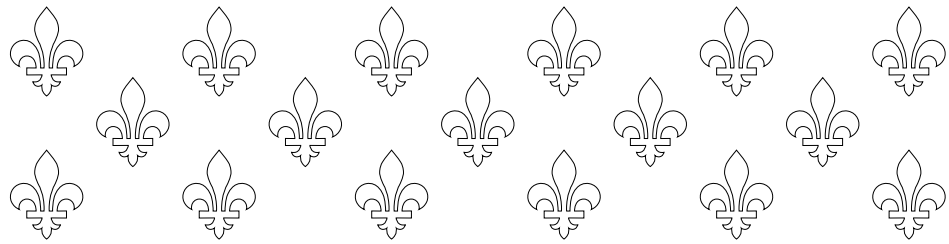

NATIONAL ASSEMBLY

FIRST SESSION FORTY-FIRST LEGISLATURE

Bill 39
(2015, chapter 24)

An Act to give effect to the Update on Québec's Economic and Financial Situation presented on 2 December 2014 and to amend various legislative provisions

Introduced 14 May 2015
Passed in principle 7 October 2015
Passed 22 October 2015
Assented to 26 October 2015

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EXPLANATORY NOTES

This Act amends various Acts to give effect mainly to fiscal measures that were announced in the Update on Québec's Economic and Financial Situation presented by the Minister of Finance on 2 December 2014 and in Information Bulletins published in 2014.

The Taxation Act is amended to introduce, modify or abolish fiscal measures specific to Québec. More specifically, the amendments deal with

(1) reduction of the rate of the union or professional dues tax credits;

(2) tightening of the eligibility requirements for refundable work incentive tax credits;

(3) introduction of a temporary refundable tax credit in respect of interest payable on financing obtained under the seller-lender formula of La Financière agricole du Québec;

(4) increase in the additional deduction for transportation costs of remote manufacturing small and medium-sized businesses;

(5) increase from $800,000 to $1,000,000 in the limited capital gains exemption on farm property and fishing property;

(6) introduction of an excluded expense amount relating to qualified property for the purposes of the investment tax credit;

(7) increase in the tax on capital for insurance corporations; and

(8) temporary increase of the Québec film and television production tax credit.

The Act respecting the Régie de l'assurance maladie du Québec is amended to

(1) reduce the health services fund contribution for small and medium-sized businesses in the primary and manufacturing sectors; and

(2) temporarily reduce the health services fund contribution rate for small and medium-sized businesses for the creation of full-time jobs in the natural and applied sciences sector.

The Act respecting the Québec sales tax is amended to provide for the application of the general tax rate for insurance premiums to all automobile insurance premiums and to maintain the temporary increase in the tax on lodging in the Montréal tourist region to finance the Canadian Grand Prix.

The Taxation Act is amended to make amendments similar to those made to the Income Tax Act by federal bills assented to in 2013 and 2014. The Act gives effect mainly to harmonization measures announced in various Information Bulletins published in 2013 and 2014 and in the Budget Speech of 4 June 2014. More specifically, the amendments deal with

(1) eligible expenses in respect of the tax credit for medical expenses;

(2) tax credit for search and rescue volunteers;

(3) alternative minimum tax;

(4) computation of the income of non-resident pilots employed by Canadian airlines;

(5) thin capitalization rules;

(6) character conversion transactions;

(7) extension of the reassessment period in respect of a participant in a tax shelter;

(8) carry-forward period with respect to gifts of property having undeniable ecological value;

(9) treatment of certain pre-production development expenses for new mines;

(10) securities lending arrangements; and

(11) increase in the lifetime capital gains exemption and indexation to inflation.

The Act respecting the Québec sales tax is amended to make amendments similar to those made to the Excise Tax Act by federal bills assented to in 2014. The Act gives effect mainly to harmonization measures announced in Information Bulletins published in 2014 and in the Budget Speech of 4 June 2014. More specifically, the amendments deal with

(1) exemption for health care services and zero-rating of certain supplies related to health; and

(2) elections for closely-related persons.

Lastly, the Act makes various technical amendments as well as consequential and terminology-related amendments.

LEGISLATION AMENDED BY THIS ACT:

– Tax Administration Act (chapter A-6.002);

– Act respecting international financial centres (chapter C-8.3);

– Taxation Act (chapter I-3);

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

– Act respecting the Québec sales tax (chapter T-0.1);

– Fuel Tax Act (chapter T-1);

– Act to amend the Taxation Act and other legislative provisions (2001, chapter 7).

Bill 39

AN ACT TO GIVE EFFECT TO THE UPDATE ON QUÉBEC'S ECONOMIC AND FINANCIAL SITUATION PRESENTED ON 2 DECEMBER 2014 AND TO AMEND VARIOUS LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

TAX ADMINISTRATION ACT

1. (1) Section 10.1 of the Tax Administration Act (chapter A-6.002) is amended by replacing the second paragraph by the following paragraph:

"The repayment or discharge of the security is limited to one-half of the amount in dispute where

(*a*) the person referred to in the first paragraph is a large corporation; or

(*b*) the amount in dispute is in respect of an amount that was deducted under any of sections 710 and 752.0.10.6 to 752.0.10.6.2 of the Taxation Act (chapter I-3) and that was claimed in respect of a tax shelter, within the meaning assigned to that expression by section 1079.1 of that Act."

(2) Subsection 1 applies in respect of an assessment made for a taxation year that ends after 31 December 2012.

2. (1) Section 12.0.2 of the Act is amended by replacing the second paragraph by the following paragraph:

"This section applies only to one-half of the unpaid amount where

(*a*) the debtor is a large corporation; or

(*b*) the unpaid amount is in respect of an amount that was deducted under any of sections 710 and 752.0.10.6 to 752.0.10.6.2 of the Taxation Act and that was claimed in respect of a tax shelter, within the meaning assigned to that expression by section 1079.1 of that Act."

(2) Subsection 1 applies in respect of an assessment made for a taxation year that ends after 31 December 2012.

3. (1) Section 12.0.3 of the Act, amended by section 2 of chapter 21 of the statutes of 2015, is again amended by replacing the second paragraph by the following paragraph:

"This section applies only to one-half of the amount in dispute where

(*a*) the debtor is a large corporation; or

(*b*) the amount in dispute is in respect of an amount that was deducted under any of sections 710 and 752.0.10.6 to 752.0.10.6.2 of the Taxation Act (chapter I-3) and that was claimed in respect of a tax shelter, within the meaning assigned to that expression by section 1079.1 of that Act."

(2) Subsection 1 applies in respect of an assessment made for a taxation year that ends after 31 December 2012.

4. (1) Section 21.0.1 of the Act is amended by replacing the second paragraph by the following paragraph:

"The repayment is limited to one-half of the amount in dispute where

(*a*) the person referred to in the first paragraph is a large corporation; or

(*b*) the amount in dispute is in respect of an amount that was deducted under any of sections 710 and 752.0.10.6 to 752.0.10.6.2 of the Taxation Act (chapter I-3) and that was claimed in respect of a tax shelter, within the meaning assigned to that expression by section 1079.1 of that Act."

(2) Subsection 1 applies in respect of an assessment made for a taxation year that ends after 31 December 2012.

5. (1) Section 93.1.7 of the Act is amended by replacing "paragraphs *a*, *a*.0.1 and *a*.1" by "paragraphs *a* to *a*.2".

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

6. (1) Section 93.1.9 of the Act is amended by replacing "paragraphs *a*, *a*.0.1 and *a*.1" by "paragraphs *a* to *a*.2".

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

7. (1) Section 93.1.11 of the Act is amended by replacing "paragraphs *a*, *a*.0.1 and *a*.1" by "paragraphs *a* to *a*.2".

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

8. (1) The Act respecting international financial centres (chapter C-8.3) is amended by inserting the following section after section 8:

"**8.1.** For the purposes of subparagraph *b* of paragraph 22 of section 7, where back office activities relating to a financial transaction carried out by a financial corporation that is described in paragraph 1 of the definition of that expression in section 4 and that is not resident in Canada are carried out by a branch of the financial corporation, a branch of the financial corporation is deemed to be a separate corporation from the financial corporation and its other branches, and the branch that carries out the back office activities is deemed to be resident of the place where those back office activities are taking place."

(2) Subsection 1 applies in respect of a business qualification certificate referred to in section 2.4 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) and issued after 20 December 2013.

TAXATION ACT

9. (1) Section 1 of the Taxation Act (chapter I-3), amended by section 92 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "en raison" in paragraph *b* of the definition of "allocation de retraite" in the French text by "à l'égard";

(2) by replacing the portion of the definition of "dividend rental arrangement" before subparagraph i of paragraph *b* by the following:

""dividend rental arrangement" of a person or a partnership means any arrangement entered into by the person or partnership where it may reasonably be considered that the main reason for the person or partnership entering into the arrangement is to enable the person or partnership to receive a dividend on a share of the capital stock of a corporation, other than a dividend on a prescribed share or on a share described in section 21.6.1 or an amount deemed, by reason of the first paragraph of section 119, to be received as a dividend on a share of the capital stock of a corporation, and under the arrangement another person or partnership enjoys the opportunity for profit or gain or bears the risk of loss with respect to the share in any material respect, and includes any arrangement under which

(*a*) a corporation at any time receives on a particular share a taxable dividend that would, but for section 740.4.1, be deductible in computing its taxable income for the taxation year that includes that time; and

(*b*) the corporation or a partnership of which it is a member is obligated to pay to another person or partnership an amount as compensation for each of the following dividends that, if paid, would be deemed under section 21.32 to

have been received by that other person or partnership, as the case may be, as a taxable dividend:";

(3) by replacing "of the nearest urban area" in subparagraph 2 of subparagraph ii of paragraph *d* of the definition of "automobile" by "of the nearest population centre";

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

""derivative forward agreement", of a taxpayer, means an agreement entered into by the taxpayer to purchase or sell a capital property if

(*a*) the term of the agreement exceeds 180 days or the agreement is part of a series of agreements with a term that exceeds 180 days;

(*b*) in the case of a purchase agreement, the difference between the fair market value of the property delivered on settlement, including partial settlement, of the agreement and the amount paid for the property is attributable, in whole or in part, to an underlying interest (including a value, price, rate, variable, index, event, probability or thing) other than

i. revenue, income or cash flow in respect of the property over the term of the agreement, changes in the fair market value of the property over the term of the agreement, or any similar criteria in respect of the property, or

ii. if the purchase price is denominated in the currency of a country other than Canada, changes in the value of the Canadian currency relative to that other currency; and

(*c*) in the case of a sale agreement,

i. the difference between the sale price of the property and the fair market value of the property at the time the agreement is entered into by the taxpayer is attributable, in whole or in part, to an underlying interest (including a value, price, rate, variable, index, event, probability or thing) other than

(1) revenue, income or cash flow in respect of the property over the term of the agreement, changes in the fair market value of the property over the term of the agreement, or any similar criteria in respect of the property, or

(2) if the sale price is denominated in the currency of a country other than Canada, changes in the value of the Canadian currency relative to that other currency, and

ii. the agreement is part of an arrangement that has the effect—or would have the effect if the agreements that are part of the arrangement and that were entered into by persons or partnerships not dealing at arm's length with the taxpayer were entered into by the taxpayer instead of those non-arm's length persons or partnerships—of eliminating a majority of the taxpayer's risk of

loss and opportunity for profit or gain in respect of the property for a period of more than 180 days;".

(2) Paragraph 2 of subsection 1 applies in respect of an arrangement entered into

(1) after 20 December 2002; or

(2) after 2 November 1998 and before 21 December 2002, if the parties to the arrangement jointly made a valid election under paragraph *b* of subsection 34 of section 358 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34).

(3) Paragraph 3 of subsection 1 applies from the taxation year 2013.

(4) Paragraph 4 of subsection 1 has effect from 21 March 2013.

(5) Chapter V.2 of Title II of Book I of Part I of the Act applies, with the necessary modifications, in relation to an election made under paragraph 2 of subsection 2. In addition, for the purposes of section 21.4.7 of the Act in respect of such an election, a party to an arrangement or, in the case of a partnership, any of its members is deemed to have complied with a requirement of section 21.4.6 of the Act if the party or member complies with it on or before 23 April 2016.

10. (1) Section 7.25 of the Act is amended, in the portion before paragraph *a*,

(1) by replacing "sections 716 and 752.0.10.12" by "sections 716, 752.0.10.12 and 752.0.10.16.2";

(2) by inserting "or, in the case of a life insurance policy in respect of which the taxpayer is a policyholder, the adjusted cost basis, within the meaning of sections 976 and 976.1" after "cost base".

(2) Paragraph 1 of subsection 1 has effect from 24 October 2012.

(3) Paragraph 2 of subsection 1 applies in respect of a gift made after 6:00 p.m. Eastern Standard Time, 5 December 2003.

11. (1) Section 7.26 of the Act is amended by inserting ", otherwise than by reason of the death of an individual," after "acquired a property".

(2) Subsection 1 applies in respect of a gift made after 17 July 2005.

12. (1) Section 7.27 of the Act, amended by section 96 of chapter 21 of the statutes of 2015, is again amended by replacing paragraphs *c* and *d* by the following paragraphs:

"(*c*) of a cultural property described in the third paragraph of section 232, other than property acquired under a gifting arrangement, within the meaning assigned to that expression by the first paragraph of section 1079.1, that is a tax shelter;

"(*d*) of a property to which section 231.2 applies;".

(2) Subsection 1, where it replaces paragraph *c* of section 7.27 of the Act, applies in respect of a gift made after 10 February 2014.

(3) Subsection 1, where it replaces paragraph *d* of section 7.27 of the Act, applies in respect of a gift made after 17 March 2007.

13. Section 21.0.2 of the Act is amended by replacing "connected by blood" in subparagraph iv of paragraph *d* by "connected by blood relationship".

14. (1) The Act is amended by inserting the following section after section 21.2.1:

"**21.2.2.** Subject to section 21.3, if, at any particular time, as part of a series of transactions or events, two or more persons acquire shares of a corporation (in this section referred to as the "acquiring corporation") in exchange for or upon a redemption or surrender of interests in, or as a consequence of a distribution from, a SIFT trust or a SIFT partnership, on the assumption that the definitions of "SIFT trust" and "SIFT partnership" in the first paragraph of section 1129.70 applied from 31 October 2006, or a real estate investment trust within the meaning of that first paragraph, control of the acquiring corporation and of each corporation controlled by it immediately before the particular time is deemed to have been acquired by a person or group of persons at the particular time, except in the following cases:

(*a*) in relation to each of those corporations, a person (in this paragraph referred to as a "relevant person") who would be affiliated with the SIFT trust, SIFT partnership or real estate investment trust, but for the definition of "controlled" in section 21.0.1, owns shares of the corporation having a total fair market value of more than 50% of the fair market value of all the issued and outstanding shares of the corporation at all times during the period that ends immediately before the particular time and begins at the time of the last acquisition of control of the corporation by a relevant person or, if later, on the later of

i. 14 July 2008, and

ii. the day the corporation was constituted;

(*b*) if all the securities, within the meaning of the first paragraph of section 1129.70, of the acquiring corporation that were acquired as part of the series of transactions or events at or before the particular time were acquired by one person, the person would not at the particular time control the acquiring

corporation and would have at the particular time acquired securities of the acquiring corporation having a fair market value of not more than 50% of the fair market value of all the issued and outstanding shares of the acquiring corporation; and

(*c*) this section previously applied to deem an acquisition of control of the acquiring corporation upon an acquisition of shares that was part of the same series of transactions or events."

(2) Subsection 1 applies in respect of a transaction that began after 4:00 p.m. Eastern Standard Time, 4 March 2010, other than a transaction the parties to which are obligated to complete under an agreement in writing between the parties entered into before that time.

(3) For the purposes of subsection 2, parties are deemed not to be obligated to complete a transaction under an agreement in writing if one or more of those parties may be excused from completing the transaction as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

(4) Subsection 1 applies in respect of a transaction completed in the period that begins on 14 July 2008 and ends at 4:00 p.m. Eastern Standard Time, 4 March 2010, or provided for in an agreement in writing entered into in that period, if the parties have made a valid election under subsection 9 of section 364 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34).

(5) The parties referred to in subsection 4 are the SIFT trust, the SIFT partnership, the real estate investment trust and the acquiring corporation mentioned in section 21.2.2 of the Taxation Act.

(6) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subsection 9 of section 364 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 23 April 2016.

