election, in the manner and within the time specified in the second paragraph, for the particular year in relation to the security, the following rules apply:

(*a*) the percentage specified in section 725.2 in relation to the benefit deemed to be received by the individual under section 49 for the particular year in respect of the security is to be replaced by

i. 75%, where the security has been disposed of or exchanged after 30 March 2004,

ii. 87.5%, where the security has been disposed of or exchanged after 12 June 2003 and before 31 March 2004, or

iii. 100%, where the security has been disposed of or exchanged before 13 June 2003, or acquired under a right provided for in an agreement referred to in section 48 and entered into after 13 March 2008, from a qualifying person that is a qualified corporation for a particular calendar year including the time at which the individual acquired the security;

(*b*) for the purposes of Part I, the individual is deemed to have realized a capital gain for the particular year equal to the lesser of the amount of the benefit that the individual is deemed to have received in the particular year under section 49 in respect of the security and the capital loss determined under Part I and derived from the disposition of the security;

(*c*) the individual is liable to pay a tax for the particular year equal to 50% of the proceeds of disposition of the security;

(*d*) where the time limit provided for in paragraph *a* of subsection 2 of section 1010 has expired in respect of the particular year, the Minister may, for the purposes of Part I, make a new assessment and redetermine the tax, interest and penalties for the particular year in order to take the election into account; and

(*e*) despite section 1010 and as the circumstances require, the Minister shall redetermine the individual's net capital loss for the particular year and reassess any taxation year in which an amount has been deducted under section 729.

An individual makes the election referred to in the first paragraph for a particular taxation year by filing with the Minister the prescribed form containing prescribed information

(*a*) on or before the individual's filing-due date for the taxation year 2010 where the security has been disposed of or exchanged before 1 January 2010; or

(*b*) on or before the individual's filing-due date for the particular year in which the security has been disposed of or exchanged, in any other case.

"**1086.29.** Unless otherwise provided in this Part, sections 1002, 1004 to 1014, 1025, 1026 to 1026.2 and 1031 to 1079.16 apply to this Part, with the necessary modifications."

(2) Subsection 1 has effect from 4 March 2010.

114. (1) Section 1129.4.0.17 of the Act is replaced by the following section:

"**1129.4.0.17.** In this Part, "eligible digital version", "eligible group of works", "eligible work", "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" have the meaning assigned by section 1029.8.36.0.0.13."

(2) Subsection 1 has effect from 18 March 2011.

115. (1) Section 1129.4.0.18 of the Act is amended by replacing subparagraphs i and ii of subparagraph *b* of the first paragraph by the following subparagraphs:

"i. in computing the amounts determined under subparagraph ii of paragraph *a* or subparagraph i of paragraph *b* of the definitions of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph of section 1029.8.36.0.0.13, government assistance

or non-government assistance that the corporation, another person or a partnership has received, is entitled to receive or may reasonably expect to receive, on or before the corporation's filing-due date for the particular year, must be taken into account for or from the particular year in respect of the property, and the expenditure or costs to which the assistance is attributable or relates were incurred by the corporation in a taxation year preceding the particular year, or

"ii. an amount relating to an expenditure included in a qualified labour expenditure attributable to preparation costs and digital version publishing costs or qualified labour expenditure attributable to printing and reprinting costs in respect of the property, or an amount relating to printing and reprinting costs directly attributable to the printing and reprinting of the property or to preparation costs and digital version publishing costs directly attributable to the preparation of the property and the publishing of an eligible digital version relating to the property, other than an amount of assistance to which subparagraph i applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation."

(2) Subsection 1 has effect from 18 March 2011.

116. (1) Section 1129.4.0.19 of the Act is replaced by the following section:

"**1129.4.0.19.** For the purposes of Part I, except for Division II.6.0.0.5 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under section 1129.4.0.18, in relation to an expenditure that is included in a qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation or a qualified labour expenditure attributable to printing and reprinting costs of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property, pursuant to a legal obligation to repay all or any part of that amount of assistance."

(2) Subsection 1 has effect from 23 June 2009. However, when section 1129.4.0.19 of the Act applies before 18 March 2011, it is to be read without reference to "and digital version publishing costs".

117. (1) Section 1129.45.3.37 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

"**1129.45.3.37.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.95, on account of its tax payable under Part I, for a particular taxation year, in relation to its eligible production of ethanol for a particular month of that taxation year, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the "year concerned") in which any of the following events occurs:

(*a*) an amount that may reasonably be considered to be an amount relating to its eligible production of ethanol for a particular month of the particular taxation year that, because of paragraph *a* of section 1029.8.36.0.99, would be included in the aggregate determined in its respect for the particular taxation year under that section if it was received by the corporation in that taxation year, is received by the corporation;

(*b*) an amount that may reasonably be considered to be an amount relating to its eligible production of ethanol for a particular month of the particular taxation year that, because of paragraph *b* of section 1029.8.36.0.99, would be included in the aggregate determined in its respect for the particular taxation year under that section if it was obtained by a person or partnership in that taxation year, is obtained by the person or partnership; and

(*c*) all or a portion of its eligible production of ethanol for a particular month of the particular taxation year that was carried out before 18 March 2011 is sold to a person or partnership that is not the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) or ceases to be reasonably considered to be expected to be sold subsequently to such a holder.

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 1029.8.36.0.95 or 1029.8.36.0.101 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year, exceeds the total of

(*a*) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.95 if any of the events described in any of subparagraphs *a* to *c* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.101, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of ethanol for a particular month of the particular taxation year, occurred in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under this section for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

118. (1) Section 1159.1 of the Act is amended by replacing paragraph *a* of the definition of "base wages" by the following paragraph:

"(*a*) any amount paid, allocated, granted or awarded by the person that is included under Chapters I and II of Title II of Book III of Part I, except section 58.0.1, as it read before being repealed, in computing the individual's income from an office or employment or that would be included in computing that income if the individual were subject to tax under Part I; and".

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

119. (1) Section 1175.40 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1175.40.** An operator must, for each calendar year for which tax is payable under this Part, file with the Minister, in the prescribed form, without notice or demand, a fiscal return containing prescribed information and the operator's financial statements prepared for the operator's last fiscal period that ends in the preceding calendar year."

(2) Subsection 1 applies from the calendar year 2005.

ACT RESPECTING LOTTERIES, PUBLICITY CONTESTS AND AMUSEMENT MACHINES

120. Section 20.1 of the Act respecting lotteries, publicity contests and amusement machines (R.S.Q., chapter L-6) is amended, in the first paragraph,

(1) by striking out subparagraph *d*.1;

(2) by replacing "such machines" in subparagraph *e* by "video lottery machines".

121. Section 20.2 of the Act is amended, in the first paragraph,

(1) by striking out subparagraph *b*;

(2) by replacing "of such machines" in subparagraph *c* by "of the gaming machines and electronic equipment to which the first paragraph of section 52.15 applies".

122. Section 52.15 of the Act is replaced by the following section:

"**52.15.** Prior to commissioning gaming machines and electronic equipment directly linked to the casino lottery schemes that it operates in a State casino, the Société des loteries du Québec shall have them certified by a laboratory included on the list drawn up by the Société in order to ensure that they operate solely on the basis of chance and that the gaming machines are adequate. The list of laboratories must be submitted to the board for approval.

The Société shall have commissioned gaming machines verified every year by the board to ensure that their payout rate is statistically in keeping with the rate expected and advertised to players.