15. (1) Section 21.3.1 of the Act is amended by adding the following paragraph after the third paragraph:

"Where a corporation (in this paragraph referred to as the "acquiring corporation") acquires shares of the capital stock of a particular corporation on a distribution that is a SIFT trust wind-up event of a trust that is a SIFT wind-up entity, the acquiring corporation is deemed not to acquire control of the particular corporation because of that acquisition if the following conditions are met:

(*a*) the acquiring corporation is the only beneficiary under the trust immediately before the distribution;

(*b*) the trust controlled the particular corporation immediately before the distribution;

(*c*) as part of a series of transactions or events under which the acquiring corporation became the only beneficiary under the trust, two or more persons acquired shares of the acquiring corporation in exchange for their interests as beneficiaries under the trust; and

(*d*) if all the shares described in subparagraph *c* had been acquired by one person, the person would control the acquiring corporation and would have acquired shares of the acquiring corporation having a fair market value of more than 50% of the fair market value of all the issued and outstanding shares of the acquiring corporation."

(2) Subsection 1 applies in respect of a transaction that began after 4:00 p.m. Eastern Standard Time, 4 March 2010, other than a transaction the parties to which are obligated to complete under an agreement in writing between the parties entered into before that time.

(3) For the purposes of subsection 2, parties are deemed not to be obligated to complete a transaction under an agreement in writing if one or more of those parties may be excused from completing the transaction as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

(4) Subsection 1 applies in respect of a transaction completed in the period that begins on 14 July 2008 and ends at 4:00 p.m. Eastern Standard Time, 4 March 2010, or provided for in an agreement in writing entered into in that period, if the parties have made a valid election under subsection 9 of section 364 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34).

(5) The parties referred to in subsection 4 are the trust and the acquiring corporation mentioned in the fourth paragraph of section 21.3.1 of the Taxation Act.

(6) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subsection 9 of section 364 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 23 April 2016.

16. (1) Section 21.11.12 of the Act is amended by replacing paragraph *d* by the following paragraph:

"(*d*) where a share of the capital stock of a corporation was issued after 15 December 1987 and at the time the share was issued the existence of the corporation was, or there was an arrangement under which it could be, limited to a period that was within five years from the date of its issue, the share is deemed to be a short-term preferred share of the corporation unless

i. the share is a grandfathered share and the arrangement is a written arrangement entered into before 16 December 1987, or

ii. the share is issued to an individual after 14 April 2005 under an agreement referred to in section 48, if at the time the individual last acquired a right under the agreement to acquire a share of the capital stock of the corporation, the existence of the corporation was not, and no arrangement was in effect under which it could be, limited to a period that was within five years from that time;".

(2) Subsection 1 applies in respect of a share issued after 14 April 2005.

17. (1) Section 21.28 of the Act is amended

(1) by replacing paragraph *a* of the definition of "securities lending arrangement" by the following paragraph:

"(*a*) a person (in this chapter referred to as the "lender") transfers or lends at any particular time a qualified security to another person (in this chapter referred to as the "borrower"),";

(2) by replacing paragraph *c* of the definition of "securities lending arrangement" by the following paragraph:

"(*c*) the borrower is obligated to pay to the lender, as compensation for each particular amount paid on the security that would have been received by the borrower if the borrower had held the security throughout the period beginning after the particular time and ending at the time an identical security is transferred or returned to the lender, an amount equal to the particular amount,";

(3) by adding the following paragraph after paragraph *d* of the definition of "securities lending arrangement":

"(*e*) if the lender and the borrower do not deal with each other at arm's length, it is intended that neither the arrangement nor any series of securities lending arrangements, loans or other transactions of which the arrangement is a part be in effect for more than 270 days;";

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

""dealer compensation payment" means an amount received by a taxpayer as compensation for an underlying payment from a registered securities dealer resident in Canada who paid the amount in the ordinary course of a business of trading in securities, or for an underlying payment in the ordinary course of

such a business of the taxpayer, where the taxpayer is such a dealer resident in Canada;

""securities lending arrangement compensation payment" or "SLA compensation payment" means an amount paid pursuant to a securities lending arrangement as compensation for an underlying payment;

""security distribution" means

(*a*) an underlying payment; or

(*b*) an SLA compensation payment, or a dealer compensation payment, that is deemed under section 21.32 to be an amount received as an amount described in any of subparagraphs *a* to *c* of the first paragraph of that section;

""underlying payment" means an amount paid on a qualified security by the issuer of the security.";

(5) by adding the following paragraph after paragraph *d* of the definition of "qualified security":

"(*e*) a qualified trust unit;";

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

""qualified trust unit" means an interest, as a beneficiary under a trust, that is listed on a stock exchange;".

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of an arrangement entered into after 31 December 2002.

(3) Paragraphs 2 and 4 to 6 of subsection 1 apply in respect of an arrangement entered into after 31 December 2001. However, where section 21.28 of the Act applies

(1) in respect of an arrangement entered into before 24 October 2012 but after 13 December 2007, the definition of "qualified trust unit" is to be read as follows:

""qualified trust unit" means a unit of a mutual fund trust that is listed on a stock exchange;"; and

(2) in respect of an arrangement entered into before 14 December 2007, the definition of "qualified trust unit" is to be read as follows:

""qualified trust unit" means a unit of a mutual fund trust that is listed on a Canadian stock exchange or a foreign stock exchange;".

18. (1) Section 21.32 of the Act is amended

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

"**21.32.** A particular amount that is received by a taxpayer in a taxation year as an SLA compensation payment from a person described in the second paragraph or as a dealer compensation payment, is deemed, to the extent of the underlying payment to which the amount relates, to have been received by the taxpayer in the year as,

(*a*) where the underlying payment is a taxable dividend paid on a share of the capital stock of a public corporation (other than an underlying payment to which subparagraph *b* applies), a taxable dividend on the share and, if the particular amount has the characteristics described in the third paragraph, an eligible dividend on the share;

(*b*) where the underlying payment is paid by a trust on a qualified trust unit issued by the trust,

i. to the extent that section 663 applied to the underlying payment, an amount of the trust's income that was paid by the trust to the taxpayer as a beneficiary under the trust and that was designated by the trust in respect of the taxpayer to the extent of a valid designation, if any, by the trust in accordance with this Part in respect of the recipient of the underlying payment, and

ii. to the extent that the underlying payment is a distribution of a property from the trust, a distribution of that property from the trust; or

(*c*) in any other case, interest.";

(2) by inserting the following paragraph after the first paragraph:

"A person to whom the first paragraph refers is

(*a*) a person resident in Canada; or

(*b*) a person not resident in Canada who pays the particular amount in the course of carrying on business in Canada through an establishment.";

(3) by replacing "in respect of an amount" in the portion of the second paragraph before subparagraph *b* by "in respect of the particular amount" and by replacing "le montant" in that portion of the second paragraph in the French text by "ce montant";

(4) by replacing "soit d'indemnité" in subparagraphs i and ii of subparagraph *b* of the second paragraph in the French text by "soit de compensation";

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

"(*b*) by a person under an arrangement where it may reasonably be considered that one of the main reasons for the person entering into the arrangement was to enable the person to receive an SLA compensation payment or a dealer compensation payment that would be deductible in computing the person's taxable income, or not included in computing the person's income, for any taxation year."

(2) Subsection 1 applies in respect of an arrangement entered into after 31 December 2001. However,

(1) if the parties to an arrangement jointly made a valid election under paragraph *b* of subsection 12 of section 365 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) not to apply paragraphs *b* and *c* of subsection 5.1 of section 260 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or either of those paragraphs, to an amount received before 28 February 2004 under the arrangement as an SLA compensation payment or a dealer compensation payment, the first paragraph of section 21.32 of the Taxation Act is to be read, where it applies to such an amount, without reference to its subparagraph *b* or *c*, or to both of those subparagraphs, according to whether the parties specified, in the document sent to the Minister of National Revenue in connection with the election, their intention not to apply paragraph *b* or *c* of that subsection 5.1, or both of those paragraphs;

(2) where section 21.32 of the Act applies in respect of an amount received as compensation for a dividend paid before 24 March 2006, it is to be read as if

(*a*) "and, if the particular amount has the characteristics described in the third paragraph, an eligible dividend on the share" in subparagraph *a* of the first paragraph were struck out; and

(*b*) the third paragraph were struck out.

(3) Chapter V.2 of Title II of Book I of Part I of the Act applies, with the necessary modifications, in relation to an election made under paragraph 1 of subsection 2. In addition, for the purposes of section 21.4.7 of the Act in respect of such an election, a party to an arrangement or, in the case of a partnership, any of its members is deemed to have complied with a requirement of section 21.4.6 of the Act if the party or member complies with it on or before 23 April 2016.

19. (1) Section 21.33 of the Act is replaced by the following section:

"**21.33.** A taxpayer who, in a taxation year, pays a particular amount as an SLA compensation payment or as a dealer compensation payment, may deduct, in computing income from a business or property for the year, an amount equal to

(*a*) if the taxpayer is a registered securities dealer and the particular amount is deemed under section 21.32 to have been received as a taxable dividend, no more than 2/3 of the particular amount; or

(*b*) if the particular amount is in respect of an amount other than an amount that is, or is deemed under section 21.32 to have been, received as a taxable dividend,

i. where the taxpayer disposes of the borrowed security and includes the gain or loss, if any, from the disposition in computing income from a business, the particular amount, or

ii. in any other case, the lesser of the particular amount and the amount, if any, in respect of the security distribution to which the SLA compensation payment or dealer compensation payment relates that is included in computing the income, and not deducted in computing the taxable income, for any taxation year of the taxpayer or of any person to whom the taxpayer is related."

(2) Subsection 1 applies in respect of an arrangement entered into after 31 December 2001.

20. (1) Section 21.33.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) the aggregate of all amounts each of which is an amount that the corporation becomes obligated in the year to pay to another person under an arrangement described in paragraphs *a* and *b* of the definition of "dividend rental arrangement" in section 1 and that, if paid, would be deemed under section 21.32 to have been received by the other person as a taxable dividend; and".

(2) Subsection 1 applies in respect of an arrangement entered into

(1) after 20 December 2002; or

(2) after 2 November 1998 and before 21 December 2002, if the parties to the arrangement have made an election under paragraph 2 of subsection 2 of section 9.

21. (1) The Act is amended by inserting the following section after section 21.33.1:

"**21.33.2.** For the purposes of this chapter,

(*a*) a person includes a partnership; and

(*b*) a partnership is deemed to be a registered securities dealer if each member of the partnership is a registered securities dealer.

The following rules apply to a corporation that is, in a taxation year, a member of a partnership:

(*a*) for the purposes of section 21.32, the corporation is deemed to receive, in the year, the agreed proportion in its respect, for each fiscal period of the partnership that ends in the year, of each amount received by the partnership in that fiscal period, and is deemed to be the same person as the partnership in respect of the receipt of the agreed proportion of that amount; and

(*b*) for the purposes of section 21.33.1, the corporation is deemed to become obligated, in the year, to pay the agreed proportion in its respect, for each fiscal period of the partnership that ends in the year, of the amount the partnership becomes, in that fiscal period, obligated to pay to another person under the arrangement referred to in paragraph *a* of that section.

The following rules apply to an individual who is, in a taxation year, a member of a partnership:

(*a*) for the purposes of section 21.32, the individual is deemed to receive, in the year, the agreed proportion in respect of the individual, for each fiscal period of the partnership that ends in the year, of each amount received by the partnership in that fiscal period, and is deemed to be the same person as the partnership in respect of the receipt of the agreed proportion of that amount; and

(*b*) for the purposes of section 497, the individual is deemed to have paid, in the year, the agreed proportion in respect of the individual, for each fiscal period of the partnership that ends in the year, of each amount paid by the partnership in that fiscal period that is deemed under section 21.32 to have been received by another person as a taxable dividend."

(2) Subsection 1 applies in respect of an arrangement entered into

(1) after 20 December 2002; or

(2) after 2 November 1998 and before 21 December 2002, if the parties to the arrangement have made an election under paragraph 2 of subsection 2 of section 9.

22. (1) Section 31.1 of the Act is amended by replacing "$1,045" in subparagraph *b* of the fourth paragraph by "$1,120".

(2) Subsection 1 applies from the taxation year 2016. In addition, where section 31.1 of the Act applies to the taxation year 2015, it is to be read without reference to subparagraph *b* of its fourth paragraph.

23. (1) Section 39.6 of the Act is amended

(1) by replacing "$1,045" in the portion of the first paragraph before subparagraph *a* by "$1,120";

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

"The first paragraph does not apply if the individual deducts an amount under section 752.0.10.0.5 or 752.0.10.0.7 from the individual's tax otherwise payable for the year under this Part."

(2) Paragraph 1 of subsection 1 applies from the taxation year 2015.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2014.

24. (1) Section 86 of the Act is replaced by the following section:

"**86.** Subject to sections 217.2 to 217.9.1, where an individual is a proprietor of a business, the individual's income from the business for a taxation year is deemed to be the income from the business for the fiscal periods of the business that end in the year.

Where an individual's income for a taxation year includes income from a business the fiscal period of which does not coincide with the calendar year, any reference in respect of the business to the taxation year or the year, in this Title and in sections 487 to 487.0.4, is to be read as a reference to the fiscal period ending in the year, unless the context otherwise requires."

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

25. (1) Section 87 of the Act, amended by section 111 of chapter 21 of the statutes of 2015, is again amended by adding the following paragraph after paragraph *z*.6:

"(*z*.7) the total of all amounts each of which is

i. if the taxpayer acquires a property under a derivative forward agreement in the year, the amount by which the fair market value of the property at the time it is acquired by the taxpayer exceeds the cost to the taxpayer of the property, or

ii. if the taxpayer disposes of a property under a derivative forward agreement in the year, the amount by which the proceeds of disposition, within the meaning of section 251, of the property exceeds the fair market value of the property at the time the agreement is entered into by the taxpayer."

(2) Subsection 1 applies in respect of an acquisition or disposition of property that occurs

(1) under a derivative forward agreement entered into after 20 March 2013 unless

(*a*) the agreement is part of a series of agreements and the series

i. includes a derivative forward agreement entered into after 20 March 2013 and before 11 July 2013, and

ii. has a term of 180 days or less (determined without reference to agreements entered into before 21 March 2013), or

(*b*) the agreement is entered into after the final settlement of another derivative forward agreement (in this paragraph 1 and in paragraph 5 of subsection 3 referred to as the "prior agreement") and

i. having regard to the source of the funds used to purchase the property to be sold under the agreement, it is reasonable to conclude that the agreement is a continuation of the prior agreement,

ii. the terms of the agreement and the prior agreement are substantially similar,

iii. the final settlement date under the agreement is before 1 January 2015,

iv. subsection 1 would not apply to an acquisition or a disposition under the prior agreement if this paragraph 1 were read without reference to its subparagraph *a*, and

v. the notional amount of the agreement is at all times less than or equal to the amount determined by the formula

(A + B + C + D + E) – (F + G);

(2) after 20 March 2013 and before 22 March 2018 under a derivative forward agreement entered into before 21 March 2013, if

(*a*) after 20 March 2013, the term of the agreement is extended beyond 31 December 2014, or

(*b*) at a particular time after 20 March 2013, the notional amount of the agreement exceeds the amount determined by the formula

(A + B + C + D + E + F) – (G + H); or

(3) after 21 March 2018.

(3) For the purposes of the formula in subparagraph v of subparagraph *b* of paragraph 1 of subsection 2 at a particular time,

(1) A is the notional amount of the agreement when it is entered into;

(2) B is the total of all amounts each of which is an increase in the notional amount of the agreement, at or before the particular time, that is attributable to the underlying interest;

(3) C is the amount of the taxpayer's cash on hand immediately before 21 March 2013 that was committed, before 21 March 2013, to be invested under the agreement;

(4) D is the total of all amounts each of which is an increase, at or before the particular time, in the notional amount of the agreement that is attributable to the final settlement of another derivative forward agreement if subsection 1 would not apply to any acquisitions or dispositions under the other agreement if subsection 2 were read without reference to subparagraph *a* of paragraph 1;

(5) E is the lesser of

(*a*) either

i. if the prior agreement was entered into before 21 March 2013, the amount by which the amount determined under subparagraph *a* of paragraph 6 of subsection 4 for the prior agreement immediately before it was finally settled exceeds the total determined under subparagraph *b* of that paragraph 6 for the prior agreement immediately before it was finally settled, or

ii. in any other case, the amount by which the amount determined under this subparagraph *a* for the prior agreement immediately before it was finally settled exceeds the total determined under subparagraph *b* for the prior agreement immediately before it was finally settled, and

(*b*) the total of all amounts each of which is an increase in the notional amount of the agreement before 11 July 2013 that is not otherwise described in the formula in subparagraph v of subparagraph *b* of paragraph 1 of subsection 2;

(6) F is the total of all amounts each of which is a decrease in the notional amount of the agreement, at or before the particular time, that is attributable to the underlying interest; and

(7) G is the total of all amounts each of which is the amount of a partial settlement of the agreement, at or before the particular time, to the extent that it is not reinvested in the agreement.