The Société or the licence holders, as the case may be, shall likewise have video lottery machines operated elsewhere than in a State casino certified before their registration and shall subsequently have them verified every year."

123. Section 119 of the Act, amended by section 66 of chapter 18 of the statutes of 2011, is again amended, in the first paragraph,

(1) by replacing subparagraph *c*.1 by the following subparagraph:

"(*c*.1) prescribe the fees that the board may charge for a verification under section 52.15;";

(2) by replacing "rate of return" in subparagraph *g* by "payout rate".

124. Section 121.0.2 of the Act is repealed.

ACT RESPECTING THE LEGAL PUBLICITY OF ENTERPRISES

125. (1) Section 22 of the Act respecting the legal publicity of enterprises (R.S.Q., chapter P-44.1) is amended by striking out "natural".

(2) Subsection 1 has effect from 14 February 2011.

126. (1) Section 42 of the Act is amended by striking out "its affairs" in the first paragraph.

(2) Subsection 1 has effect from 14 February 2011.

127. (1) Section 51 of the Act is amended by replacing "files an updating obligation" by "files an updating declaration".

(2) Subsection 1 has effect from 14 February 2011.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

128. Section 34.1.4 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5) is amended by striking out subparagraph 4 of subparagraph ii of paragraph *b*.

129. (1) Section 37.4 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs i to iv by the following subparagraphs:

"i. $14,410 where, for the year, the individual has no eligible spouse and no dependent child,

"ii. $23,360 where, for the year, the individual has no eligible spouse but has one dependent child,

"iii. $26,455 where, for the year, the individual has no eligible spouse but has more than one dependent child,

"iv. $23,360 where, for the year, the individual has an eligible spouse but has no dependent child, and";

(2) by replacing subparagraphs 1 and 2 of subparagraph v by the following subparagraphs:

"(1) $26,455 where the individual has one dependent child for the year, or

"(2) $29,310 where the individual has more than one dependent child for the year; and".

(2) Subsection 1 applies from the year 2011.

130. (1) Section 37.18 of the Act is amended by inserting the following paragraph after paragraph *c*:

"(*c*.1) is not a person who is exempted under section 24.1 of the Act respecting prescription drug insurance (chapter A-29.01) from payment of the premium under section 23 of that Act for the year; and".

(2) Subsection 1 applies from the year 2011.

ACT RESPECTING THE RÉGIE DES ALCOOLS, DES COURSES ET DES JEUX

131. Section 23 of the Act respecting the Régie des alcools, des courses et des jeux (R.S.Q., chapter R-6.1) is amended by inserting the following paragraphs after paragraph 4:

"(4.1) approving the list, drawn up by the Société des loteries du Québec, of laboratories that may certify gaming machines and electronic equipment directly linked to the casino lottery schemes and video lottery machines operated elsewhere than in a casino;

"(4.2) verifying commissioned gaming machines to ensure their payout rate is statistically in keeping with the rate expected and advertised to players;".

132. The Act is amended by inserting the following section after section 104:

"**104.1.** Certain members of the personnel of the laboratory under the responsibility of the Minister of Public Security who are responsible for verifications and certifications under section 52.15 of the Act respecting lotteries, publicity contests and amusement machines (chapter L-6), as it read on 8 December 2011, become employees of the Régie des alcools, des courses et des jeux, insofar as a decision by the Conseil du trésor providing for their transfer is made before 8 March 2012."

133. (1) Section 43 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is amended

(1) by inserting the following paragraph after the second paragraph:

"In the cases described in subparagraphs *b* and *c* of the third paragraph of section 41, the adjustment of the personal exemption of a worker does not apply if the year in which the event concerned occurs is subsequent to 2011.";

(2) by replacing "From the year 1998" in the portion of the third paragraph before subparagraph *a* by "For the years 1998 to 2011".

(2) Subsection 1 applies from 1 January 2012.

134. (1) Section 44 of the Act is amended by replacing "third paragraph" by "fourth paragraph".

(2) Subsection 1 applies from 1 January 2012.

135. (1) Section 44.1 of the Act, amended by section 1 of chapter 18 of the statutes of 2011, is again amended

(1) by replacing "8.6% for the year 2000" in the second paragraph by "8.6% for the year 2001";

(2) by replacing "amortization payment rate" in the third and fourth paragraphs by "steady-state contribution rate".

(2) Paragraph 2 of subsection 1 applies from 1 January 2012.

136. (1) Section 98 of the Act, amended by section 108 of chapter 24 of the statutes of 2009, is again amended by replacing "subsequent to the year 1997" in the following provisions by "subsequent to 1997 but prior to 2012":

— subparagraph 3 of subparagraph *b* of the first paragraph;

— subparagraph *c* of the first paragraph;

— the portion of the third paragraph before subparagraph *a*.

(2) Subsection 1 applies from 1 January 2012.

137. (1) Section 99 of the Act is amended

(1) by adding ", unless that month is subsequent to 2011, in which case no adjustment is made" at the end of subparagraphs *b* and *c* of the third paragraph;

(2) by inserting “but prior to 2012” after “subsequent to 1997” in the first sentence of the fifth paragraph.

(2) Subsection 1 applies from 1 January 2012.

138. (1) Section 216 of the Act, amended by section 4 of chapter 18 of the statutes of 2011, is again amended

(1) by inserting “minimum” after “for a” in the first sentence of the first paragraph;

(2) by replacing “amortization payment rate” in the portion of the second paragraph before subparagraph *a* and in the fourth paragraph by “steady-state contribution rate”.

(2) Subsection 1 applies from 1 January 2012.

ACT RESPECTING THE SOCIÉTÉ DES LOTERIES DU QUÉBEC

139. The Act respecting the Société des loteries du Québec (R.S.Q., chapter S-13.1) is amended by inserting the following sections after section 27:

“**27.1.** Certain members of the personnel of the laboratory under the responsibility of the Minister of Public Security who are responsible for verifications and certifications under section 52.15 of the Act respecting lotteries, publicity contests and amusement machines (chapter L-6), as it read on 8 December 2011, become, subject to the conditions of employment applicable to them, employees of the company or of one of its subsidiaries, insofar as a decision by the Conseil du trésor providing for their transfer and, if applicable, designating the subsidiary is made before 8 March 2012.

“**27.2.** An employee of the company or of its subsidiary referred to in section 27.1 who, on the day preceding the employee’s transfer to the company or the subsidiary, was a public servant with permanent tenure may request a transfer to a position in the public service or take part in a promotion competition for such a position in accordance with the Public Service Act (chapter F-3.1.1).

“**27.3.** Section 35 of the Public Service Act (chapter F-3.1.1) applies to an employee referred to in section 27.2 who takes part in a promotion competition for a position in the public service.

“**27.4.** An employee referred to in section 27.2 who applies for a transfer or a promotion competition may require from the Chair of the Conseil du trésor an assessment of the classification the employee would be assigned in the public service. The assessment must take into account the person’s classification on the last day of employment in the public service and the experience and training acquired in the course of employment with the company.

If an employee is transferred under the first paragraph, the deputy minister or the chief executive officer shall determine the employee's classification in accordance with the assessment provided for in the first paragraph.

If an employee is promoted under section 27.2, the classification assigned to the employee must take into account the criteria set out in the first paragraph.

"**27.5.** In the event of a partial or total discontinuance of the activities of the company or of its subsidiary, an employee referred to in section 27.2 is entitled to be placed on reserve in the public service with the classification held on the last day of employment in the public service.

In that case, the Chair of the Conseil du trésor shall, if applicable, determine the employee's classification taking into account the criteria set out in the first paragraph of section 27.4.

A person who is so placed on reserve remains in the employ of the company or of its subsidiary until the Chair of the Conseil du trésor is able to place the person in accordance with section 100 of the Public Service Act (chapter F-3.1.1).

"**27.6.** A person who, in accordance with the applicable conditions of employment, refuses to be transferred to the company or its subsidiary, remains assigned to the Ministère de la Sécurité publique until the Chair of the Conseil du trésor is able to place the person in accordance with section 100 of the Public Service Act (chapter F-3.1.1).

"**27.7.** Subject to remedies available under a collective agreement, an employee referred to in section 27.2 whose employment is terminated or who is dismissed may bring an appeal under section 33 of the Public Service Act (chapter F-3.1.1)."

ACT RESPECTING THE QUÉBEC SALES TAX

140. (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by replacing the definition of "charity" by the following definition:

""charity" means a registered charity or a registered Canadian amateur athletic association, within the meaning assigned by section 1 of the Taxation Act, but does not include a public institution;".

(2) Subsection 1 has effect from 31 March 2004.

141. (1) Section 17 of the Act is amended by adding the following subparagraph after subparagraph 4 of the fourth paragraph:

"(5) corporeal property that was brought into Québec by a person and that comes from Canada outside Québec, if the total of all amounts, each of which is an amount of tax that, but for this subparagraph and subparagraph 8 of the

third paragraph of section 18.0.1, would become payable by the person under the first paragraph or the first paragraph of section 18.0.1, is $35 or less in the calendar month that includes the day on which the property was brought into Québec."

(2) Subsection 1 has effect from 1 July 2010.

142. (1) Section 18.0.1 of the Act is amended by adding the following subparagraph after subparagraph 7 of the third paragraph:

"(8) a supply of a property or a service, if the total of all amounts, each of which is an amount of tax that, but for this subparagraph and subparagraph 5 of the fourth paragraph of section 17, would become payable by the person under the first paragraph or the first paragraph of section 17, is $35 or less in the calendar month that includes the time when all or part of the consideration for the supply becomes due or is paid without having become due."

(2) Subsection 1 applies in respect of

(1) a supply made after 30 June 2010; and

(2) all or part of the consideration for a supply that becomes due, or is paid without having become due, after 30 June 2010.

143 (1) The Act is amended by inserting the following section after section 198:

"**198.0.1.** For the purposes of paragraph 1.1 of section 198.1, "read-only medium" means a corporeal medium that is designed for the read-only storage of information and other material in digital format."

(2) Subsection 1 applies in respect of a supply made after 31 October 2011.

144. (1) Section 198.1 of the Act is amended

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

"(1) a supply of a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system;";

(2) by inserting the following paragraph after paragraph 1:

"(1.1) a supply, for a single consideration, of a property consisting in a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system and a read-only medium or a right to access a website if

(*a*) the printed book, or its updating, and the read-only medium or the right to access a website are wrapped, packaged, combined or otherwise prepared to be supplied together and are the only components of the supply; and

(*b*) it is reasonable to consider that the printed book, or its updating, is the main component of the supply; and".

(2) Subsection 1 applies in respect of a supply made after 31 October 2011.

145. (1) The Act is amended by inserting the following section after section 206:

"**206.0.1.** In determining an input tax refund of a registrant that is a pension entity within the meaning of section 289.2, no amount may be included, for a reporting period, in respect of the tax payable by the pension entity in respect of a supply, unless the pension entity has included an amount in respect of the supply in determining an input tax credit under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)."

(2) Subsection 1 applies in respect of a reporting period of a pension entity beginning after 22 September 2009.

146. (1) The Act is amended by inserting the following before Division II of Chapter VI of Title I:

"**DIVISION I.1**

"PENSION PLANS

"**289.2.** In this division,

"active member" has the meaning assigned by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

"employer resource" of a person means

(1) all or part of a labour activity of the person, other than a part of the labour activity consumed or used by the person in the process of creating or developing a property;

(2) all or part of a property or service supplied to the person, other than a part of the property or service consumed or used by the person in the process of creating or developing a property;

(3) all or part of a property created or developed by the person; or

(4) one or more of the items referred to in paragraphs 1 to 3;

"excluded activity", in respect of a pension plan, means an activity undertaken exclusively for

(1) compliance by a participating employer of the pension plan as an issuer, or prospective issuer, of securities with reporting requirements under a law of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada in respect of the regulation of securities;

(2) evaluating the feasibility or financial impact on a participating employer of the pension plan of establishing, altering or winding-up the pension plan, other than an activity that relates to the preparation of an actuarial report in respect of the plan required under a law of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada;

(3) evaluating the financial impact of the pension plan on the assets and liabilities of a participating employer of the pension plan;

(4) negotiating changes to the benefits under the pension plan with a union or similar organization of employees; or

(5) prescribed purposes;

"fiscal year" has the meaning assigned by section 458.1;

"labour activity" of a person means anything done by an individual who is or agrees to become an employee of the person in the course of, or in relation to, the office or employment of that individual;

"participating employer" of a pension plan means an employer that has made, or is required to make, contributions to the pension plan in respect of the employer's employees or former employees, or payments under the pension plan to the employer's employees or former employees, and includes an employer prescribed for the purposes of the definition of "participating employer" in subsection 1 of section 147.1 of the Income Tax Act;

"pension activity", in respect of a pension plan, means an activity (other than an excluded activity) that relates to

(1) the establishment, management or administration of the pension plan or a pension entity of the pension plan; or

(2) the management or administration of assets of the pension plan;

"pension entity" of a pension plan means a person that is

(1) a person referred to in paragraph 1 of the definition of "pension plan";

(2) a corporation referred to in paragraph 2 of the definition of "pension plan"; or

(3) a prescribed person;

"pension plan" means a registered pension plan, within the meaning of section 1 of the Taxation Act (chapter I-3),

(1) that governs a person that is a trust or that is deemed to be a trust for the purposes of that Act;

(2) in respect of which a corporation is

(*a*) incorporated and operated either

i. solely for the administration of the registered pension plan, or

ii. for the administration of the registered pension plan and for no other purpose other than acting as trustee of, or administering, a trust governed by a retirement compensation arrangement, within the meaning of section 1 of the Taxation Act, where the terms of the arrangement provide for benefits only in respect of individuals who are provided with benefits under the registered pension plan, and

(*b*) accepted by the Minister of National Revenue, under subparagraph ii of paragraph *o*.1 of subsection 1 of section 149 of the Income Tax Act, as a funding medium for the purposes of the registration of the registered pension plan; or

(3) in respect of which a person is a prescribed person for the purposes of the definition of "pension entity";

"provincial factor" in respect of a pension plan, for a fiscal year of a person that is a participating employer of the pension plan, means an amount (expressed as a percentage) determined by the formula

A × B.

For the purposes of the formula in the definition of "provincial factor" in the first paragraph,

(1) A is the tax rate applicable, specified in the first paragraph of section 16, on the last day of the fiscal year; and

(2) B is

(*a*) where the person made contributions to the pension plan during the fiscal year that may be deducted by the person under section 137 of the Taxation Act in computing its income (in the third paragraph referred to as "pension contributions") and the number of active members of the pension plan who were employees of the person on the last day of the last calendar year ending on or before the last day of the fiscal year (in this paragraph and the third paragraph referred to as the "particular day") is greater than zero, the amount determined by the formula

[(C/D) + (E/F)]/2;

(*b*) where subparagraph *a* does not apply and the number of active members of the pension plan who were employees of the person on the particular day is greater than zero, the amount determined by the formula

E/F; and

(*c*) in any other case, zero.