(4) In the formula in subparagraph *b* of paragraph 2 of subsection 2,

(1) A is the notional amount of the agreement immediately before 21 March 2013;

(2) B is the total of all amounts each of which is an increase in the notional amount of the agreement, after 20 March 2013 and at or before the particular time, that is attributable to the underlying interest;

(3) C is the amount of the taxpayer's cash on hand immediately before 21 March 2013 that was committed, before 21 March 2013, to be invested under the agreement;

(4) D is the amount of an increase, after 20 March 2013 and at or before the particular time, in the notional amount of the agreement because of the exercise of an overallotment option granted before 21 March 2013;

(5) E is the total of all amounts each of which is an increase, after 20 March 2013 and at or before the particular time, in the notional amount of the agreement that is attributable to the final settlement of another derivative forward agreement if

(*a*) the final settlement date under the agreement is before 1 January 2015 or on or before the date on which the other agreement, as it read immediately before 21 March 2013, was to be finally settled, and

(*b*) subsection 1 would not apply to any acquisitions or dispositions under the other agreement if subsection 2 were read without reference to subparagraph *a* of paragraph 1;

(6) F is the lesser of

(*a*) 5% of the notional amount of the agreement immediately before 21 March 2013, and

(*b*) the total of all amounts each of which is an increase in the notional amount of the agreement after 20 March 2013 and before 11 July 2013 that is not otherwise described in the formula in subparagraph *b* of paragraph 2 of subsection 2;

(7) G is the total of all amounts each of which is a decrease in the notional amount of the agreement, after 20 March 2013 and at or before the particular time, that is attributable to the underlying interest; and

(8) H is the total of all amounts each of which is the amount of a partial settlement of the agreement, after 20 March 2013 and at or before the particular time, to the extent that it is not reinvested in the agreement.

(5) For the purposes of subsections 2 to 4, the notional amount of a derivative forward agreement at a particular time is

(1) in the case of a purchase agreement, the fair market value at that time of the property that would be acquired under the agreement if the agreement were finally settled at that time; or

(2) in the case of a sale agreement, the sale price of the property that would be sold under the agreement if the agreement were finally settled at that time.

26. (1) The Act is amended by inserting the following section after section 87.2.1, enacted by section 113 of chapter 21 of the statutes of 2015:

"**87.2.2.** For the purposes of this Act, if an amount is included in computing the income of a taxpayer for a taxation year because of paragraph *m*.1 of section 87 in relation to interest that is deductible by a partnership in computing its income from a particular source or from sources in a particular place, the amount is deemed to be from the particular source or from sources in the particular place, as the case may be."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

27. (1) The Act is amended by inserting the following section after section 133.6:

"**133.7.** A taxpayer shall not deduct, in computing the taxpayer's income from a business or property for a taxation year, an amount that is deemed under section 21.32 to have been received by another person as an amount described in any of subparagraphs *a* to *c* of the first paragraph of that section, except as expressly permitted by this Part."

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

28. (1) Section 144 of the Act is amended

(1) by replacing "2007" in the portion of subsection 1 before paragraph *a* by "2008";

(2) by replacing "aux fins" in subsection 2 in the French text by "pour l'application";

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

"(3) Where the taxation year referred to in subsection 1 ends after 31 December 2006, subsection 1, except for the purposes of the regulations made under paragraph *z*.4 of section 87 or section 145 or 360, applies despite section 143 and only in respect of the proportion of each amount referred to in subsection 1 that the number of days in the year that precede 1 January 2007 is of the number of days in the year."

(2) Subsection 1 has effect from 1 January 2007.

29. (1) Section 156.11 of the Act, enacted by section 125 of chapter 21 of the statutes of 2015, is amended

(1) by replacing paragraph *a* of the definition of "additional deduction rate" by the following paragraph:

"(*a*) 0%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to property it uses outside the central area, the intermediate area, the remote area and the special remote area;";

(2) by inserting the following paragraph after paragraph *a* of the definition of "additional deduction rate":

"(*a*.1) 1%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to property it uses in the central area;";

(3) by replacing paragraphs *b* to *d* of the definition of "additional deduction rate" by the following paragraphs:

"(*b*) 3%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to property it uses in the intermediate area;

"(*c*) 5%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to property it uses in the remote area; or

"(*d*) 7%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to property it uses in the special remote area;";

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

""central area" means an area that includes the part of the territory of Québec that is not included in the intermediate area, the remote area and the special remote area;".

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

30. (1) Section 156.14 of the Act, enacted by section 125 of chapter 21 of the statutes of 2015, is replaced by the following section:

"**156.14.** Subject to section 156.15, a manufacturing corporation for a taxation year may deduct, in computing its income from a business for the year, an amount equal to

(*a*) the amount obtained by multiplying its gross revenue for the year by the additional deduction rate applicable to it for the year, if 7% is the additional deduction rate that would be applicable to it for the year in the absence of section 156.13; or

(*b*) in any other case, the lesser of

i. the amount obtained by multiplying its gross revenue for the year by the additional deduction rate applicable to it for the year, and

ii. the regional limit that is applicable to it for the year.

In this section and in section 156.14.1, "regional limit" applicable to a manufacturing corporation for a taxation year means

(*a*) $50,000, if 1% is the additional deduction rate that would be applicable to the corporation for the year in the absence of section 156.13;

(*b*) $150,000, if 3% is the additional deduction rate that would be applicable to the corporation for the year in the absence of section 156.13; or

(*c*) $350,000, if 5% is the additional deduction rate that would be applicable to the corporation for the year in the absence of section 156.13.

For the purposes of the definition of "regional limit" in the second paragraph, if the number of days in the manufacturing corporation's taxation year is less than 365, the amount of $50,000, $150,000 or $350,000, as the case may be, is to be replaced by the proportion of that amount that the number of days in the year is of 365."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

31. (1) The Act is amended by inserting the following section after section 156.14, enacted by section 125 of chapter 21 of the statutes of 2015:

"**156.14.1.** For the purposes of section 156.14, if a manufacturing corporation for a taxation year to which a regional limit is applicable for the year is associated in the year with one or more other manufacturing corporations for the year to which a regional limit is applicable for the year, the regional limit that is applicable to each of those corporations for the year is equal to zero, unless all of those corporations file with the Minister in the prescribed form containing prescribed information an agreement whereby, for the purposes of this division, they allocate a particular percentage to one or more of them, in which case the following rules apply:

(*a*) where the percentage or the aggregate of the percentages so allocated, as the case may be, does not exceed 100%, the regional limit applicable to each of those corporations for the year is deemed to be equal to the product obtained by multiplying the amount corresponding to the regional limit that is applicable to it for the year, determined without reference to this section, by the percentage so allocated to it; and

(*b*) in any other case, the regional limit applicable to the corporation for the year is deemed to be equal to zero.

If one of the corporations fails to file with the Minister the agreement within 30 days after notice in writing by the Minister has been sent to any of them that such an agreement is required for the purposes of any assessment of tax under this Part, the Minister shall, for the purposes of this division, allocate a percentage to one or more of those corporations for the taxation year, which percentage or the aggregate of which percentages, as the case may be, is to be equal to 100% and, in such a case, the regional limit that is applicable to each of those corporations for the year is deemed to be equal to the product obtained by multiplying the amount corresponding to the regional limit applicable to it for the year, determined without reference to this section, by the percentage so allocated to it by the Minister."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

32. (1) The Act is amended by inserting the following section after section 157.2.1:

"**157.2.2.** There may be deducted in computing a taxpayer's income for a taxation year in respect of a derivative forward agreement, the amount determined by the formula

A – B.

In the formula in the first paragraph,

(*a*) A is the lesser of

i. the total of all amounts each of which is

(1) if the taxpayer acquires property under the agreement in the year or a preceding taxation year, the amount by which the cost to the taxpayer of the property exceeds the fair market value of the property at the time it is acquired by the taxpayer, or

(2) if the taxpayer disposes of property under the agreement in the year or a preceding taxation year, the amount by which the fair market value of the property at the time the agreement is entered into exceeds the proceeds of disposition, within the meaning of section 251, of the property, and

ii. the amount that is,

(1) if final settlement of the agreement occurs in the year and it cannot reasonably be considered that one of the main reasons for entering into the agreement is to obtain a deduction under this section, the amount determined under subparagraph i, or

(2) in any other case, the total of all amounts included in computing the taxpayer's income under paragraph *z*.7 of section 87 in respect of the agreement for the year or a preceding taxation year; and

(*b*) B is the total of all amounts deducted under this section in respect of the agreement for a preceding taxation year."

(2) Subsection 1 applies in respect of an acquisition or disposition of property to which subsection 1 of section 25 applies.

33. (1) Section 169 of the Act, replaced by section 130 of chapter 21 of the statutes of 2015, is again replaced by the following section:

"**169.** Despite any other provision of this Act (other than section 174.2), a corporation or a trust shall not make any deduction in respect of the proportion, determined in accordance with section 170, of any amount otherwise deductible in computing its income from a business (other than the Canadian banking business of an authorized foreign bank) or property for a taxation year, in respect of interest paid or payable by it on outstanding debts to specified persons not resident in Canada."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

34. (1) Section 170 of the Act, amended by section 131 of chapter 21 of the statutes of 2015, is replaced by the following section:

"**170.** The proportion to which section 169 refers is the proportion that the amount described in the second paragraph is of the average (in this section referred to as the "average outstanding debts") of all amounts each of which is, in respect of a month that ends in the year, the greatest amount at any time in the month of the corporation's or trust's outstanding debts to specified persons not resident in Canada.

The amount to which the first paragraph refers is equal to the amount by which the corporation's or trust's average outstanding debts for the year exceeds the amount equal to 150% of the corporation's or trust's equity amount for the year."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

35. (1) Section 171 of the Act is amended by replacing the first paragraph by the following paragraph:

"**171.** For the purposes of sections 169, 170 and 172, a corporation's or trust's outstanding debts at any particular time in a taxation year to specified persons not resident in Canada are the aggregate of all amounts each of which is an amount outstanding at that time in respect of any debt or other obligation to pay an amount payable by the corporation or trust to a person who is, in the year, a specified person not resident in Canada, on which interest paid or payable is or would be, but for section 169, deductible in computing the corporation's or trust's income for the year."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

36. (1) Section 172 of the Act is amended

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

"**172.** Despite any other provision of this Act, other than section 173.1, for the purposes of this section, sections 169 to 171 and 173.2 to 174,";

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

"(*b*.1) "equity contribution", to a trust, means a transfer of property to the trust that is made

i. in exchange for an interest as a beneficiary under the trust,

ii. in exchange for a right to acquire an interest as a beneficiary under the trust, or

iii. gratuitously by a person beneficially interested in the trust;

"(*b*.2) "tax-paid earnings", of a trust resident in Canada for a taxation year, means the aggregate of all amounts each of which is the amount, in respect of a particular taxation year of the trust that ended before the year, determined by the formula

A – B;

"(*b*.3) "beneficiary" means a beneficiary within the meaning of the second paragraph of section 646;

"(*b*.4) "specified beneficiary", of a trust at any time, means a person who at that time, either alone or together with persons with whom that person does not deal at arm's length, has an interest as a beneficiary under the trust with a fair market value that is not less than 25% of the fair market value of all interests as a beneficiary under the trust;

"(*b*.5) "specified beneficiary not resident in Canada", of a trust at any time, means a specified beneficiary of the trust who at that time is a person not resident in Canada;

"(*b*.6) "equity amount", of a corporation or a trust for a taxation year, means

i. in the case of a corporation resident in Canada, the aggregate of

(1) the retained earnings of the corporation at the beginning of the year, except to the extent that those earnings include retained earnings of any other corporation,

(2) the average of all amounts each of which is the corporation's contributed surplus (other than any portion of that contributed surplus that arose in connection with an investment to which subsection 2 of section 212.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies) at the beginning of a month that ends in the year, to the extent that it was contributed by a specified shareholder not resident in Canada of the corporation, and

(3) the average of all amounts each of which is the corporation's paid-up capital at the beginning of a month that ends in the year, excluding the paid-up capital in respect of shares of any class of the capital stock of the corporation owned by a person other than a specified shareholder not resident in Canada of the corporation,

ii. in the case of a trust resident in Canada, the amount determined by the formula

C – D, or

iii. in the case of a corporation or trust that is not resident in Canada, the amount determined by the formula

40% × (E – F);";

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

"(*c*) "specified person not resident in Canada" in respect of a corporation or a trust means

i. a specified shareholder not resident in Canada of the corporation or a specified beneficiary not resident in Canada of the trust, or

ii. a person not resident in Canada not dealing at arm's length with a specified shareholder of the corporation or with a specified beneficiary of the trust, as the case may be.";

(4) by inserting the following paragraph after the first paragraph:

"In the formulas in subparagraphs *b*.2 and *b*.6 of the first paragraph,

(*a*) A is the taxable income of the trust under this Part for the particular year;

(*b*) B is the total of tax payable under this Part by the trust for the particular year, tax payable by the trust for the particular year under Part I of the Income Tax Act and all income taxes payable by the trust for the particular year under the laws of a province, other than Québec;

(*c*) C is the total of the average of all amounts each of which is the total amount of all equity contributions to the trust made before a month that ends in the year, to the extent that the contributions were made by a specified beneficiary not resident in Canada of the trust, and the tax-paid earnings of the trust for the year;

(*d*) D is the average of all amounts each of which is the total of all amounts that were paid or became payable by the trust to a beneficiary of the trust in respect of the beneficiary's interest under the trust before a month that ends in the year except to the extent that the amount is

i. included in computing the beneficiary's income for a taxation year because of section 663,

ii. an amount in respect of which tax was deducted under Part XIII of the Income Tax Act because of paragraph *c* of subsection 1 of section 212 of that Act, or

iii. paid or payable to a person other than a specified beneficiary not resident in Canada of the trust;

(*e*) E is the average of all amounts each of which is the cost of a property, other than an interest as a member of a partnership, owned by the corporation or trust at the beginning of a month that ends in the year, that is used by the corporation or trust in the year in, or held by it in the year in the course of, carrying on a business in Canada; and

(*f*) F is the average of all amounts each of which is the total of all amounts outstanding, at the beginning of a month that ends in the year, in relation to a debt or other obligation to pay an amount that was payable by the corporation or trust and that may reasonably be regarded as relating to a business carried on by it in Canada, other than a debt or obligation that is included in the outstanding debts to specified persons not resident in Canada of the corporation or trust.";

(5) by adding the following paragraphs after the second paragraph:

"For the purpose of determining whether a particular person is a specified beneficiary of a trust at any time, the following rules apply:

(*a*) if the particular person, or a person with whom the particular person does not deal at arm's length, has at that time a right under a contract or otherwise, either immediately or in the future and either absolutely or contingently, to acquire an interest as a beneficiary under the trust, the particular person or the person with whom the particular person does not deal at arm's length, as the case may be, is deemed at that time to own the interest;

(*b*) if the particular person, or a person with whom the particular person does not deal at arm's length, has at that time a right under a contract or otherwise, either immediately or in the future and either absolutely or

contingently, to cause a trust to redeem, acquire or cancel any interest in it as a beneficiary (other than an interest held by the particular person or a person with whom the particular person does not deal at arm's length), the trust is deemed at that time to have redeemed, acquired or cancelled the interest, unless the right is not exercisable at that time because the exercise of the right is contingent on the death, bankruptcy or permanent disability of an individual; and

(*c*) if the amount of income or capital of the trust that the particular person, or a person with whom the particular person does not deal at arm's length, may receive as a beneficiary of the trust depends on the exercise by any person of, or the failure by any person to exercise, a discretionary power, that person is deemed to have fully exercised, or to have failed to exercise, the power, as the case may be.

For the purposes of subparagraph *e* of the second paragraph, the following rules apply:

(*a*) if a property is partly used or held by a taxpayer in a taxation year in the course of carrying on a business in Canada, the cost of the property to the taxpayer is deemed for the year to be equal to the proportion of the cost to the taxpayer of the property (determined without reference to this paragraph) that the proportion of the use or holding made of the property in the course of carrying on a business in Canada in the year is of the whole use or holding made of the property in the year; and

(*b*) if a corporation or trust is deemed to own a portion of a property of a partnership because of section 174.1 at any time,

i. the property is deemed to have, at that time, a cost to the corporation or trust equal to the proportion of the cost of the property to the partnership that is the proportion that the debts and other obligations to pay an amount of the partnership allocated to it under section 174.1 is of the total amount of all debts and other obligations to pay an amount of the partnership, and

ii. in the case of a partnership that carries on a business in Canada, the corporation or trust is deemed to use or hold the property in the course of carrying on a business in Canada to the extent the partnership uses or holds the property in the course of carrying on a business in Canada for the fiscal period of the partnership that includes that time."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013. However, where a trust that is resident in Canada on 21 March 2013 made a valid election under subsection 7 of section 8 of the Economic Action Plan 2013 Act, No. 2 (Statutes of Canada, 2013, chapter 40), the following rules apply:

(1) for the purpose of determining the trust's equity amount, the trust is deemed

(*a*) to not have received any equity contributions before 21 March 2013,

(*b*) to not have paid or made payable any amount to a beneficiary of the trust before 21 March 2013, and

(*c*) to have tax-paid earnings of nil for each taxation year that ends before 21 March 2013; and

(2) each beneficiary of the trust at the beginning of 21 March 2013 is deemed to have made an equity contribution at that time to the trust equal to the amount determined by the formula

A/B × (C – D).

(3) In the formula in paragraph 2 of subsection 2,

(1) A is the fair market value of the beneficiary's interest as a beneficiary under the trust at the time referred to in that paragraph 2;

(2) B is the fair market value of all the beneficial interests under the trust at the time referred to in that paragraph 2;

(3) C is the total fair market value of all the properties of the trust at the time referred to in that paragraph 2; and

(4) D is the total amount of the trust's liabilities at the time referred to in that paragraph 2.

(4) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under subsection 7 of section 8 of the Economic Action Plan 2013 Act, No. 2. For the purposes of section 21.4.7 of the Taxation Act in respect of an election under that subsection, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 23 April 2016.

37. (1) Section 173.1 of the Act is replaced by the following section:

"**173.1.** For the purposes of this section and sections 169 to 172 and 173.2 to 174, where a particular person would, but for this section, be a specified shareholder of a corporation or a specified beneficiary of a trust at any time, the particular person is deemed not to be a specified shareholder of the corporation or a specified beneficiary of the trust, as the case may be, at that time if

(*a*) there was in effect at that time an agreement or arrangement under which, on the satisfaction of a condition or the occurrence of an event that it is reasonable to expect will be satisfied or will occur, the particular person ceases to be a specified shareholder of the corporation or a specified beneficiary of the trust; and

(*b*) the purpose for which the particular person became a specified shareholder of the corporation or a specified beneficiary of the trust was the safeguarding of rights or interests of the particular person or a person with whom the particular person is not dealing at arm's length in respect of any indebtedness owing at any time to the particular person or a person with whom the particular person is not dealing at arm's length."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

38. (1) The Act is amended by inserting the following sections after section 173.1:

"**173.2.** For the purposes of sections 169 to 173.1, 173.3 and 174, a corporation not resident in Canada is deemed to be a specified shareholder not resident in Canada of itself and a trust not resident in Canada is deemed to be a specified beneficiary not resident in Canada of itself.

"**173.3.** For the purposes of this Act, where a trust that is resident in Canada designates, for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), an amount for a taxation year in accordance with subsection 5.4 of section 18 of that Act in respect of all or any portion of an amount paid or credited as interest by the trust, or by a partnership, in the year to a person not resident in Canada, the amount so designated is deemed to be income of the trust that has been paid to the person not resident in Canada as a beneficiary of the trust, and not to have been paid or credited by the trust or the partnership as interest, to the extent that an amount in respect of the interest

(*a*) is included in computing the income of the trust for the year under paragraph *m*.1 of section 87; or

(*b*) is not deductible in computing the income of the trust for the year because of section 169.

Chapter V.2 of Title II of Book I applies in relation to a designation made under subsection 5.4 of section 18 of the Income Tax Act."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

(3) For the purposes of section 21.4.7 of the Act in respect of a designation referred to in the first paragraph of section 173.3 of the Act, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 23 April 2016.

39. (1) Section 174 of the Act is amended

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

"**174.** For the purposes of sections 169 to 171, where a particular person, described in the second paragraph, makes a loan to another person on condition that a loan be made by a person to a particular corporation or trust, the lesser of these two loans is deemed to be a debt incurred by the particular corporation or trust to the particular person.";

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

"(*a*) a specified shareholder not resident in Canada of a corporation or a specified beneficiary not resident in Canada of a trust; or

"(*b*) a person not resident in Canada who is not dealing at arm's length with a specified shareholder of a corporation or with a specified beneficiary not resident in Canada of a trust."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

40. (1) Section 174.1 of the Act, enacted by section 132 of chapter 21 of the statutes of 2015, is amended by replacing the portion of paragraph *a* before subparagraph i by the following:

"(*a*) to owe the portion (in this section referred to as the "debt amount") of any debt or other obligation to pay an amount of the partnership and to own the portion of each property of the partnership that is equal to the following proportion of the debt or other obligation:".

(2) Subsection 1 applies to a taxation year that begins after 31 December 2013.

41. (1) Section 175.5 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

"(*b*) the income of the individual or partnership from the business for the taxation year or the fiscal period, as the case may be, computed before deducting any amount referred to in subparagraphs i and ii of subparagraph *a* and without reference to sections 217.2 to 217.9.1."

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

42. Sections 217.5 to 217.8 of the Act are repealed.

43. (1) Division VIII.2 of Chapter V of Title III of Book III of Part I of the Act, comprising sections 217.10 to 217.17, is repealed.

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

44. (1) Section 217.21 of the Act is replaced by the following section:

"**217.21.** The following rules apply for a particular taxation year if an amount was included in computing the income of a corporation in respect of a partnership for the preceding taxation year under section 217.19 or 217.20:

(*a*) the portion of the amount that, because of subparagraph i or ii of paragraph *a* of section 217.22, was income for that preceding taxation year is deductible in computing the income of the corporation for the particular year; and

(*b*) the portion of the amount that, because of subparagraph i or ii of paragraph *a* of section 217.22, was a taxable capital gain for that preceding taxation year is deemed to be an allowable capital loss of the corporation for the particular year from the disposition of property."

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

45. (1) Section 217.22 of the Act is amended

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

"i. an adjusted stub period accrual included under section 217.19 in respect of a partnership for the year is deemed to be income, and taxable capital gains from the disposition of property, having the same character and to be in the same proportions as the income and taxable capital gains that were allocated by the partnership to the corporation for all fiscal periods of the partnership ending in the year,

"ii. an amount included under section 217.20 in respect of a partnership for the year is deemed to be income, and taxable capital gains from the disposition of property, having the same character and to be in the same proportions as the income and taxable capital gains that were allocated by the partnership to the corporation for the particular fiscal period referred to in that section,

"iii. an amount, a portion of which is deductible or is an allowable capital loss under section 217.21 in respect of a partnership for the year, is deemed to have the same character and to be in the same proportions as the income and taxable capital gains included in computing the corporation's income for the preceding taxation year under section 217.19 or 217.20 in respect of the partnership,

"iv. an amount claimed as a reserve under section 217.27 in respect of a partnership for the year is deemed to have the same character and to be in the same proportions as the qualifying transitional income in respect of the partnership for the year, and

"v. an amount, a portion of which is included in computing income under paragraph *a* of section 217.28, or is deemed to be a taxable capital gain under paragraph *b* of section 217.28, in respect of a partnership for the year, is deemed to have the same character and to be in the same proportions as the amount claimed as a reserve under section 217.27 in respect of the partnership for the preceding taxation year; and";

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

"(*b*) the reference in subparagraph i.4 of paragraph *l* of section 257 to an amount deducted under section 217.27 includes an amount that is deemed to be an allowable capital loss under subparagraph *c* of the first paragraph of section 217.27.";

(3) by striking out the second paragraph.

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

46. (1) Sections 217.27 and 217.28 of the Act are replaced by the following sections:

"**217.27.** Where a corporation has qualifying transitional income in respect of a partnership for a particular taxation year, the following rules apply:

(*a*) the corporation may, in computing its income for the particular year, claim an amount, as a reserve, not exceeding the least of

i. the specified percentage for the particular year of the corporation's qualifying transitional income in respect of the partnership,

ii. if, for the preceding taxation year, an amount was claimed under this section in computing the corporation's income in respect of the partnership, the amount that is the aggregate of

(1) the amount included under section 217.28 in computing the corporation's income for the particular year in respect of the partnership, and

(2) the amount by which the corporation's qualifying transitional income in respect of the partnership is increased in the particular year because of the application of sections 217.32 and 217.33, and

iii. the amount determined by the formula

A – B;

(*b*) the portion of the amount claimed under subparagraph *a* for the particular year that, because of subparagraph iv of paragraph *a* of section 217.22, has a

character other than capital is deductible in computing the income of the corporation for the particular year; and

(*c*) the portion of the amount claimed under subparagraph *a* for the particular year that, because of subparagraph iv of paragraph *a* of section 217.22, has the character of capital is deemed to be an allowable capital loss for the particular year from the disposition of property.

In the formula in subparagraph iii of subparagraph *a* of the first paragraph,

(*a*) A is the corporation's income for the particular year computed before deducting or claiming any amount under this section in respect of the partnership or under sections 346.2 to 346.4; and

(*b*) B is the aggregate of all amounts each of which is an amount deductible by the corporation for the year under sections 738 to 749 as a dividend received by the corporation after 20 December 2012.

"**217.28.** Subject to section 217.22, the following rules apply for a particular taxation year if a reserve was claimed by a corporation under section 217.27 in respect of a partnership for the preceding taxation year:

(*a*) the portion of the reserve that was deducted under subparagraph *b* of the first paragraph of section 217.27 for that preceding year is to be included in computing the income of the corporation for the particular year; and

(*b*) the portion of the reserve that was deemed by subparagraph *c* of the first paragraph of section 217.27 to be an allowable capital loss of the corporation for that preceding year is deemed to be a taxable capital gain of the corporation for the particular year from the disposition of property."

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

47. (1) Section 217.29 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**217.29.** No claim may be made under section 217.27 in computing a corporation's income for a taxation year in respect of a partnership".

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

48. (1) Section 217.30 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**217.30.** A corporation that cannot claim an amount under section 217.27 for a taxation year in respect of a partnership solely because it has disposed of its interest in the partnership is deemed for the purposes of paragraphs *a* and *b* of section 217.29 to be a member of the partnership continuously until the end of the taxation year if".

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

49. (1) Section 217.32 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**217.32.** Section 217.33 applies for a particular taxation year of a corporation and for each subsequent taxation year for which the corporation may claim an amount under section 217.27 in respect of a partnership if the particular year is the first taxation year".

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

50. (1) Section 217.33 of the Act is amended

(1) by replacing the portion before subparagraph *a* of the second paragraph of section 217.18 of the Act, which it enacts, by the following:

"**217.33.** If, because of section 217.32, this section applies in respect of a partnership for a taxation year of a corporation, the adjusted stub period accrual included in the corporation's qualifying transitional income in respect of the partnership for the year must be computed as if subparagraphs *a*, *b*, *d* and *f* to *m* of the second paragraph of section 217.18 were read as follows:";

(2) by inserting the following after subparagraph *k* of the second paragraph of section 217.18 of the Act, enacted by section 217.33 of the Act:

""(*l*) L is an amount equal to zero;".

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

51. (1) Division X of Chapter V of Title III of Book III of Part I of the Act, comprising section 221, is repealed.

(2) Subsection 1 applies in respect of an expense incurred in a taxation year that begins after 21 December 2012.

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

(1) by inserting the following paragraphs after paragraph *c*.6:

"(*c*.7) where the property was acquired under a derivative forward agreement, any amount that must be included in respect of the property under subparagraph i of paragraph *z*.7 of section 87 in computing the taxpayer's income for a taxation year;

"(*c*.8) where the property is disposed of under a derivative forward agreement, any amount that must be included in respect of the property under subparagraph ii of paragraph *z*.7 of section 87 in computing the taxpayer's income for the taxation year that includes the particular time;";

(2) by inserting the following subparagraph after subparagraph iv of paragraph *i*:

"iv.1. any amount, in respect of a particular amount described in section 486 or a specified amount described in section 486.1, that is paid by the taxpayer to the partnership, to the extent that the amount paid is not deductible in computing the taxpayer's income,".

(2) Paragraph 1 of subsection 1 has effect from 21 March 2013.

(3) Paragraph 2 of subsection 1 applies in respect of an amount paid in a taxation year that ends after 31 December 2002.

53. (1) Section 255.1 of the Act is replaced by the following section:

"**255.1.** For the purposes of paragraph *c*.6 of section 255, the following rules apply:

(*a*) in respect of a taxpayer's interest in a flow-through entity, where a taxation year of the entity that includes 28 February 2000 or 17 October 2000, or that begins after 28 February 2000 and ends before 17 October 2000, ends in the taxpayer's taxation year, the word "twice" in that paragraph *c*.6 is to be read, with the necessary modifications, as a reference to the fraction that is the reciprocal of the fraction in paragraphs *a* to *d* of section 231.0.1 that applies in respect of the flow-through entity for its taxation year; and

(*b*) where the fair market value of all of a taxpayer's interests in, and shares of the capital stock of, a flow-through entity is nil when the taxpayer disposes of those interests and shares, the fair market value of each such interest or share, as the case may be, is deemed at that time to be $1."

(2) Subsection 1 applies in respect of a disposition of property that occurs after 31 December 2001.

54. (1) Section 257 of the Act, amended by section 148 of chapter 21 of the statutes of 2015, is again amended

(1) by inserting the following paragraphs after paragraph *f*.6:

"(*f*.7) where the property was acquired under a derivative forward agreement, any amount deductible in respect of the property under section 157.2.2 in computing the taxpayer's income for a taxation year;

"(*f*.8) where the property is disposed of under a derivative forward agreement, any amount deductible in respect of the property under section 157.2.2 in computing the taxpayer's income for the taxation year that includes the particular time;";

(2) by replacing subparagraph 3 of subparagraph i.1 of paragraph *n* by the following subparagraph:

"(3) where the trust was resident in Canada throughout its taxation year in which the amount became payable, that was designated by the trust to be payable to the taxpayer under section 667, that is, subject to section 257.4, equal to the amount designated by the trust to be payable to the taxpayer under section 668 or that is an assessable distribution, within the meaning of subsection 1 of section 218.3 of the Income Tax Act, to the taxpayer,".

(2) Paragraph 1 of subsection 1 has effect from 21 March 2013.

55. (1) Section 308.2.1 of the Act is amended

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

"i. shares of the capital stock of the dividend-payer corporation, or";

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

"ii. property, other than shares of the capital stock of the particular corporation, more than 10% of the fair market value of which was, at any time during the course of the series of transactions or events, derived from a combination of shares of the capital stock and debt of the corporation that paid the dividend;";

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

"ii. property more than 10% of the fair market value of which was, at any time during the course of the series of transactions or events, derived from a combination of shares of the capital stock and debt of the particular corporation; and".

(2) Subsection 1 applies in respect of a dividend received after 20 December 2012.

56. (1) Section 308.2.2 of the Act is amended

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

"(*a*) "unrelated person" means a person, other than the particular dividend-recipient corporation, to whom that corporation is not related or a partnership any member of which, other than the particular dividend-recipient corporation, is not related to that corporation;";

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

"(*e*) a significant increase in the total direct interest in a corporation that would, but for this paragraph, be described in paragraph *b* of section 308.2.1

is deemed not to be described in that paragraph if the increase is the result of the issuance of shares of the capital stock of the corporation for consideration that consists solely of money and the shares are redeemed, acquired or cancelled by the corporation before the dividend is received;

"(*f*) a disposition of property that would, but for this paragraph, be described in paragraph *a* of section 308.2.1, or a significant increase in the total direct interest in a corporation that would, but for this paragraph, be described in paragraph *b* of section 308.2.1, is deemed not to be described in either of those paragraphs if

i. the dividend-payer corporation was related to the particular dividend-recipient corporation immediately before the dividend was received,

ii. the dividend-payer corporation did not, as part of the series of transactions or events that includes the receipt of the dividend, cease to be related to the particular dividend-recipient corporation,

iii. the disposition or increase occurred before the dividend was received,

iv. the disposition or increase is the result of the disposition of shares to, or the acquisition of shares of, any corporation, and

v. at the time the dividend was received, all the shares of the capital stock of the dividend-payer corporation and of the particular dividend-recipient corporation were owned by the corporation referred to in subparagraph iv, a corporation that controls the corporation referred to in that subparagraph, a corporation controlled by the corporation referred to in that subparagraph or any combination of those corporations; and

"(*g*) a winding-up of a subsidiary wholly-owned corporation, in respect of which sections 556 to 564.1 and 565 apply, or an amalgamation, in respect of which section 550.9 applies, of a corporation with one or more subsidiary wholly-owned corporations, is deemed not to result in a significant increase in the total direct interest, or in the total of all direct interests, in one or more subsidiaries, as the case may be."