For the purposes of the formulas in subparagraphs *a* and *b* of subparagraph 2 of the second paragraph,

(1) C is the total of all pension contributions made to the pension plan by the person during the fiscal year in respect of employees of the person who were resident in Québec on the particular day;

(2) D is the total of all pension contributions made to the pension plan by the person during the fiscal year in respect of employees of the person;

(3) E is the number of active members of the pension plan who were, on the particular day, employees of the person and resident in Québec; and

(4) F is the number of active members of the pension plan who were, on the particular day, employees of the person.

"**289.3.** For the purposes of this division, a property or a service that is supplied to a particular person that is a participating employer of a pension plan by another person is an excluded resource of the particular person in respect of the pension plan if

(1) for each pension entity of the pension plan, no tax would become payable under this Title in respect of the supply if

(*a*) the supply were made by the other person to the pension entity and not to the particular person, and

(*b*) the pension entity and the other person were dealing at arm's length; and

(2) where the supply is a supply of corporeal movable property made outside Québec, the supply would not be a supply in respect of which section 18 would apply if the particular person were a registrant not engaged exclusively in commercial activities.

"**289.4.** If a person is a participating employer of a pension plan and the pension plan has,

(1) at all times in a fiscal year of the person, no more than one pension entity, that pension entity is the specified pension entity of the pension plan in respect of the person for the fiscal year; and

(2) in the fiscal year, two or more pension entities, the person and one of those pension entities may jointly elect, in the prescribed form containing prescribed information, for that pension entity to be the specified pension entity of the pension plan in respect of the person for the fiscal year.

"**289.5.** If a person that is a registrant and a participating employer of a pension plan acquires a property or a service (in this section referred to as the "specified resource") for the purpose of making a supply of all or part of the specified resource to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan and the specified resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

(1) the person is deemed to have made a taxable supply of the specified resource or part on the last day of the fiscal year in which the person acquired the specified resource (in this section referred to as the "particular fiscal year");

(2) tax in respect of the taxable supply referred to in subparagraph 1 is deemed to have become payable on the last day of the particular fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

A × B; and

(4) for the purpose of determining an input tax refund of the pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12, the pension entity is deemed

(*a*) to have received a supply of the specified resource or part on the last day of the particular fiscal year,

(*b*) to have paid tax in respect of the supply referred to in subparagraph *a*, on the last day of the particular fiscal year, equal to the amount of tax determined under subparagraph 3, and

(*c*) to have acquired the specified resource or part for consumption, use or supply in the course of its commercial activities to the same extent that the specified resource or part was acquired by the person for the purpose of making a supply of the specified resource or part to the pension entity for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan that are commercial activities of the pension entity.

For the purposes of the formula in subparagraph 3 of the first paragraph,

(1) A is the fair market value of the specified resource or part at the time it was acquired by the person; and

(2) B is the provincial factor in respect of the pension plan for the particular fiscal year.

"**289.6.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person, the person consumes or uses at that time an employer resource of the person for the purpose of making a supply of a property or a service (in this section referred to as the "pension supply") to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan, and the employer resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the "employer resource supply") on the last day of the fiscal year;

(2) tax in respect of the employer resource supply is deemed to have become payable on the last day of the fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

A × B; and

(4) for the purpose of determining an input tax refund of the pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12, the pension entity is deemed

(*a*) to have received a supply of the employer resource on the last day of the fiscal year,

(*b*) to have paid tax in respect of the supply referred to in subparagraph *a*, on the last day of the fiscal year, equal to the amount of tax determined under subparagraph 3, and

(*c*) to have acquired the employer resource for consumption, use or supply in the course of its commercial activities to the same extent that the property or service supplied in the pension supply was acquired by the pension entity for consumption, use or supply by the pension entity in pension activities in respect of the pension plan that are commercial activities of the pension entity.

For the purposes of the formula in subparagraph 3 of the first paragraph,

(1) A is

(*a*) where the employer resource was consumed by the person during the fiscal year for the purpose of making the pension supply, the product obtained by multiplying the fair market value of the employer resource at the time the person began consuming it in the fiscal year by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, and

(*b*) in any other case, the product obtained by multiplying the fair market value of the use of the employer resource during the fiscal year as determined on the last day of the fiscal year by the extent to which the employer resource was used during the fiscal year (expressed as a percentage of the total use of the employer resource by the person during the fiscal year) for the purpose of making the pension supply when the person was both a registrant and a participating employer of the pension plan; and

(2) B is the provincial factor in respect of the pension plan for the fiscal year.

"**289.7.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person, the person consumes or uses at that time an employer resource of the person in the course of pension activities in respect of the pension plan, the employer resource is not an excluded resource of the person in respect of the pension plan, and section 289.6 does not apply in respect of that consumption or use, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the "employer resource supply") on the last day of the fiscal year;

(2) tax in respect of the employer resource supply is deemed to have become payable on the last day of the fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

A × B; and

(4) for the purpose of determining, in accordance with subdivision 6.6 of Division I of Chapter VII, an eligible amount of the specified pension entity of the pension plan in respect of the person for the fiscal year, the specified pension entity is deemed to have paid tax, on the last day of the fiscal year, equal to the amount of tax determined in accordance with subparagraph 3.

For the purposes of the formula in subparagraph 3 of the first paragraph,

(1) A is

(*a*) where the employer resource was consumed by the person during the fiscal year in the course of pension activities in respect of the pension plan, the product obtained by multiplying the fair market value of the employer resource at the time the person began consuming it in the fiscal year by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, and

(*b*) in any other case, the product obtained by multiplying the fair market value of the use of the employer resource during the fiscal year as determined on the last day of the fiscal year by the extent to which the employer resource was used during the fiscal year (expressed as a percentage of the total use of the employer resource by the person during the fiscal year) in the course of pension activities in respect of the pension plan when the person was both a registrant and a participating employer of the pension plan; and

(2) B is the provincial factor in respect of the pension plan for the fiscal year.

"**289.8.** If any of sections 289.5 to 289.7 applies in respect of a person that is a participating employer of a pension plan, the person shall, in the prescribed form and in the manner determined by the Minister, provide the prescribed information to the pension entity of the pension plan that is deemed to have paid tax under that section."

(2) Subsection 1 applies in respect of a fiscal year of a person beginning after 22 September 2009.

147. Section 353.0.3 of the Act is amended by striking out the third paragraph.

148. (1) Section 370.9 of the Act is amended by replacing "$300,000" in paragraph 1 by "$225,000 for the purposes of section 370.10 or $300,000 for the purposes of section 370.10.1, as the case may be".

(2) Subsection 1 applies in respect of

(1) the taxable supply made under an agreement in writing relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership, if the agreement in writing is entered into after 31 December 2010; or

(2) the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership that the particular individual carries on himself or herself, if the permit relating to the construction or substantial renovation is issued after 31 December 2010.

149. (1) The heading of subdivision 6.6 of Division I of Chapter VII of Title I of the Act is replaced by the following heading:

"§6.6. — *Pension plans*".

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

150. (1) Section 402.13 of the Act is amended

(1) by striking out the definition of "multi-employer plan";

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

""active member" has the meaning assigned by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

""eligible amount" of a pension entity for a claim period of the pension entity means an amount of tax, other than a recoverable amount in respect of the claim period, that

(1) became payable by the pension entity during the claim period, or was paid by the pension entity during the claim period without having become payable, in respect of the supply or bringing into Québec of a property or a service that the pension entity acquired or brought into Québec, as the case may be, for consumption, use or supply in respect of a pension plan, other than an amount of tax that

(*a*) is deemed to have been paid by the pension entity under this Title (other than sections 223 to 231.1),

(*b*) became payable, or was paid without having become payable, by the pension entity at a time when it was entitled to claim a rebate under sections 383 to 388 and 394 to 397.2,

(*c*) was payable under section 16, or is deemed under sections 223 to 231.1 to have been paid, by the pension entity in respect of the taxable supply to the pension entity of a residential complex, an addition to a residential complex or land if, in respect of that supply, the pension entity was entitled to claim a rebate under subdivision IV.2 of subdivision 3 or would be so entitled after paying the tax payable in respect of that supply, or

(*d*) would be included in determining an input tax refund of the pension entity, were it not for the fact that the pension entity is a large business within the meaning of section 551 of chapter 63 of the statutes of 1995; or

(2) is deemed to have been paid by the pension entity under Division I.1 of Chapter VI during the claim period;

““participating employer” has the meaning assigned by section 289.2;

““pension contribution” means a contribution by a person to a pension plan that may be deducted by the person under section 137 of the Taxation Act (chapter I-3) in computing income;

““pension entity” has the meaning assigned by section 289.2;

““pension plan” has the meaning assigned by section 289.2;

““pension rebate amount” of a pension entity for a claim period means the amount determined by the formula

A × B;

““qualifying employer” of a pension plan for a calendar year means a participating employer of the pension plan that is a registrant and that

(1) where pension contributions were made to the pension plan in the preceding calendar year, made pension contributions to the pension plan in that year; and

(2) in any other case, was the employer of one or more active members of the pension plan in the preceding calendar year;

““recoverable amount” in respect of a claim period of a person means an amount of tax

(1) that is included in determining an input tax refund of the person for the claim period;

(2) for which it can reasonably be regarded that the person has obtained or is entitled to obtain a rebate, refund, remission or compensation under a section of this Act (other than a section of this subdivision) or under any other Act; or

(3) that can reasonably be regarded as having been included in an amount adjusted, refunded or credited to or in favour of the person for which a credit note referred to in section 449 has been received by the person or a debit note referred to in that section has been issued by the person;

““tax recovery rate” of a person for a fiscal year means the lesser of

(1) 100%; and

(2) the fraction (expressed as a percentage) determined by the formula

(A + B)/C.”;

(3) by adding the following paragraphs:

"For the purposes of the formula in the definition of "pension rebate amount" in the first paragraph,

(1) A is

(*a*) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

(*b*) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386, and

(*c*) in any other case, 100%; and

(2) B is the total of all amounts each of which is an eligible amount of the pension entity for the claim period.

For the purposes of the formula in the definition of "tax recovery rate" in the first paragraph,

(1) A is the total of all amounts each of which is an input tax refund of the person for a reporting period included in the fiscal year;

(2) B is the total of all amounts each of which is a rebate to which the person is entitled under sections 383 to 388 and 394 to 397.2 for a claim period included in the fiscal year; and

(3) C is the total of all amounts each of which is an amount of tax that became payable, or was paid without having become payable, by the person during the fiscal year."

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

151. (1) Section 402.14 of the Act is replaced by the following section:

"**402.14.** A pension entity of a pension plan is, for each of its claim periods, entitled to a rebate equal to the amount determined by the formula

A – B.

For the purposes of the formula in the first paragraph,

(1) A is the pension rebate amount of the pension entity for the claim period; and

(2) B is the total of all amounts each of which is an amount

(*a*) determined by the formula in the first paragraph of section 402.18 in respect of a qualifying employer because of an election made under that section for the claim period, or

(*b*) determined in accordance with subparagraph 1 of the first paragraph of section 402.19 in respect of a qualifying employer because of an election made under that section for the claim period."

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

152. (1) Section 402.15 of the Act is repealed.

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

153. (1) Sections 402.16 and 402.17 of the Act are replaced by the following sections:

"**402.16.** A pension entity is entitled to a rebate under section 402.14 for a claim period only if the pension entity files an application for the rebate within two years after the day that is

(1) if the pension entity is a registrant, the day on or before which the pension entity is required to file a return under Chapter VIII for the claim period; and

(2) in any other case, the last day of the claim period.

"**402.17.** A pension entity shall not make more than one application for a rebate under this subdivision for any claim period of the pension entity."

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

154. (1) The Act is amended by inserting the following sections after section 402.17:

"**402.18.** If a pension entity of a pension plan makes an election for a claim period jointly with all persons that are, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan and each of those qualifying employers is engaged exclusively in commercial activities throughout the claim period, each of those qualifying employers may deduct in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister an amount determined by the formula

A × B.

For the purposes of the formula in the first paragraph,

(1) A is the pension rebate amount of the pension entity for the claim period; and

(2) B is the percentage specified for the qualifying employer in the election.

"**402.19.** If a pension entity of a pension plan makes an election for a claim period jointly with all persons that are, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan and any of those qualifying employers is not engaged exclusively in commercial activities throughout the claim period, the following rules apply:

(1) an amount (in this section referred to as a "shared portion") is to be determined in respect of each of those qualifying employers by the formula

A × B × C;

(2) in the case of a pension plan to which more than 50% of the contributions are made by one or more public service bodies, each of those qualifying employers may deduct, in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister, the amount that is the shared portion determined in its respect; and

(3) in any other case, each of those qualifying employers may deduct, in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister, the amount determined by the formula

D × E.

For the purposes of the formulas in the first paragraph,

(1) A is the pension rebate amount of the pension entity for the claim period;

(2) B is the percentage specified for the qualifying employer in the election;

(3) C is

(*a*) in the case where pension contributions were made to the pension plan in the calendar year that precedes the calendar year that includes the last day of the claim period (in this section referred to as the "preceding calendar year"), the amount determined by the formula

F/G,

(*b*) in the case where subparagraph *a* does not apply and at least one of the qualifying employers of the pension plan was the employer of one or more active members of the pension plan in the preceding calendar year, the amount determined by the formula

H/I, and

(*c*) in any other case, zero;

(4) D is the shared portion in respect of the qualifying employer as determined under subparagraph 1 of the first paragraph; and

(5) E is the tax recovery rate of the qualifying employer for the fiscal year of the qualifying employer that ended on or before the last day of the claim period.

For the purposes of the formulas in the second paragraph,

(1) F is the total of all amounts each of which is a pension contribution made by the qualifying employer to the pension plan in the preceding calendar year;

(2) G is the total of all amounts each of which is a pension contribution made to the pension plan in the preceding calendar year;

(3) H is the number of employees of the qualifying employer in the preceding calendar year who were active members of the pension plan in that year; and

(4) I is the total number of employees of each of those qualifying employers in the preceding calendar year who were active members of the pension plan in that year.

"**402.20.** For the purposes of sections 402.18 and 402.19, a qualifying employer of a pension plan is engaged exclusively in commercial activities throughout a claim period of a pension entity of the pension plan if

(1) in the case of a qualifying employer that is a financial institution at any time in the claim period, all of the activities of the qualifying employer for the claim period are commercial activities; and

(2) in any other case, all or substantially all of the activities of the qualifying employer for the claim period are commercial activities.