(2) Subsection 1 applies in respect of a dividend received after 31 December 2003.

57. (1) Section 308.3.1 of the Act is amended

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

"(*a*) in contemplation of and before a distribution (other than a distribution by a specified corporation) made by a distributing corporation in the course of the reorganization in which the dividend was received, property became property of the distributing corporation, a corporation controlled by it or a predecessor corporation of any such corporation otherwise than as a result of";

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

"(1) as a result of a disposition in the ordinary course of business, or before the distribution for consideration that consists solely of money or indebtedness that is not convertible into other property, or of any combination thereof,";

(3) by replacing subparagraph 1 of subparagraph i of paragraph *d* by the following subparagraph:

"(1) as a result of a disposition in the ordinary course of business, or before the distribution for consideration that consists solely of money or indebtedness that is not convertible into other property, or of any combination thereof,".

(2) Subsection 1 applies in respect of a dividend received after 31 December 2003.

58. (1) Section 336.5 of the Act is amended

(1) by replacing "$375,000" in paragraphs *c*.1 and *c*.2 of the definition of "additional investment expense" by "$500,000";

(2) by replacing "$375,000" in subparagraphs 2.1 and 2.2 of subparagraph vi of subparagraph *e* of the first paragraph of section 726.6, enacted by paragraph *c* of the definition of "investment income", by "$500,000".

(2) Subsection 1 applies from the taxation year 2014. However, where section 336.5 of the Act applies to the taxation year 2014,

(1) the definition of "additional investment expense" is to be read as if "$500,000" in paragraphs *c*.1 and *c*.2 were replaced by "$400,000"; and

(2) the definition of "investment income" is to be read as if "$500,000" in subparagraphs 2.1 and 2.2 of subparagraph vi of subparagraph *e* of the first paragraph of section 726.6, enacted by paragraph *c* of that definition, were replaced by "$400,000".

59. (1) Section 336.5.1 of the Act is amended

(1) by inserting the following paragraphs after paragraph *a*:

"(*a*.1) Canadian exploration expenses that would be described in paragraph *c*.3 of section 395 if, for the purposes of sections 395.2 and 395.3, the reference in paragraph *c*.1 of section 395 to "Canada" were a reference to "Québec";

"(*a*.2) Canadian exploration expenses that would be described in paragraph *c*.4 or *c*.5 of section 395 if the reference in paragraph *c*.1 of that section to "Canada" were a reference to "Québec";";

(2) by replacing paragraphs *d* and *e* by the following paragraphs:

"(*d*) Canadian development expenses that would be described in any of paragraphs *a*, *a*.1 and *b*.0.1 to *b*.1 of section 408 if the reference in those paragraphs to "Canada", wherever it appears, were a reference to "Québec";

"(*e*) Canadian development expenses that would be described in paragraph *d* of section 408 if the reference in that paragraph to "any expense described in paragraphs *a* to *c*" were replaced by a reference to "any expense that would be described in paragraphs *a*, *a*.1 and *b*.0.1 to *b*.1 if the reference in those paragraphs to "Canada", wherever it appears, were a reference to "Québec""; and".

(2) Paragraph 1 of subsection 1, where it enacts paragraph *a*.1 of section 336.5.1 of the Act, and paragraph 2 of subsection 1 have effect from 22 March 2011. However, where section 336.5.1 of the Act applies before 21 March 2013, it is to be read as if paragraphs *d* and *e* were replaced by the following paragraphs:

"(*d*) Canadian development expenses that would be described in any of paragraphs *a*, *a*.1, *b*.0.1 and *b*.1 of section 408 if the reference in those paragraphs to "Canada", wherever it appears, were a reference to "Québec";

"(*e*) Canadian development expenses that would be described in paragraph *d* of section 408 if the reference in that paragraph to "any expense described in paragraphs *a* to *c*" were replaced by a reference to "any expense that would be described in paragraphs *a*, *a*.1, *b*.0.1 and *b*.1 if the reference in those paragraphs to "Canada", wherever it appears, were a reference to "Québec""; and".

(3) Paragraph 1 of subsection 1, where it enacts paragraph *a*.2 of section 336.5.1 of the Act, has effect from 21 March 2013.

60. (1) Section 359.1 of the Act is amended

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

"**359.1.** In this chapter, "flow-through share" means a share (other than a prescribed share) of the capital stock of a development corporation or a right (other than a prescribed right) to acquire such a share that is issued to a person under an agreement in writing entered into between the person and the development corporation under which the corporation, for consideration that does not include property to be exchanged or transferred by the person under the agreement in circumstances to which Division XIII of Chapter IV of Title IV or any of Chapters IV, V and VI of Title IX applies, agrees

(*a*) to incur, in the period that begins on the day the agreement was entered into and ends 24 months after the end of the month that includes that day, Canadian exploration expenses or Canadian development expenses in an amount not less than the consideration for which the share or right is to be issued; and

(*b*) to renounce, before 1 March of the first calendar year that begins after the period referred to in subparagraph *a*, in prescribed form to the person in respect of the share or right, an amount in respect of the Canadian exploration expenses or Canadian development expenses so incurred by it not exceeding the consideration received by the corporation for the share or right.";

(2) by striking out the second paragraph.

(2) Subsection 1 applies in respect of an agreement entered into after 20 December 2002.

61. (1) Section 359.2 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**359.2.** Where a person gave consideration under an agreement to a corporation for the issue of a flow-through share of the corporation and, in the period that begins on the day the agreement was entered into and ends 24 months after the end of the month that includes that day, the corporation incurred Canadian exploration expenses (other than expenses deemed to be Canadian exploration expenses of the corporation under the first paragraph of section 399.3), the corporation may, after it complies with section 359.10 in respect of the share and before 1 March of the first calendar year that begins after that period, renounce to the person in respect of the share the amount by which the part of those expenses incurred by it on or before the effective date of the renunciation, which part is in this section referred to as the "specified expenses", exceeds the aggregate of".

(2) Subsection 1 applies in respect of a renunciation made after 20 December 2002.

62. (1) Section 359.8 of the Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

"ii. would be described in paragraph *d* of section 395 if the reference in that paragraph to paragraphs *a* to *b*.1 and *c* to *c*.5 were read as a reference to paragraphs *a*, *b*.1, *c* and *c*.2 of that section, or".

(2) Subsection 1 has effect from 22 March 2011. However, where it applies before 21 March 2013, subparagraph ii of paragraph *a* of section 359.8 of the Act is to be read as follows:

"ii. would be described in paragraph *d* of section 395 if the reference in that paragraph to paragraphs *a* to *b*.1 and *c* to *c*.3 were read as a reference to paragraphs *a*, *b*.1, *c* and *c*.2 of that section, or".

63. (1) Section 359.16 of the Act is replaced by the following section:

"**359.16.** For the purposes of paragraph *c*.0.1 of section 359, the first paragraph of section 359.1 and sections 359.2 to 359.15, 359.18, 359.19 and

419.0.1, a partnership is deemed to be a person and its taxation year is deemed to be its fiscal period."

(2) Subsection 1 has effect from 21 December 2002.

64. (1) Section 395 of the Act is amended

(1) by adding ", as the case may be," after "is" in the portion before paragraph *a*;

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

"(*c*.1) any expense incurred by the taxpayer after 16 November 1978 and before 21 March 2013 for the purpose of bringing a new mine in a mineral resource in Canada, other than a bituminous sands deposit or an oil shale deposit, into production in reasonable commercial quantities, including any expense for clearing, removing overburden and stripping, sinking a mine shaft and constructing an adit or other underground entry, to the extent that the expense was incurred prior to the commencement of production from the new mine in reasonable commercial quantities;";

(3) by inserting the following paragraphs after paragraph *c*.3:

"(*c*.4) any expense that would be described in paragraph *c*.1 if that paragraph were read as if "21 March 2013" were replaced by "1 January 2017" and that is incurred by the taxpayer

i. in accordance with an agreement in writing entered into by the taxpayer before 21 March 2013, or

ii. as part of the development of a new mine, if

(1) construction work in relation to the new mine, other than work that involves obtaining permits or regulatory approvals, conducting environmental assessments, community consultations or impact benefit studies, and similar activities, was started by, or on behalf of, the taxpayer before 21 March 2013, or

(2) engineering and design work for the construction of the new mine, as evidenced in writing, other than work that involves obtaining permits or regulatory approvals, conducting environmental assessments, community consultations or impact benefit studies, and similar activities, was started by, or on behalf of, the taxpayer before 21 March 2013;

"(*c*.5) the portion of any expense not described in paragraph *c*.4 that would be described in paragraph *c*.1 if that paragraph *c*.1 were read as if "21 March 2013" were replaced by "1 January 2018" and that is

i. 100% of the expense if it is incurred before 1 January 2015,

ii. 80% of the expense if it is incurred in the calendar year 2015,

iii. 60% of the expense if it is incurred in the calendar year 2016, and

iv. 30% of the expense if it is incurred in the calendar year 2017;";

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

"(*d*) subject to section 418.37, the taxpayer's share of the expenses described in paragraphs *a* to *b*.1 and *c* to *c*.5 and incurred by a partnership in a fiscal period of the partnership, if at the end of the period the taxpayer is a member of the partnership; or".

(2) Paragraphs 1 and 4 of subsection 1 have effect from 22 March 2011. However, where paragraph *d* of section 395 of the Act applies before 21 March 2013, it is to be read as follows:

"(*d*) subject to section 418.37, the taxpayer's share of the expenses described in paragraphs *a* to *b*.1 and *c* to *c*.3 and incurred by a partnership in a fiscal period of the partnership, if at the end of the period the taxpayer is a member of the partnership; or".

(3) Paragraphs 2 and 3 of subsection 1 have effect from 21 March 2013.

65. (1) Section 395.2 of the Act is amended by replacing the first paragraph by the following paragraph:

"**395.2.** For the purposes of paragraph *c*.3 of section 395, "eligible oil sands mine development expense" means the aggregate of all amounts each of which is the product obtained by multiplying, by the percentage specified in the second paragraph, an expense (other than an expense that is a specified oil sands mine development expense described in section 395.3) that is incurred by a taxpayer after 21 March 2011 but on or before 31 December 2015 and that would be described in paragraph *c*.1 of section 395 if that paragraph were read without reference to "and before 21 March 2013" and ", other than a bituminous sands deposit or an oil shale deposit,"."

(2) Subsection 1 has effect from 21 March 2013.

66. (1) Section 395.3 of the Act is amended by replacing the first paragraph by the following paragraph:

"**395.3.** For the purposes of paragraph *c*.3 of section 395, "specified oil sands mine development expense" means an expense that is incurred by a taxpayer after 21 March 2011 but on or before 31 December 2014 to achieve completion of a specified oil sands mine development project of the taxpayer and that would be described in paragraph *c*.1 of section 395 if that paragraph were read without reference to "and before 21 March 2013" and ", other than a bituminous sands deposit or an oil shale deposit,"."

(2) Subsection 1 has effect from 21 March 2013.

67. (1) Section 398 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) all amounts included in computing the taxpayer's income under paragraph *d* of section 330 for a taxation year ending before that time;".

(2) Subsection 1 applies to a taxation year that ends after 5 November 2010.

68. (1) The Act is amended by inserting the following section after section 401:

"**401.1.** The expense of a taxpayer that is described in paragraph *c* or *c*.1 of section 395 and that, because of paragraph *c*.2 of section 396, is not included in the taxpayer's Canadian exploration expense is deemed not to be an amount or payment described in section 129."

(2) Subsection 1 applies in respect of an expense incurred after 5 November 2010.

69. (1) Section 408 of the Act is amended

(1) by inserting the following paragraph after paragraph *b*.0.1:

"(*b*.0.2) any expense, or portion of any expense, that is not a Canadian exploration expense, incurred by the taxpayer after 20 March 2013 for the purpose of bringing a new mine in a mineral resource in Canada, other than a bituminous sands deposit or an oil shale deposit, into production in reasonable commercial quantities, including an expense for clearing, removing overburden and stripping, sinking a mine shaft and constructing an adit or other underground entry, to the extent that the expense was incurred prior to the commencement of production from the new mine in reasonable commercial quantities;";

(2) by replacing "2006" in the portion of paragraph *c* before subparagraph i by "2007".

(2) Paragraph 1 of subsection 1 has effect from 21 March 2013.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2007.

70. (1) Section 411 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) all amounts included in computing the taxpayer's income under paragraph *e* of section 330 for a taxation year ending before that time;".

(2) Subsection 1 applies to a taxation year that ends after 5 November 2010.

71. (1) Section 418.1.3 of the Act is amended

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

"(*a*.1) the foreign resource expenses, in relation to the foreign country, attributable to the cost to the taxpayer of any foreign resource property in relation to that country that is deemed to have been acquired by the taxpayer under paragraph *c* of section 785.1 at the last time before the particular time that the taxpayer became resident in Canada;";

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

"(*b*) each amount included in computing the taxpayer's income under paragraph *e*.1 of section 330, in relation to the foreign country, for a taxation year ending before the particular time and at a resident time;".

(2) Paragraph 1 of subsection 1 has effect from 1 January 2005.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 5 November 2010.

72. (1) Section 418.2 of the Act is amended by replacing the portion of paragraph *a* before subparagraph i by the following:

"(*a*) despite section 144, the cost to the taxpayer of property described in any of paragraphs *a*, *c* and *d* of section 370 or in paragraph *f* of that section in respect of property described in any of paragraphs *a*, *c* and *d* of that section, including any payment for the preservation of a taxpayer's rights in respect of such a property or an amount paid or, except for the application of this paragraph to a taxation year that begins after 31 December 2007, payable to Her Majesty in right of the Province of Saskatchewan as a net royalty payment pursuant to a net royalty petroleum and natural gas lease that was in effect on 31 March 1977 to the extent that such amount can reasonably be considered to be a cost of acquiring the lease, but excluding, except for the application of this paragraph to a taxation year that begins after 31 December 2007,".

(2) Subsection 1 has effect from 1 January 2007.

73. (1) The Act is amended by inserting the following section after section 418.29:

"**418.29.1.** If there has been an amalgamation within the meaning of section 544, other than an amalgamation to which subsection 4 of that section applies, of two or more corporations (each of which is referred to in this section as a "predecessor corporation") to form a new corporation and immediately before the time of the amalgamation a predecessor corporation was a member of a partnership that owned a Canadian resource property or a foreign resource property at that time, for the purposes of subparagraph *c* of the first paragraph of section 418.15 and sections 418.16 to 418.21, the following rules apply:

(*a*) the predecessor corporation is deemed to have owned, immediately before the time of the amalgamation, that portion of each Canadian resource property and of each foreign resource property owned by the partnership at the time of the amalgamation that is equal to the predecessor corporation's percentage share of the aggregate of the amounts that would be paid to all members of the partnership if the partnership were wound up and to have disposed of those portions to the new corporation at the time of the amalgamation;

(*b*) the new corporation is deemed to have, as a consequence of the amalgamation, acquired the portions of property referred to in paragraph *a* at the time of the amalgamation; and

(*c*) the income of the new corporation for a taxation year that ends after the time of the amalgamation that can reasonably be attributable to production from the properties referred to in paragraph *a* is deemed to be equal to the lesser of

i. the new corporation's share of the part of the income of the partnership for fiscal periods of the partnership that end in the year that can reasonably be regarded as being attributable to production from those properties, and

ii. the amount that would be determined in accordance with subparagraph i for the year if the new corporation's share of the income of the partnership for each of the fiscal periods of the partnership that end in the year were determined on the basis of the percentage share referred to in paragraph *a*."

(2) Subsection 1 applies in respect of an amalgamation that occurred after 31 December 1996.