"**402.21.** An election made under section 402.18 or 402.19 by a pension entity of a pension plan and the qualifying employers of the pension plan must

(1) be filed with and as prescribed by the Minister, in the prescribed form containing prescribed information;

(2) be filed by the pension entity with the Minister at the same time the application for the rebate under section 402.14 for the claim period is filed by the pension entity;

(3) in the case of an election under section 402.18, state the percentage specified for each qualifying employer, the total of which for all qualifying employers must not exceed 100%; and

(4) in the case of an election under section 402.19, state the percentage specified for each qualifying employer, which percentage must not exceed 100%.

"**402.22.** Where a qualifying employer of a pension plan makes a joint election with the pension entity of the pension plan and the qualifying employer deducts an amount under section 402.18 or subparagraph 2 or 3 of the first paragraph of section 402.19 in determining the net tax for a reporting period and either the qualifying employer or the pension entity of the pension plan knows or ought to know that the qualifying employer is not entitled to the amount or that the amount exceeds the amount to which the qualifying employer is entitled, the qualifying employer and the pension entity are solidarily liable to pay the amount or excess to the Minister."

(2) Subsection 1 applies in respect of the claim period of a pension entity beginning after 22 September 2009.

155. (1) The Act is amended by inserting the following sections after section 450:

"**450.0.1.** For the purposes of this section and sections 450.0.2 to 450.0.12,

"claim period" has the meaning assigned by section 383;

"eligible amount" has the meaning assigned by section 402.13;

"employer resource" has the meaning assigned by section 289.2;

"fiscal year" has the meaning assigned by section 458.1;

"participating employer" has the meaning assigned by section 289.2;

"pension entity" has the meaning assigned by section 289.2;

"pension plan" has the meaning assigned by section 289.2;

"pension rebate amount" has the meaning assigned by section 402.13;

"qualifying employer" has the meaning assigned by section 402.13;

"specified resource" has the meaning assigned by section 289.5.

"**450.0.2.** A person may, on a particular day, issue to a pension entity a note (in sections 450.0.3 and 450.0.4 referred to as a "tax adjustment note")

in respect of all or part of a specified resource, specifying an amount determined in accordance with section 450.0.3, if

(1) the person is deemed under subparagraph 2 of the first paragraph of section 289.5 to have collected tax, on or before the particular day, in respect of a taxable supply of the specified resource or part deemed to have been made by the person under subparagraph 1 of that paragraph;

(2) a supply of the specified resource or part is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.5 and tax in respect of that supply is deemed to have been paid under subparagraph *b* of that subparagraph 4 by the pension entity; and

(3) an amount of tax becomes payable, or is paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of a taxable supply of the specified resource or part on or before the particular day.

"**450.0.3.** The amount specified in a tax adjustment note issued under section 450.0.2 on a particular day in respect of a specified resource or part must not exceed the amount determined by the formula

A – B.

For the purposes of the formula in the first paragraph,

(1) A is the lesser of

(*a*) the amount determined under subparagraph 3 of the first paragraph of section 289.5 in respect of the specified resource or part, and

(*b*) the total of all amounts each of which is an amount of tax under the first paragraph of section 16 that became payable, or was paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of a taxable supply of the specified resource or part on or before the particular day; and

(2) B is the total of all amounts each of which is the amount of tax, as determined under this section, specified in another tax adjustment note issued on or before the particular day in respect of the specified resource or part.

"**450.0.4.** Where a person issues a tax adjustment note to a pension entity under section 450.0.2 in respect of a specified resource or part, a supply of the specified resource or part is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.5 and tax (in this section referred to as "deemed tax") in respect of that supply is deemed to have been paid on a particular day under

subparagraph *b* of that subparagraph 4 by the pension entity, the following rules apply:

(1) the tax amount of the tax adjustment note may be deducted in determining the net tax of the person for its reporting period that includes the day on which the tax adjustment note is issued;

(2) the pension entity shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$A \times (B/C)$;

(3) if any given part of the amount of the deemed tax is an eligible amount of the pension entity for a particular claim period, the pension entity shall pay to the Minister, on or before the last day of its claim period that follows its claim period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times [(F - G)/F]$; and

(4) if any given part of the amount of the deemed tax is an eligible amount of the pension entity for a particular claim period for which an election under section 402.18 or 402.19 was made jointly by the pension entity and all participating employers of the pension plan that were, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan, each of those participating employers shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times (H/F)$.

For the purposes of the formulas in the first paragraph,

(1) A is the total of all input tax refunds that the pension entity is entitled to claim in respect of the deemed tax;

(2) B is the tax amount of the tax adjustment note;

(3) C is the amount of the deemed tax;

(4) D is the given part of the amount of the deemed tax;

(5) E is

(*a*) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

(*b*) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386, and

(*c*) in any other case, 100%;

(6) F is the pension rebate amount of the pension entity for the particular claim period;

(7) G is the total determined in subparagraph 2 of the second paragraph of section 402.14 in respect of the pension entity for the particular claim period;

(8) H is the amount of the deduction determined for the participating employer under section 402.18 or subparagraph 2 or 3 of the first paragraph of section 402.19, as the case may be, for the particular claim period.

"**450.0.5.** A person may, on a particular day, issue to a pension entity a note (in sections 450.0.6 and 450.0.7 referred to as a "tax adjustment note") in respect of employer resources consumed or used for the purpose of making a supply (in this section and in sections 450.0.6 and 450.0.7 referred to as the "actual pension supply") of a property or a service to the pension entity, specifying an amount determined in accordance with section 450.0.6, if

(1) the person is deemed under subparagraph 2 of the first paragraph of section 289.6 to have collected tax, on or before the particular day, in respect of one or more taxable supplies, deemed to have been made by the person under subparagraph 1 of that paragraph, of the employer resources;

(2) a supply of each of those employer resources is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.6 and tax in respect of each of those supplies is deemed to have been paid under subparagraph *b* of that subparagraph 4 by the pension entity; and

(3) an amount of tax becomes payable, or is paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of the actual pension supply on or before the particular day.

"**450.0.6.** The amount specified in a tax adjustment note issued under section 450.0.5 on a particular day in respect of employer resources consumed or used for the purpose of making an actual pension supply must not exceed the amount determined by the formula

A – B.

For the purposes of the formula in the first paragraph,

(1) A is the lesser of

(*a*) the total of all amounts each of which is an amount of tax determined under subparagraph 3 of the first paragraph of section 289.6 in respect of one of those employer resources and that is deemed under subparagraph 2 of that paragraph to have become payable and to have been collected on or before the particular day, and

(*b*) the total of all amounts each of which is an amount of tax under the first paragraph of section 16 that became payable, or was paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of the actual pension supply on or before the particular day; and

(2) B is the total of all amounts each of which is the amount of tax, as determined under this section, specified in another tax adjustment note issued on or before the particular day in respect of employer resources consumed or used for the purpose of making the actual pension supply.

"**450.0.7.** Where a person issues a tax adjustment note to a pension entity under section 450.0.5 in respect of employer resources consumed or used for the purpose of making an actual pension supply, a supply of each of those employer resources (each of which in this section referred to as a "particular supply") is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.6 and tax (in this section referred to as "deemed tax") in respect of each of the particular supplies is deemed to have been paid under subparagraph *b* of that subparagraph 4 by the pension entity, the following rules apply:

(1) the tax amount of the tax adjustment note may be deducted in determining the net tax of the person for its reporting period that includes the day on which the tax adjustment note is issued;

(2) the pension entity shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$A \times (B/C)$;

(3) for each particular claim period for which any part of an amount of deemed tax in respect of a particular supply is an eligible amount of the pension entity, the pension entity shall pay to the Minister, on or before the last day of its claim period that follows its claim period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times [(F - G)/F]$; and

(4) for each particular claim period of the pension entity for which any part of an amount of deemed tax in respect of a particular supply is an eligible

amount of the pension entity and for which an election under section 402.18 or 402.19 was made jointly by the pension entity and all participating employers of the pension plan that were, for the calendar year that includes the last day of that period, qualifying employers of the pension plan, each of those participating employers shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times (H/F)$.

For the purposes of the formulas in the first paragraph,

(1) A is the total of all amounts, each of which is the total of all input tax refunds that the pension entity is entitled to claim in respect of deemed tax in respect of a particular supply;

(2) B is the tax amount of the tax adjustment note;

(3) C is the total of all amounts each of which is an amount of deemed tax in respect of a particular supply;

(4) D is the total of all amounts each of which is the part of an amount of deemed tax in respect of a particular supply that is an eligible amount of the pension entity for the particular claim period;

(5) E is

(*a*) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

(*b*) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386, and

(*c*) in any other case, 100%;

(6) F is the pension rebate amount of the pension entity for the particular claim period;

(7) G is the total determined in subparagraph 2 of the second paragraph of section 402.14 in respect of the pension entity for the particular claim period;

(8) H is the amount of the deduction determined for the participating employer under section 402.18 or subparagraph 2 or 3 of the first paragraph of section 402.19, as the case may be, for the particular claim period.

"**450.0.8.** A tax adjustment note referred to in section 450.0.2 or 450.0.5 must be issued in the prescribed form containing prescribed information and in a manner satisfactory to the Minister.

"**450.0.9.** Where a tax adjustment note is issued under section 450.0.2 or 450.0.5 to a pension entity of a pension plan and, as a consequence of that issuance, subparagraph 4 of the first paragraph of section 450.0.4 or 450.0.7 applies to a participating employer of the pension plan, the pension entity shall, in the prescribed form containing prescribed information and in a manner satisfactory to the Minister, notify without delay the participating employer of that issuance.

"**450.0.10.** Where a participating employer of a pension plan is required to add an amount in determining its net tax under subparagraph 4 of the first paragraph of section 450.0.4 or 450.0.7 as a consequence of the issuance of a tax adjustment note under section 450.0.2 or 450.0.5 to a pension entity of the pension plan, the participating employer and the pension entity are solidarily liable to pay the amount to the Minister.

"**450.0.11.** Where a participating employer of a pension plan has ceased to exist on or before the day on which a tax adjustment note is issued under section 450.0.2 or 450.0.5 to a pension entity of the pension plan and the participating employer would have been required, had it not ceased to exist, to add an amount in determining its net tax under subparagraph 4 of the first paragraph of section 450.0.4 or 450.0.7 as a consequence of that issuance, the pension entity shall pay the amount to the Minister on or before the last day of its claim period that immediately follows its claim period that includes the day on which the tax adjustment note is issued.

"**450.0.12.** Despite the first paragraph of section 35.1 of the Tax Administration Act (chapter A-6.002), every person that issues a tax adjustment note under section 450.0.2 or 450.0.5 shall maintain, for a period of six years from the day on which the tax adjustment note was issued, evidence satisfactory to the Minister that the person was entitled to issue the tax adjustment note for the amount for which it was issued."

(2) Subsection 1 has effect from 23 September 2009.

156. Section 677 of the Act is amended by inserting the following subparagraph after subparagraph 31.0.1 of the first paragraph:

"(31.0.2) determine, for the purposes of the definition of "excluded activity" in the first paragraph of section 289.2, which purposes are prescribed purposes and, for the purposes of the definition of "pension entity" in that paragraph, which person is a prescribed person;".

FUEL TAX ACT

157. (1) Section 1 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended

(1) by inserting the following subparagraph after subparagraph *o* of the first paragraph:

"(*o*.0.1) "Indian tax exemption management program": the program under which the purchase of fuel by a tribal council or a band-empowered entity is exempt, in the circumstances described in section 9.1, from the payment of the tax provided for in section 2, or under which the sale of fuel to an Indian or a band by a retail dealer is exempt, in the circumstances described in section 12.1, from collection of the tax provided for in section 2;";

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

"In this Act and the regulations, the expressions "band", "band-empowered entity", "band management activities", "Indian", "reserve" and "tribal council" have the meaning assigned by the regulations made by the Government for the purposes of section 10.2."

(2) Subsection 1 has effect from 1 July 2011.

158. (1) The Act is amended by inserting the following section after section 9:

"**9.1.** A tribal council or a band-empowered entity that acquires fuel for its own consumption from a fuel retail outlet operated on a reserve by a retail dealer holding a registration certificate provided for in section 23 is exempt from the payment of the tax provided for in section 2 if the prescribed conditions are met in respect of that acquisition.

However, in the case of the acquisition of fuel by a band-empowered entity that is a legal person, the first paragraph applies only if the fuel is intended for band management activities."

(2) Subsection 1 applies in respect of an acquisition of fuel made after 30 June 2011.

159. (1) The Act is amended by inserting the following section after section 10.2:

"**10.2.1.** A retail dealer who operates a fuel retail outlet on a reserve is entitled, provided the dealer makes an application to that effect in the prescribed form containing prescribed information within the time, on the conditions and in the manner prescribed by regulation, to the reimbursement of the amounts the dealer paid in a particular month under section 51.1 to a person holding a collection officer's permit, in respect of a quantity of fuel, if the amount the dealer collected under the first paragraph of section 12 in respect of the fuel sales the dealer made in the particular month is less than the amounts so paid.

However, the amount of the reimbursement may not exceed the amount by which the amount that, but for sections 9.1 and 12.1, is the tax provided for in

section 2 that should have been paid or collected, as the case may be, in accordance with this Act in respect of the total of all fuel sales made in that establishment by the retail dealer in the particular month, each of which is a sale made to an Indian, a band, a tribal council or a band-empowered entity in respect of which either no tax provided for in section 2 was payable, in accordance with section 9.1, or the dealer was exempt from collecting such a tax, in accordance with section 12.1, and in respect of which no such tax was actually collected, exceeds the amount equal to the tax, determined in relation to a quantity of fuel, that the holder of a collection officer's permit is exempt from collecting, if applicable, from the retail dealer, in accordance with the sixth paragraph of section 51.1, for the particular month, in relation to that establishment."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

160. (1) Section 10.5 of the Act is replaced by the following section:

"**10.5.** A person is entitled, provided the person makes an application to that effect in the prescribed form containing prescribed information within the time, on the conditions and in the manner prescribed by regulation, in respect of fuel the person acquired, to the reimbursement of the total of

(*a*) the amount by which the amount paid by the person under section 51.1 in respect of the fuel exceeds the total of the amount collected by the person under section 51.1 or the first paragraph of section 12, as the case may be, in respect of the fuel and the reimbursement to which the person is entitled under section 10.2.1 in respect of the fuel; and