74. (1) Section 418.39 of the Act is amended

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

"(*a*) the expression "at-risk amount" of a taxpayer in respect of the taxpayer's partnership interest has the meaning that would be assigned by section 613.2 if paragraph *a* of section 613.3 were read as follows:

"(*a*) the aggregate of all amounts each of which is an amount owing at the particular time to the partnership, or to a person or partnership not dealing at arm's length with the partnership, by the taxpayer or by a person or partnership not dealing at arm's length with the taxpayer, other than an amount that is

i. any amount deducted under subparagraph i.3 of paragraph *l* of section 257 in computing the adjusted cost base, or under Title VIII of Book VI in computing the cost, to the taxpayer of the taxpayer's partnership interest at that time, or

ii. any amount owing by the taxpayer to a person in respect of which the taxpayer is a subsidiary wholly-owned corporation or where the taxpayer is a trust, to a person that is the sole beneficiary of the taxpayer; and";";

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

"(*a*.1) the expression "limited partner" of a partnership has the meaning assigned by section 613.6;";

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

"For the purposes of the definition of "limited partner" of a partnership in subparagraph *a*.1 of the first paragraph, the definition of "exempt interest" in sections 613.7 and 613.8 is to be read as if "25 February 1986", "26 February 1986", "1 January 1987", "12 June 1986" and "final prospectus, preliminary prospectus, registration statement" wherever they appear in that definition were replaced by "17 June 1987", "18 June 1987", "1 January 1988", "18 June 1987" and "final prospectus, preliminary prospectus, registration statement, offering memorandum or notice that is required to be filed before any distribution of securities may commence", respectively."

(2) Subsection 1 applies in respect of a fiscal period that ends after 31 December 2003.

75. (1) Section 421.2 of the Act is amended by replacing subparagraphs 1 and 2 of subparagraph iii of subparagraph *d*.1 of the first paragraph by the following subparagraphs:

"(1) outside any population centre, as defined by the last Census Dictionary published by Statistics Canada before the year, that has a population of at least 40,000 individuals as determined in the last census published by Statistics Canada before the year, and

"(2) at least 30 km from the nearest point on the boundary of the nearest such population centre referred to in subparagraph 1;".

(2) Subsection 1 applies from the taxation year 2013.

76. (1) The Act is amended by inserting the following after the heading of Division IV of Chapter VI of Title VII of Book III of Part I:

"§1.—*Reimbursement of royalties in relation to natural resources*".

(2) Subsection 1 has effect from 1 January 2007.

77. (1) Section 486 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**486.** For the application of this Part, except this section, to a taxation year that ends on or before 31 December 2006, where a taxpayer, under a contract, pays to another person a particular amount that may reasonably be considered to have been received by the other person as a reimbursement, contribution or allowance in respect of an amount paid or payable by the other person, the latter amount is included in computing the income of that other person under section 89 or is not deductible in computing the income of such other person because of section 144 and the taxpayer, at the time of payment of the particular amount, was resident in Canada or carrying on business in Canada, the following rules apply:".

(2) Subsection 1 has effect from 1 January 2007.

78. (1) The Act is amended by inserting the following after section 486:

"**486.1.** Sections 486.2 to 486.11 apply if

(*a*) a taxpayer, under a contract, pays to another person (in this subdivision referred to as the "recipient") an amount (in this subdivision referred to as the "specified amount"), in a taxation year of the taxpayer that ends after 31 December 2006, that may reasonably be considered to be received by the recipient as a reimbursement of, or a contribution or an allowance in respect of, an amount (in this subdivision referred to as the "original amount") that is described in section 144 and was paid or is payable by the recipient, or that is, in respect of the recipient, an amount described in section 89;

(*b*) the original amount is paid or became payable or receivable in a taxation year or fiscal period of the recipient that begins before 1 January 2007; and

(*c*) the taxpayer is resident in Canada or carries on business in Canada when the specified amount is paid.

"**486.2.** Where the specified amount is paid by a taxpayer in a taxation year of the taxpayer that begins before 1 January 2008, the eligible portion of the specified amount, determined under section 486.9, is deemed to be an amount described in section 144 that is paid by the taxpayer.

The specified amount that is paid by a taxpayer in a taxation year of the taxpayer that begins after 31 December 2007 is deemed, for the purpose of applying this subdivision to the taxpayer, to be nil.

"**486.3.** For the purpose of applying section 144 for the taxpayer's taxation year in which the taxpayer pays a specified amount, the amount to which section 144 applies is to be determined as if,

(*a*) where the taxpayer was in existence at the time the original amount became receivable by a person referred to in section 90 or became payable to such a person, the specified amount had been paid by the taxpayer at that time; and

(*b*) in any other case, the taxpayer were in existence and had a calendar taxation year at the time the original amount became receivable by a person referred to in section 90 or became payable to such a person and the specified amount had been paid by the taxpayer at that time.

The first paragraph does not apply to a specified amount paid by a taxpayer if

(*a*) the recipient is a partnership;

(*b*) the original amount became receivable by a person referred to in section 90 or became payable to such a person in a particular fiscal period of the partnership;

(*c*) the taxpayer is a member of the partnership at the end of the particular fiscal period; and

(*d*) the taxpayer paid the specified amount before the end of the taxation year of the taxpayer in which the particular fiscal period ends.

"**486.4.** The recipient shall include, in computing the recipient's income for the taxation year or fiscal period in which the original amount was paid or became payable or receivable, the amount by which the eligible portion of the specified amount, determined under section 486.9, exceeds the portion of the original amount that is included because of section 89, or that is not deductible because of section 144, in computing the income of the recipient for the taxation year or fiscal period.

"**486.5.** For the purposes of section 486.4, the portion of the original amount that was included in computing the income of the recipient or that was not deductible in computing the income of the recipient is the amount that would be included in computing the income of the recipient under section 89 or that would not be deductible in computing the income of the recipient under section 144, if the original amount were equal to the eligible portion of the specified amount, determined under section 486.9.

"**486.6.** The recipient shall include, in computing the recipient's income for its taxation year or fiscal period in which the original amount was paid or became payable or receivable, the amount by which the specified amount exceeds the eligible portion of the specified amount, determined under section 486.9.

"**486.7.** Subject to sections 128 and 129, the taxpayer may deduct, in computing the taxpayer's income for the taxpayer's taxation year in which the specified amount was paid, the amount by which the specified amount exceeds the eligible portion of the specified amount, determined under section 486.9.

"**486.8.** Except for the purposes of subparagraph iv.1 of paragraph *i* of section 255 and this subdivision, the following rules apply:

(*a*) the taxpayer is deemed not to have paid, and not to be obligated to pay, the specified amount; and

(*b*) the recipient is deemed not to have received, and not to have become entitled to receive, the specified amount.

"**486.9.** The eligible portion of a specified amount means

(*a*) the specified amount if

i. the original amount is a tax imposed under a provincial law in relation to the production of

(1) petroleum, natural gas or other related hydrocarbons from a natural accumulation of petroleum or natural gas (other than a mineral resource) located in Canada, or from an oil or gas well located in Canada if the petroleum, natural gas or related hydrocarbons are not, before extraction, owned by the State or the Crown in right of Canada or a province, other than Québec, or

(2) metals, minerals or coal from a mineral resource located in Canada if the metals, minerals or coal are not, before extraction, owned by the State or the Crown in right of Canada or a province, other than Québec,

ii. the specified amount does not exceed the taxpayer's share of the original amount, determined under section 486.10, or

iii. the original amount is a prescribed amount; or

(*b*) the taxpayer's share of the original amount, determined under section 486.10, in any other case.

"**486.10.** A taxpayer's share of an original amount in respect of a specified amount paid by the taxpayer to a recipient in respect of a property is the amount that may reasonably be considered to be the taxpayer's share of the aggregate of all amounts each of which is an amount described in section 89 or 144 in respect of the property, which share may not exceed the total of

(*a*) the amount that is that proportion of the aggregate of all amounts each of which is an amount described in section 89 or 144 in respect of the property that the taxpayer's share of production from the property payable to the taxpayer as a royalty, which royalty is computed without reference to the costs of exploration or production, is of the total production from the property; and

(*b*) the amount that is that proportion of the aggregate of all amounts each of which is an amount described in section 89 or 144 in respect of the property (other than an amount which the recipient has received or is entitled to receive as a reimbursement, contribution or allowance in respect of a royalty described in paragraph *a*) that the taxpayer's share of the income from the property is of the total income from the property.

"**486.11.** For the purposes of Chapter III of Title XVI of the Regulation respecting the Taxation Act (chapter I-3, r. 1), an original amount in respect of which a specified amount is received is deemed, for the taxation year in which the original amount is paid or became payable or receivable, not to include an amount equal to the eligible portion of the specified amount, determined under section 486.9.

"§2.—*Special deductions in respect of farming and animal husbandry*".

(2) Subsection 1 has effect from 1 January 2007.

(3) Despite sections 1010 to 1011 of the Taxation Act (chapter I-3), the Minister of Revenue may, under Part I of that Act, make any assessments of a taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

79. (1) The Act is amended by inserting the following after section 487.0.4:

"§3.—*Benefits arising from a loan*".

(2) Subsection 1 has effect from 1 January 2007.

80. (1) Section 497 of the Act, amended by section 177 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

"(*a*) the amount by which the aggregate of all amounts, other than eligible dividends or amounts described in any of subparagraphs *c* to *e*, received by the taxpayer in the year from corporations resident in Canada as, on account of, in lieu of payment of or in satisfaction of, taxable dividends exceeds, if the taxpayer is an individual, the aggregate of all amounts each of which is, or is deemed under subparagraph *b* of the third paragraph of section 21.33.2 to have been, paid by the taxpayer in the year and deemed under section 21.32 to have been received by another person as a taxable dividend (other than an eligible dividend);

"(*b*) the amount by which the aggregate of all amounts, other than amounts included in computing the taxpayer's income because of any of subparagraphs *c* to *e*, received by the taxpayer in the year from corporations resident in Canada as, on account of, in lieu of payment of or in satisfaction of, eligible dividends exceeds, if the taxpayer is an individual, the aggregate of all amounts each of which is, or is deemed under subparagraph *b* of the third paragraph of section 21.33.2 to have been, paid by the taxpayer in the year and deemed under section 21.32 to have been received by another person as an eligible dividend;";

(2) by replacing "taxation year" wherever it appears in the following provisions by "year":

— subparagraphs *c* and *e* of the first paragraph;

— subparagraph *a* of the second paragraph;

— the portion of subparagraph *b* of the second paragraph before subparagraph i;

(3) by replacing subparagraph *d* of the first paragraph by the following subparagraph:

"(*d*) the aggregate of the taxable dividends, other than taxable dividends described in subparagraph *c*, received by the taxpayer in the year from corporations resident in Canada that are not taxable Canadian corporations; and".

(2) Paragraph 1 of subsection 1 applies in respect of an amount received or paid after 23 March 2006.

(3) In addition, where section 497 of the Act applies in respect of an amount paid before 24 March 2006,

(1) in respect of an arrangement made after 2 November 1998, where the parties to the arrangement have made an election under paragraph 2 of subsection 2 of section 9, or after 20 December 2002, in any other case, subparagraph *b* of the first paragraph of that section 497 is to be read as follows:

"(*b*) the amount by which the aggregate of all amounts received by the taxpayer in the year from corporations resident in Canada as, on account of, in lieu of payment of or in satisfaction of, taxable dividends, other than an amount included in computing the taxpayer's income by reason of subparagraph *a* or *a*.1, exceeds, where the taxpayer is an individual, the aggregate of all amounts each of which is, or is deemed under subparagraph *b* of the third paragraph of section 21.33.2 to have been, paid by the taxpayer in the year and deemed under section 21.32 to have been received by another person as a taxable dividend."; and

(2) in respect of an arrangement made after 31 December 2001 and before 21 December 2002, where the parties to the arrangement have not made an election under paragraph 2 of subsection 2 of section 9, subparagraph *b* of the first paragraph of that section 497 is to be read as follows:

"(*b*) the amount by which the aggregate of all amounts received by the taxpayer in the year from corporations resident in Canada as, on account of, in lieu of payment of or in satisfaction of, taxable dividends, other than an amount included in computing the taxpayer's income by reason of subparagraph *a* or *a*.1, exceeds, where the taxpayer is an individual, the aggregate of all amounts each of which is paid by the taxpayer in the year and deemed under section 21.32 to have been received by another person as a taxable dividend."

81. (1) Section 524.0.1 of the Act is amended

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

"**524.0.1.** Where incorporeal capital property in respect of a business of a taxpayer was disposed of by the taxpayer to a corporation and the election referred to in section 518 was made in respect of the property, the corporation shall, for the purpose of determining after the disposition time the amount to be included under paragraph *a* or *b* of section 105 in computing its income,

(*a*) add to the amount otherwise determined under subparagraph *c* of the second paragraph of section 105.2, the amount determined by the formula

$1/2 \times [(A \times B/C) - 2(D - E)] + F + G$; and

(*b*) add to the amount otherwise determined under subparagraph *a* of the first and second paragraphs of section 107, the amount determined by the formula

$(H \times B/C) + I + J$.

In the formulas in the first paragraph,

(*a*) A is the amount determined in respect of the taxpayer's business under subparagraph ii of subparagraph *a* of the second paragraph of section 107 immediately before the disposition time;

(*b*) B is the fair market value immediately before the disposition time of the incorporeal capital property; and

(*c*) C is the total of the fair market value immediately before the disposition time of all incorporeal capital property of the taxpayer in respect of the taxpayer's business and each amount that was described in subparagraph *b* in respect of an earlier disposition made after the taxpayer's adjustment time;";

(2) by adding the following subparagraphs after subparagraph *e* of the second paragraph:

"(*e*.1) F is the total of all amounts each of which is an amount determined under subparagraph *a* of the first paragraph as it applied to the taxpayer in respect of a disposition to the corporation on or before the disposition time;

"(*e*.2) G is the total of all amounts each of which is an amount determined under paragraph *b* of section 560.3 as it applied to the taxpayer in respect of a winding-up before the disposition time;

"(*e*.3) H is the amount that would be determined under subparagraph *a* of the second paragraph of section 107 in respect of the taxpayer's business at

the beginning of the taxpayer's subsequent taxation year if the taxpayer's taxation year that includes the disposition time had ended immediately after the disposition time and if, in respect of the disposition, this Act were read without reference to section 524.0.2;

"(*e*.4) I is the total of all amounts each of which is an amount determined under subparagraph *b* of the first paragraph as it applied to the taxpayer in respect of a disposition to the corporation on or before the disposition time; and

"(*e*.5) J is the total of all amounts each of which is an amount determined under paragraph *a* of section 560.3 as it applied to the taxpayer in respect of a winding-up before the disposition time;".

(2) Subsection 1, except where it enacts subparagraph *b* of the first paragraph and subparagraphs *e*.3 to *e*.5 of the second paragraph of section 524.0.1 of the Act, applies to a taxation year of a corporation that ends after 20 December 2002.

(3) Subsection 1, where it enacts subparagraph *b* of the first paragraph and subparagraphs *e*.3 to *e*.5 of the second paragraph of section 524.0.1 of the Act, applies in respect of a disposition of incorporeal capital property by a taxpayer to a corporation unless

(1) the disposition by the taxpayer occurs before 21 December 2002; and

(2) the corporation disposed of the incorporeal capital property, before 7 June 2007 and in a taxation year of the corporation ending after 27 February 2000, to a person with whom the corporation was dealing at arm's length at the disposition time.

82. (1) The Act is amended by inserting the following section after section 524.0.1:

"**524.0.2.** Where incorporeal capital property in respect of a business of a taxpayer was disposed of by the taxpayer to a corporation and the election referred to in section 518 was made in respect of the property, the taxpayer shall, for the purpose of determining after the disposition time the amount to be included under paragraph *a* or *b* of section 105 in computing the taxpayer's income, deduct from the amount otherwise determined under subparagraph *b* of the second paragraph of section 105.2 and subparagraph *a* of the second paragraph of section 107 the amount determined under subparagraph *b* of the first paragraph of section 524.0.1 in respect of the disposition."

(2) Subsection 1 applies in respect of a disposition of incorporeal capital property made by a taxpayer to a corporation unless

(1) the disposition by the taxpayer occurs before 21 December 2002; and

(2) the corporation disposed of the incorporeal capital property, before 7 June 2007 and in a taxation year of the corporation ending after 27 February 2000, to a person with whom the corporation was dealing at arm's length at the disposition time.