(*b*) the amount by which the reimbursement to which the person is entitled under section 10.2.1 in respect of the fuel exceeds the amount reimbursed to the person under that section in respect of the fuel."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

161. (1) The Act is amended by inserting the following section after section 12:

"**12.1.** Despite section 12, a retail dealer holding a registration certificate provided for in section 23 who operates a fuel retail outlet on a reserve and sells fuel to an Indian or a band for their own consumption is not required to collect the tax imposed by section 2 in respect of the sale if the prescribed conditions are met in respect of the sale."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

162. (1) Section 13 of the Act is amended

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

"If the tax collected for the month in respect of the fuel is greater than the total of the amount the retail dealer paid for the month under section 51.1 to a person holding a collection officer's permit and the amount the retail dealer is required to remit, if applicable, for the month under the seventh paragraph, the difference must be remitted to the Minister on the terms and conditions provided in the first paragraph.";

(2) by adding the following paragraph after the sixth paragraph:

"Despite the third and fifth paragraphs, a retail dealer who operates a fuel retail outlet on a reserve shall, on or before the fifteenth day of each month, render an account to the Minister, using the prescribed form containing prescribed information, of the tax the dealer collected or should have collected in the preceding month and, if the amount that, but for sections 9.1 and 12.1, is the tax provided for in section 2 that should have been paid or collected, as the case may be, in accordance with this Act in respect of the total of all fuel sales made in that establishment by the retail dealer in the preceding month, each of which is a sale made to an Indian, a band, a tribal council or a band-empowered entity in respect of which either no tax provided for in section 2 was payable, in accordance with section 9.1, or the dealer was exempt from collecting such a tax, in accordance with section 12.1, and in respect of which no such tax was in fact collected, is less than the amount equal to the tax, determined in relation to a quantity of fuel, that the holder of a collection officer's permit is exempt from collecting, if applicable, from the retail dealer, in accordance with the sixth paragraph of section 51.1, for the preceding month, in relation to that establishment, the difference is to be remitted to the Minister at the same time."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

163. (1) The Act is amended by inserting the following sections after section 17.2:

"**17.3.** A retail dealer who operates a fuel retail outlet on a reserve and sells fuel to a purchaser who is an Indian, a band, a tribal council or a band-empowered entity in circumstances in which section 9.1 or 12.1 applies shall

(*a*) keep, for each day of the year, in the prescribed form containing prescribed information, a register of retail sales relating to that establishment; and

(*b*) meet the prescribed conditions in respect of each of those sales.

"**17.4.** A retail dealer who operates a fuel retail outlet on a reserve shall post the price of the fuel in the prescribed manner."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

164. (1) The heading of Division VI of the Act in the French text is replaced by the following heading:

"CERTIFICAT, ATTESTATION ET PERMIS".

(2) Subsection 1 has effect from 1 July 2011.

165. (1) The Act is amended by inserting the following after section 26:

"§1.1. — *Indian tax exemption management program registration certificate*

"**26.1.** To obtain an Indian tax exemption management program registration certificate, an Indian, a band, a tribal council or a band-empowered entity shall make an application to that effect to the Minister in the prescribed form containing prescribed information and provide the prescribed documents."

(2) Subsection 1 has effect from 1 July 2011.

166. (1) Section 51.1 of the Act is amended

(1) by inserting the following paragraphs after the fifth paragraph:

"However, subject to the fourth paragraph, the Minister may, from the day the Minister determines, authorize the holder of a collection officer's permit who is the designated supplier of a retail dealer who operates a fuel retail outlet on a reserve, to apply the percentage of reduction specified by the Minister to the total quantity of fuel subject to a contract between the collection officer and the retail dealer, in which case the collection officer is, despite the fifth paragraph, exempt from collecting the amount equal to the tax in respect of the quantity of fuel subject to the reduction.

The Minister may, at any time, by written notice to the holder of a collection officer's permit and to the retail dealer, revoke the authorization provided for in the sixth paragraph or prescribe a new percentage of reduction, in which case, the new conditions apply from the day the Minister determines.";

(2) by replacing "referred to in the sixth paragraph" in the seventh paragraph by "referred to in the eighth paragraph".

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

167. (1) The Act is amended by inserting the following section after section 51.1:

"**51.1.1.** For the purposes of the sixth paragraph of section 51.1, a retail dealer may choose a designated supplier by making an application to that effect to the Minister in the prescribed form containing prescribed information.

A retail dealer may have no more than one designated supplier at any time.

For the purposes of section 51.1 and this section, "designated supplier" of a retail dealer who operates a fuel retail outlet on a reserve means the holder of a collection officer's permit authorized by the Minister to apply a percentage of reduction to a quantity of fuel subject to a contract between the collection officer and the retail dealer, for the purpose of determining the amount equal to the tax to be collected under section 51.1 in respect of the quantity of fuel."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 30 MARCH 2010 AND TO CERTAIN OTHER BUDGET STATEMENTS

168. (1) Section 111 of the Act giving effect to the Budget Speech delivered on 30 March 2010 and to certain other budget statements (2011, chapter 1) is amended by adding the following subsection after subsection 2:

"(3) In addition, in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* or subparagraph *a* of the third paragraph of section 1027 of the Act, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 of the Act, for a taxation year that ends after 30 March 2010 and that includes that date, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation's estimated tax or tax payable for that taxation year

(1) must, in respect of a payment that the corporation is required to make before 31 March 2010, be determined without reference to this section; and

(2) is, in respect of a payment that the corporation is required to make after 30 March 2010,

(*a*) where the corporation is not, at the time of the payment, a qualified Canadian-controlled private corporation, within the meaning of section 1027.0.1 of the Act, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable

computed without reference to this section, by the proportion that 12 is of the number of payments that the corporation is required to make after 30 March 2010 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act,

(*b*) where the corporation is, at the time of the payment, a qualified Canadian-controlled private corporation, within the meaning of section 1027.0.1 of the Act, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable computed without reference to this section, by the proportion that 4 is of the number of payments that the corporation is required to make after 30 March 2010 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, or

(*c*) where the corporation ceases to be a qualified Canadian-controlled private corporation, within the meaning of section 1027.0.1 of the Act, at a particular time in the taxation year that occurs before the time of the payment, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable computed without reference to this section, by the proportion that the number of payments that the corporation is required to make after the particular time for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act is of the number of payments that the corporation is required to make after 30 March 2010 for the taxation year under that subparagraph *a*."

(2) Subsection 1 has effect from 17 February 2011.

ACT RESPECTING MAINLY THE IMPLEMENTATION OF CERTAIN PROVISIONS OF THE BUDGET SPEECH OF 17 MARCH 2011 AND THE ENACTMENT OF THE ACT TO ESTABLISH THE NORTHERN PLAN FUND

169. (1) The Act respecting mainly the implementation of certain provisions of the Budget Speech of 17 March 2011 and the enactment of the Act to establish the Northern Plan Fund (2011, chapter 18) is amended by replacing "computing" in the following provisions by "calculating":

— the first paragraph of section 7;

— section 8;

— the second paragraph of section 9.

(2) Subsection 1 has effect from 13 June 2011.

TRANSITIONAL AND FINAL PROVISIONS

170. Section 52.15 of the Act respecting lotteries, publicity contests and amusement machines (R.S.Q., chapter L-6), as it read on 8 December 2011, continues to apply to the verification and certification, in progress on that date, of a gaming machine or electronic equipment directly linked to the casino lottery schemes or of a video lottery machine.

171. This Act comes into force on 9 December 2011.