83. (1) Section 550.7 of the Act is amended

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

"**550.7.** Where there has been an amalgamation of two or more corporations each of which is a development corporation, within the meaning of section 363, or a corporation that at no time carried on business, and a predecessor corporation entered into an agreement with a person at a particular time under which the predecessor corporation issued to the person before the amalgamation, for consideration given by the person, a share (in this section referred to as the "old share") that was a flow-through share other than a right to acquire a share, or a right to acquire a share that would be a flow-through share if it were issued, the following rules apply for the purposes of section 359.8 and Part III.14 and for the purpose of renouncing an amount under any of sections 359.2, 359.2.1 and 359.4 in respect of Canadian exploration expenses or Canadian development expenses that would, but for the renunciation, be incurred by the new corporation after the amalgamation:";

(2) by replacing subparagraphs *c* and *d* of the first paragraph in the French text by the following subparagraphs:

"*c*) l'action donnée visée au deuxième alinéa est réputée une action accréditive de la nouvelle société;

"*d*) la nouvelle société est réputée la même société que la société remplacée.";

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

"The particular share referred to in the first paragraph is a share of any class of the capital stock of the new corporation

(*a*) that the new corporation issues on the amalgamation to the person referred to in the first paragraph or to a person or partnership that subsequently acquired the old share in consideration for the disposition of the old share of the predecessor corporation and the attributes of which are similar to the attributes of the old share; or

(*b*) that the new corporation is obliged after the amalgamation to issue to the person referred to in the first paragraph pursuant to the right of that person to acquire a share of the capital stock of the predecessor corporation that would have been a flow-through share if it had been issued, and that would, if it were issued, be a flow-through share.";

(4) by replacing “Aux fins” in the third paragraph in the French text by “Pour l’application”.

(2) Subsection 1 applies in respect of an amalgamation that occurred after 31 December 1997. However, where section 550.7 of the Act applies in respect of an amalgamation that occurred before 1 January 1999, it is to be read as if “and 359.4 in respect of Canadian exploration expenses or Canadian development expenses” in the portion of the first paragraph before subparagraph *a* were replaced by “, 359.4 and 359.6 in respect of Canadian exploration expenses, Canadian development expenses or Canadian oil and gas property expenses”.

84. (1) The Act is amended by inserting the following section after section 555.2.2:

“**555.2.2.1.** For the purposes of the second paragraph of section 550.7, a share of the particular corporation issued to a shareholder in consideration for a share of any class of the capital stock of a predecessor corporation is deemed to be a share of any class of the capital stock of the new corporation issued to the shareholder by the new corporation on the merger, and an obligation of the particular corporation to issue a share of a class of its capital stock to a person in circumstances described in subparagraph *b* of the second paragraph of section 550.7 is deemed to be an obligation of the new corporation to issue a share to the person.”

(2) Subsection 1 applies in respect of an amalgamation that occurred after 31 December 1997.

85. (1) Section 560.1.1 of the Act is amended

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

“(*a*) “specified person”, at a particular time, means

i. the parent,

ii. each person who would be related to the parent at that time if

(1) paragraph *b* of section 20 were not taken into account, and

(2) each person who is the child of a deceased individual were related to each brother or sister of the individual and to each child of a deceased brother or sister of the individual, and

iii. if the particular time is before the incorporation of the parent, each person who is described in subparagraph ii throughout the period that begins at the time the parent is incorporated and ends at the time that is immediately before the beginning of the winding-up;”;

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

"(*a*.1) a person described in subparagraph ii or iii of paragraph *a* is deemed not to be a specified person if it can reasonably be considered that one of the main purposes of one or more transactions or events is to cause the person to become a specified person so as to prevent a property that is distributed to the parent on the winding-up from being, for the purposes of section 559, a property described in the third paragraph of that section;";

(3) by inserting the following subparagraphs after subparagraph i of paragraph *c*:

"i.1. a corporation controlled by another corporation is, at a particular time, deemed not to own any shares of the capital stock of the other corporation if, at that time, the corporation does not have a direct or an indirect interest in any of the shares of the capital stock of the other corporation,

"i.2. section 21.18 is to be read without reference to its paragraph *a* in respect of any share of the capital stock of the subsidiary that the person would, but for this subparagraph, be deemed to own solely because the person has a right described in paragraph *b* of section 20 to acquire shares of the capital stock of a corporation that

(1) is controlled by the subsidiary, and

(2) does not have a direct or an indirect interest in any of the shares of the capital stock of the subsidiary, and";

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

"(*d*) property that is distributed to the parent on the winding-up is deemed not to be acquired by a person if the person acquired the property before the acquisition of control referred to in subparagraph i of subparagraph *d* of the third paragraph of section 559 and the property is not owned by the person at any time after that acquisition of control."

(2) Subsection 1 applies in respect of a winding-up that begins after 31 December 2001 or an amalgamation that occurs after that date.

86. (1) Section 560.1.2 of the Act is amended

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

"(*a*) property, other than specified property, owned by the person at a particular time after the acquisition of control referred to in subparagraph i of that subparagraph *d* more than 10% of the fair market value of which is, at the particular time, attributable to the particular property or properties; and";

(2) by replacing “réfère le premier alinéa” in the portion of the second paragraph before subparagraph *a* in the French text by “le premier alinéa fait référence”;

(3) by adding the following subparagraphs after subparagraph *c* of the second paragraph:

“(*d*) a share of the capital stock of the subsidiary or a debt owing by the subsidiary, where the share or debt was owned by the parent immediately before the winding-up; or

“(*e*) a share of the capital stock of a corporation or a debt owing by a corporation, where the fair market value of the share or debt was not, at any time after the beginning of the winding-up, wholly or partly attributable to property distributed to the parent on the winding-up.”

(2) Paragraph 1 of subsection 1 applies in respect of a winding-up that begins after 20 December 2012 or an amalgamation that occurs after that date.

(3) Paragraph 3 of subsection 1 applies in respect of a winding-up that begins after 31 December 1997 or an amalgamation that occurs after that date.

87. (1) Section 560.1.3 of the Act is amended

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

“(*a*) a share of the capital stock of the parent that was received as consideration for the acquisition of a share of the capital stock of the subsidiary by the parent or by a corporation that was a specified subsidiary corporation of the parent immediately before the acquisition, or issued for consideration that consists solely of money;”;

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

“(*b*) an indebtedness that was issued by the parent as consideration for the acquisition of a share of the capital stock of the subsidiary by the parent, or for consideration that consists solely of money;”;

(3) by replacing subparagraph *e* of the first paragraph by the following subparagraph:

“(*e*) where the subsidiary was formed on the amalgamation of two or more particular corporations at least one of which was a subsidiary wholly-owned corporation of the parent,

i. a share of the capital stock of the subsidiary that was issued on the amalgamation and that is, before the beginning of the winding-up, redeemed,

acquired or cancelled by the subsidiary for consideration that consists solely of money or shares of the capital stock of the parent, or of any combination of the two, or exchanged for shares of the capital stock of the parent, or

ii. a share of the capital stock of the parent issued on the amalgamation in exchange for a share of the capital stock of one of the particular corporations.";

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

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

(*a*) a corporation is a specified subsidiary corporation of another corporation, at a particular time, where the other corporation holds, at that time, shares of the corporation

i. that give the shareholder 90% or more of the votes that could be cast under all circumstances at an annual meeting of shareholders of the corporation, and

ii. having a fair market value of 90% or more of the fair market value of all the issued shares of the capital stock of the corporation; and

(*b*) a reference to a share of the capital stock of a corporation includes a right to acquire a share of the capital stock of the corporation."

(2) Paragraph 1 of subsection 1 applies in respect of a winding-up that begins after 31 December 1997 or an amalgamation that occurs after that date.

(3) Paragraphs 2 to 4 of subsection 1 apply in respect of a winding-up that begins after 31 December 2001 or an amalgamation that occurs after that date. In addition, where section 560.1.3 of the Act applies in respect of a winding-up that begins after 31 December 2001 and before 21 December 2012 or an amalgamation that occurs after 31 December 2001 and before 21 December 2012 or, in the case provided for in subsection 4, in respect of a winding-up that begins after 31 December 2001 and before 1 July 2013 or an amalgamation that occurs after 31 December 2001 and before 1 July 2013, it is to be read as if the following subparagraph were added after subparagraph *e* of the first paragraph:

"(*f*) a share of the capital stock of a corporation issued to a person described in subparagraph ii of subparagraph *d* of the third paragraph of section 559 if all the shares of the capital stock of the subsidiary were acquired by the parent for consideration that consists solely of money."

(4) The case to which subsection 3 refers is that where a taxable Canadian corporation (in this subsection and subsection 5 referred to as the "parent corporation") has acquired control of another taxable Canadian corporation (in this subsection and subsection 5 referred to as the "subsidiary corporation") before 21 December 2012, or was obligated as evidenced in writing to acquire control of the subsidiary corporation before 21 December 2012 and the parent

corporation had the intention as evidenced in writing to amalgamate with, or wind up, the subsidiary corporation before 21 December 2012.

(5) For the purposes of subsection 4, the parent corporation is not considered to be obligated to acquire control of the subsidiary corporation if, as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), it may be excused from the obligation to acquire such control.

88. (1) Section 560.3 of the Act is replaced by the following section:

"**560.3.** For the purpose of determining after a winding-up the amount that a parent is required to include under section 105 in computing its income in respect of the business carried on by a subsidiary immediately before the winding-up, the parent shall

(*a*) add to the amount otherwise determined under subparagraph *a* of the first and second paragraphs of section 107, the aggregate of all amounts each of which is

i. the amount determined under subparagraph *a* of the second paragraph of section 107 immediately before the winding-up,

ii. the amount determined under this paragraph *a* as it applied to the subsidiary in respect of a winding-up before that time, or

iii. the amount determined under subparagraph *b* of the first paragraph of section 524.0.1 as it applied to the subsidiary in respect of a disposition to the subsidiary before that time; and

(*b*) add to the amount determined under subparagraph *c* of the second paragraph of section 105.2, the aggregate of all amounts each of which is

i. one-half of the amount determined under subparagraph ii of subparagraph *a* of the second paragraph of section 107 in respect of the business immediately before the winding-up,

ii. the amount determined under this paragraph *b* as it applied to the subsidiary in respect of a winding-up before that time, or

iii. the amount determined under subparagraph *a* of the first paragraph of section 524.0.1 as it applied to the subsidiary in respect of a disposition to the subsidiary before that time."

(2) Subsection 1 applies in respect of a disposition of incorporeal capital property by a subsidiary to a parent unless

(1) the disposition by the subsidiary occurs before 21 December 2002; and

(2) the parent disposed of the incorporeal capital property, before 9 November 2006 and in a taxation year of the parent ending after 27 February 2000, to a person with whom the parent did not deal at arm's length at the disposition time.

89. (1) Section 564.4.1 of the Act is replaced by the following section:

"**564.4.1.** Where section 564.2 applies and where control of a parent has been acquired by a person or a group of persons at any time after the commencement of the winding-up, or control of a subsidiary has been acquired by a person or a group of persons at any time whatever, no amount in respect of the subsidiary's non-capital loss or farm loss for a taxation year ending before that time is deductible in computing the taxable income of the parent for a particular taxation year ending after that time, except that portion of the subsidiary's non-capital loss or farm loss that may reasonably be regarded as its loss from carrying on a business and, where a business was carried on by the subsidiary in that year, that portion of the non-capital loss that may reasonably be regarded as being attributable to an amount deductible under section 725.1.1 in computing its taxable income for the year, such portions being then deductible only if the parent or the subsidiary carried on that business for profit or with a reasonable expectation of profit throughout the particular year, and only up to the amount computed under section 564.4.2."

(2) Subsection 1 applies in respect of a winding-up that begins after 31 May 1996.

90. (1) Section 613 of the Act is replaced by the following section:

"**613.** Where a partnership carries on a business in Canada at any time, each taxpayer who is deemed under section 608 to be a member of the partnership at that time is deemed, for the purposes of sections 26 and 1000 to 1003 and of Divisions VIII.1 and VIII.3 of Chapter V of Title III, subject to section 217.34, to carry on that business in Canada at that time."

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

91. (1) Section 686 of the Act is amended by adding the following paragraph after the fourth paragraph:

"Where all or part of a capital interest in a trust is disposed of by a taxpayer and the capital interest is not a capital property of the taxpayer, despite section 690, its cost amount is deemed to be the amount by which the amount that would, if this Part were read without reference to this paragraph and section 690, be its cost amount exceeds the aggregate of all amounts, each of which is an amount in respect of the capital interest that has become payable to the taxpayer before the disposition and that would be described in subparagraph i.1 of paragraph *n* of section 257 if its subparagraph 3 were read without reference to ", that is, subject to section 257.4, equal to the amount designated by the trust to be payable to the taxpayer under section 668"."

(2) Subsection 1 applies

(1) in respect of a disposition that occurs after 31 December 2001, where it concerns a capital interest that is a qualified trust unit, within the meaning of section 21.28 of the Act, as amended by section 17, in respect of which an amount described in subparagraph *b* of the first paragraph of section 21.32 of the Act, as amended by section 18, or that would have been so described had no election been made under paragraph 1 of subsection 2 of that section 18, is paid after 31 December 2001 and before 28 February 2004; and

(2) in respect of a disposition that occurs after either of the following dates, where it concerns a capital interest not described in paragraph 1:

(*a*) 31 December 2004, if it is made by a taxpayer pursuant to an agreement in writing made by the taxpayer on or before 27 February 2004; or

(*b*) 27 February 2004, in any other case.

(3) However, where the fifth paragraph of section 686 of the Act applies in respect of a disposition of a capital interest, it is to be read as if "and that would be described in subparagraph i.1 of paragraph *n* of section 257 if its subparagraph 3 were read without reference to ", that is, subject to section 257.4, equal to the amount designated by the trust to be payable to the taxpayer under section 668"" were replaced by "and that is described in subparagraph i.1 of paragraph *n* of section 257", but only for the purpose of determining, where applicable, if either of the following amounts is described in subparagraph i.1 of paragraph *n* of section 257 of the Act:

(1) an amount, in respect of that capital interest, that was payable before 1 January 2002, where the disposition is referred to in paragraph 1 of subsection 2; or

(2) an amount, in respect of that capital interest, that was payable before 28 February 2004, where the disposition is referred to in paragraph 2 of subsection 2.

92. (1) The Act is amended by inserting the following section after section 687:

"**687.1.** For the purposes of sections 83 to 85.6, the fair market value at any time of a capital interest in a trust is deemed to be equal to the aggregate of

(*a*) the amount that would, if this Part were read without reference to this section, be its fair market value at that time; and

(*b*) the aggregate of all amounts, each of which is an amount in respect of the capital interest that became payable to the taxpayer before that time and that would be described in subparagraph i.1 of paragraph *n* of section 257 if

its subparagraph 3 were read without reference to ", that is, subject to section 257.4, equal to the amount designated by the trust to be payable to the taxpayer under section 668"."

(2) Subsection 1 applies

(1) in respect of a valuation made after 31 December 2001, where it concerns a capital interest that is a qualified trust unit, within the meaning of section 21.28 of the Act, as amended by section 17, in respect of which an amount described in subparagraph *b* of the first paragraph of section 21.32 of the Act, as amended by section 18, or that would have been so described had no election been made under paragraph 1 of subsection 2 of that section 18, is paid after 31 December 2001 and before 28 February 2004; and

(2) in respect of a valuation made after 27 February 2004, where it concerns a capital interest not described in paragraph 1.

(3) However, where section 687.1 of the Act applies in respect of a valuation of a capital interest, it is to be read as if "and that would be described in subparagraph i.1 of paragraph *n* of section 257 if its subparagraph 3 were read without reference to ", that is, subject to section 257.4, equal to the amount designated by the trust to be payable to the taxpayer under section 668"" were replaced by "and that is described in subparagraph i.1 of paragraph *n* of section 257", but only for the purpose of determining, where applicable, if either of the following amounts is described in subparagraph i.1 of paragraph *n* of section 257 of the Act:

(1) an amount, in respect of that capital interest, that was payable before 1 January 2002, where the valuation is referred to in paragraph 1 of subsection 2; or

(2) an amount, in respect of that capital interest, that was payable before 28 February 2004, where the valuation is referred to in paragraph 2 of subsection 2.

93. (1) The Act is amended by inserting the following section after section 693.4:

"**693.5.** Where the amount of $400,000 referred to in subparagraph *a* of the first paragraph of section 726.7.1 is to be used for a taxation year subsequent to the taxation year 2014, it must be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula

(A/B) – 1.

In the formula in the first paragraph,

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

(*b*) B is the Consumer Price Index for the 12-month period preceding the period described in subparagraph *a*.

For the purposes of the second paragraph, the Consumer Price Index for a 12-month period is equal to the quotient obtained by dividing the aggregate of each monthly Consumer Price Index for that period for Canada established by Statistics Canada under the Statistics Act (Revised Statutes of Canada, 1985, chapter S-19) by 12.

If the factor determined by the formula in the first paragraph has more than three decimal places, only the first three decimal digits are retained and the third is increased by one unit if the fourth is greater than 4.

If the amount that results from the adjustment provided for in the first paragraph is not a multiple of $1, it must be rounded to the nearest multiple of $1 or, if it is equidistant from two such multiples, to the higher of the two."

(2) Subsection 1 applies from the taxation year 2015.

94. (1) Section 726.7 of the Act is amended by replacing "$375,000" in the formula in subparagraph *a* of the first paragraph by "$500,000".

(2) Subsection 1 applies from the taxation year 2014. However, subject to subsection 3, where section 726.7 of the Act applies in respect of a disposition of property made before 1 January 2015, the formula in subparagraph *a* of the first paragraph of that section is to be read as if "$500,000" were replaced by "$400,000".

(3) Subsection 1 also applies in respect of an amount included in computing a taxpayer's income, as a consequence of the application of the second paragraph of section 234 of the Act, as a capital gain for a taxation year subsequent to the taxation year 2014 resulting from the disposition of property made after 2 December 2014.

95. (1) The Act is amended by inserting the following section after section 726.7:

"**726.7.0.1.** Where the second amount in dollars referred to in subparagraph *a* of the first paragraph of section 726.7.1 is, with reference to section 693.5, greater than $500,000 for a taxation year, the following rules apply:

(*a*) the amount of $500,000 in the formula in subparagraph *a* of the first paragraph of section 726.7 is to be replaced for the year by that greater amount; and

(*b*) section 726.19.1 is to be read for the year without reference to its third paragraph."

(2) Subsection 1 has effect from 1 January 2015.

96. (1) Section 726.7.1 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(*a*) the amount that would be determined by the formula in subparagraph *a* of the first paragraph of section 726.7 in respect of the individual for the year, if that formula were read as if "$500,000" were replaced by "$400,000";".

(2) Subsection 1 applies in respect of a disposition of property made after 31 December 2014.

97. (1) Section 726.19.1 of the Act is replaced by the following section:

"**726.19.1.** Where an amount is included in computing an individual's income for a particular taxation year because of the second paragraph of section 234 in respect of a disposition of property in a preceding taxation year that is qualified farm property, qualified fishing property or a qualified small business corporation share, the total of all amounts deductible by the individual for the particular year under this Title is reduced by the amount determined by the formula

A – B.

In the formula in the first paragraph,

(*a*) A is the aggregate of all amounts each of which is an amount deductible under this Title by the individual for the particular year or a preceding taxation year, computed without reference to this section; and

(*b*) B is the aggregate of all amounts each of which is an amount that would be deductible under this Title by the individual for the particular year or a preceding taxation year if the individual had not for any preceding taxation year claimed a reserve under subparagraph *b* of the first paragraph of section 234 and had claimed, for each taxation year ending before the particular year, the amount that would have been deductible under this Title.

This section does not apply in respect of a disposition of qualified farm property or qualified fishing property after 2 December 2014."

(2) Subsection 1 applies to a taxation year that begins after 19 March 2007.

98. (1) Section 750.1 of the Act, amended by section 270 of chapter 21 of the statutes of 2015, is again amended by replacing the portion before paragraph *a* by the following:

"**750.1.** The percentage to which sections 752.0.0.1, 752.0.0.4 to 752.0.0.6, 752.0.1, 752.0.7.4, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.18.15, 776.41.14 and 1015.3 refer is".

(2) Subsection 1 applies from the taxation year 2015.

99. (1) Section 752.0.10.0.5 of the Act is replaced by the following section:

"**752.0.10.0.5.** An individual who provides eligible volunteer firefighting services in a taxation year may deduct, from the individual's tax otherwise payable for the year under this Part, an amount equal to the product obtained by multiplying $3,000 by the percentage specified in paragraph *a* of section 750 that is applicable for the year if

(*a*) the individual performs in the year not less than 200 hours of service each of which is an hour of

i. eligible volunteer firefighting service for a fire safety service, or

ii. eligible search and rescue volunteer service for an eligible search and rescue organization, within the meaning assigned to those expressions by section 752.0.10.0.6; and

(*b*) the individual files with the Minister, at the request of and in the manner determined by the Minister, a written certificate from the fire chief or an authorized representative of each fire safety service to which the individual provided eligible volunteer firefighting services in the year, attesting to the number of hours of such services performed in the year by the individual for that fire safety service and, if applicable, the certificate referred to in paragraph *b* of section 752.0.10.0.7 in respect of the eligible search and rescue volunteer services performed by the individual in the year."

(2) Subsection 1 applies from the taxation year 2014.

100. (1) The Act is amended by inserting the following after section 752.0.10.0.5:

"**CHAPTER I.0.2.0.3**

"TAX CREDIT FOR SEARCH AND RESCUE VOLUNTEERS

"**752.0.10.0.6.** In this chapter,

"eligible search and rescue organization" means a search and rescue organization

(*a*) that is a member of the Search and Rescue Volunteer Association of Canada, the Civil Air Search and Rescue Association or the Canadian Coast Guard Auxiliary; or

(*b*) whose status as a search and rescue organization is recognized by a provincial, municipal or public authority;

"eligible search and rescue volunteer services" means services (other than eligible volunteer firefighting services and excluded services) that are provided by an individual in the individual's capacity as a volunteer to an eligible search and rescue organization and that consist primarily of responding to and being on call for search and rescue and related emergency calls, attending meetings held by the organization and participating in required training related to search and rescue services;

"eligible volunteer firefighting services" has the meaning assigned by section 752.0.10.0.4;

"excluded services" means services provided by an individual in the individual's capacity as a volunteer to an organization to which the individual also provides search and rescue services otherwise than as a volunteer.

"**752.0.10.0.7.** An individual who provides eligible search and rescue volunteer services in a taxation year may deduct, from the individual's tax otherwise payable for the year under this Part, an amount equal to the product obtained by multiplying $3,000 by the percentage specified in paragraph *a* of section 750 that is applicable for the year if

(*a*) the individual performs in the year not less than 200 hours of service each of which is an hour of

i. eligible search and rescue volunteer service for an eligible search and rescue organization, or

ii. eligible volunteer firefighting service for a fire safety service;

(*b*) the individual files with the Minister, at the request of and in the manner determined by the Minister, a written certificate from the team president, or other individual who fulfils a similar role, of each eligible search and rescue organization to which the individual provided eligible search and rescue volunteer services in the year, attesting to the number of hours of such services performed in the year by the individual for that organization and, if applicable, the certificate referred to in paragraph *b* of section 752.0.10.0.5 in respect of the eligible volunteer firefighting services performed by the individual in the year; and

(*c*) the individual has not deducted an amount under section 752.0.10.0.5 for the year."

(2) Subsection 1 applies from the taxation year 2014.

101. (1) Section 752.0.10.1 of the Act, amended by section 277 of chapter 21 of the statutes of 2015, is again amended by replacing "five" in the

portion of the definition of "total gifts of qualified property" in the first paragraph before paragraph *a* by "ten".

(2) Subsection 1 applies in respect of a gift made after 10 February 2014.

102. (1) Section 752.0.11.1 of the Act is amended

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

"(*o*) on behalf of a person who is blind or profoundly deaf or has severe autism, severe diabetes, severe epilepsy or a severe and prolonged impairment that markedly restricts the use of the person's arms or legs,";

(2) by inserting the following paragraph after paragraph *o*.8:

"(*o*.9) as remuneration for the design of an individualized therapy plan for a person if, because of the person's severe and prolonged impairment, the person is a person in respect of whom subparagraphs *a* to *c* of the first paragraph of section 752.0.14 apply for the taxation year in which the remuneration is paid, where

i. the plan is required to access public funding for specialized therapy or is prescribed by a physician or a psychologist, in the case of an impairment in mental functions, or a physician or an occupational therapist, in the case of an impairment in physical functions,

ii. the therapy set out in the plan is prescribed by and, if undertaken, administered under the supervision of a physician or a psychologist, in the case of an impairment in mental functions, or a physician or an occupational therapist, in the case of an impairment in physical functions, and

iii. the ordinary business of the payee includes the design of such plans for individuals who are not related to the payee;".

(2) Subsection 1 applies in respect of expenses incurred after 31 December 2013.

103. (1) Section 752.0.18.3 of the Act, amended by section 294 of chapter 21 of the statutes of 2015, is again amended by replacing the portion before paragraph *a* by the following:

"**752.0.18.3.** An individual who, in a taxation year, performs the duties of an office or employment may deduct, from the individual's tax otherwise payable for the year under this Part, an amount equal to the amount obtained by multiplying 10% by the aggregate of all amounts each of which is an amount paid by the individual in the year, to the extent that the individual has not been reimbursed, and is not entitled to be reimbursed, in respect of the amount by the entity to which it is paid, or an amount paid on behalf of the individual in

the year, if the amount is required to be included in computing the individual's income for the year, as any of the following dues or contributions, provided the amount may reasonably be regarded as relating to the office or employment:".

(2) Subsection 1 applies from the taxation year 2015.

104. (1) Section 752.0.18.8 of the Act is replaced by the following section:

"**752.0.18.8.** An individual may deduct, from the individual's tax otherwise payable for a taxation year under this Part, an amount equal to the amount obtained by multiplying 10% by the aggregate of all amounts each of which is an amount that would, but for section 134.1, be deductible in computing the individual's income for the year from a business or property as dues or a contribution referred to in any of subparagraphs *a* to *c* of the first paragraph of section 134.1 and that has not been taken into account in determining an amount that was deducted under this section in computing the individual's tax payable under this Part for a preceding taxation year."

(2) Subsection 1 applies from the taxation year 2015.

105. (1) Section 752.0.22 of the Act, replaced by section 301 of chapter 21 of the statutes of 2015, is amended by inserting "752.0.10.0.7," after "752.0.10.0.5,".

(2) Subsection 1 applies from the taxation year 2014.

106. (1) Section 752.0.24 of the Act, amended by section 302 of chapter 21 of the statutes of 2015, is again amended

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

"(*a*) only the following amounts may be deducted by the individual under sections 752.0.0.1 to 752.0.7, 752.0.10.0.2 to 752.0.10.0.7 and 752.0.10.1 to 752.0.18.15 in respect of any period in the year throughout which the individual was resident in Canada:

i. such of the amounts deductible under any of sections 752.0.10.0.2 to 752.0.10.0.7, 752.0.10.6 to 752.0.10.6.2, 752.0.11 to 752.0.13.3, 752.0.18.3, 752.0.18.8, 752.0.18.10 and 752.0.18.15 as can reasonably be considered wholly attributable to such a period, computed as though that period were a whole taxation year, and";

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

"(*b*) the amount deductible for the year under any of sections 752.0.0.1 to 752.0.7, 752.0.10.0.2 to 752.0.10.0.7 and 752.0.10.1 to 752.0.18.15 in respect of a period in the year that is not referred to in subparagraph *a* is to be computed as though such a period were a whole taxation year.";

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

"However, the amount deductible for the year by the individual under any of sections 752.0.0.1 to 752.0.7, 752.0.10.0.2 to 752.0.10.0.7 and 752.0.10.1 to 752.0.18.15 must not exceed the amount that would have been deductible under that section had the individual been resident in Canada throughout the year."

(2) Subsection 1 applies from the taxation year 2014.

107. (1) Section 752.0.25 of the Act is amended by inserting ", 752.0.10.0.7" after "752.0.10.0.5" in subparagraph *a* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2014.

108. (1) Section 752.0.27 of the Act is amended by inserting ", 752.0.10.0.7" after "752.0.10.0.5" in the portion of the first paragraph before subparagraph *a*.

(2) Subsection 1 applies from the taxation year 2014.

109. (1) Section 771.1 of the Act, amended by section 312 of chapter 21 of the statutes of 2015, is again amended by replacing subparagraph i of paragraph *a* of the definition of "specified partnership income" in the first paragraph by the following subparagraph:

"i. the aggregate of all amounts each of which is an amount, in respect of an eligible business carried on in Canada by the corporation as a member of the partnership, equal to the amount by which the aggregate of all amounts each of which is the corporation's share of the income (determined in accordance with Title XI of Book III) of the partnership from the business for a fiscal period of the business that ends in the year, or an amount included in computing the corporation's income for the year under any of sections 217.19, 217.20 and 217.28 in respect of the business exceeds the aggregate of all amounts each of which is an amount deducted in computing the corporation's income for the year from the business (other than an amount that was deducted by the partnership in computing its income from the business) or in respect of the business under section 217.21 or 217.27, and".

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

110. (1) Section 776.41.21 of the Act, amended by section 321 of chapter 21 of the statutes of 2015, is again amended by inserting "752.0.10.0.7," after "752.0.10.0.5," in subparagraph *b* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2014.

111. (1) Section 776.55.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**776.55.1.** For the purposes of section 776.51, where, during a partnership's fiscal period that ends in the year, other than a fiscal period the end of which coincides with that of a fiscal period of the partnership to which subsection 1 of section 99 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies, the individual's interest in the partnership is an interest for which an identification number is required to be, or has been, obtained under Book X.1, the following rules apply:".

(2) Subsection 1 applies from the taxation year 2012. It also applies to the taxation years 2006 to 2011 of an individual if the individual so elects by notifying the Minister of Revenue in writing before the 90th day after 26 October 2015.

(3) Despite section 1010 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to the election under subsection 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

112. (1) Section 776.61 of the Act is amended

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

"(2) sections 776.53 to 776.55.3, 776.57 and 776.57.1, as they apply to taxation years that begin after 31 December 1994 and end before 1 January 2012, were applicable in computing the individual's non-capital loss, farm loss, restricted farm loss and limited partnership loss for any of those taxation years, and";

(2) by inserting the following subparagraph after subparagraph 2 of subparagraph ii of paragraph *a*:

"(3) sections 776.53 to 776.55.3, 776.57 and 776.57.1 were applicable in computing the individual's non-capital loss, farm loss, restricted farm loss and limited partnership loss for any taxation year that ends after 31 December 2011; and";

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

"(2) sections 776.55.1 and 776.56, as they apply to taxation years that begin after 31 December 1994 and end before 1 January 2012, applied in computing the individual's net capital loss for any of those taxation years, and";

(4) by adding the following subparagraph after subparagraph 2 of subparagraph ii of paragraph *b*:

"(3) sections 776.55.1 and 776.56 applied in computing the individual's net capital loss for any taxation year that ends after 31 December 2011."

(2) Subsection 1 applies from the taxation year 2012. It also applies to the taxation years 2006 to 2011 of an individual if the individual so elects by notifying the Minister of Revenue in writing before the 90th day after 26 October 2015, in which case section 776.61 of the Act is to be read as if

(1) "2012" in subparagraph 2 of subparagraph ii of paragraphs *a* and *b* were replaced by "2006"; and

(2) "2011" in subparagraph 3 of subparagraph ii of paragraphs *a* and *b* were replaced by "2005".

(3) Despite section 1010 of the Act, the Minister of Revenue shall, under Part I of the Act, make such assessments of a taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to an election under subsection 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

113. (1) Section 776.65 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(*a*) the amount deducted under any of sections 752.0.0.1 to 752.0.10.0.7, 752.0.14, 752.0.18.3 to 752.0.18.15, 776.1.5.0.17, 776.1.5.0.18 and 776.41.14 in computing the individual's tax payable for the year under this Part; or".

(2) Subsection 1 applies from the taxation year 2014.

114. (1) Section 782 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) in Chapters I.0.1 to I.0.2.0.3 and I.0.3 of Title I of Book V;".

(2) Subsection 1 applies from the taxation year 2014.

115. (1) Section 785.3.1 of the Act is amended by inserting "subparagraph iv of subparagraph *b* of the first paragraph of section 785.2 and sections" after "772.9.4,".

(2) Subsection 1 applies to a taxation year that begins after 31 December 2001.

116. (1) Section 801 of the Act is replaced by the following section:

"**801.** Despite any other provision of this Part, a payment received or receivable by a person from a particular credit union in respect of a share of the capital stock of the particular credit union is deemed to have been received or to be receivable from the particular credit union as interest except where the payment is made or is to be made as or on account of a reduction of the

paid-up capital, redemption, acquisition or cancellation of the share by the particular credit union, to the extent of the paid-up capital of that share, and such payment as interest is deductible in computing the income of the particular credit union where the share is not listed on a stock exchange and

(*a*) the person is a member of the particular credit union; or

(*b*) the person is a member of another credit union, the share is issued by the particular credit union after 28 March 2012 and the other credit union is a member of the particular credit union."

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

117. (1) Section 832.3 of the Act is amended, in the second paragraph,

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

"(*f*) for the purpose of determining the income of the transferor and the transferee for their taxation years following their particular taxation years that ended immediately before the time referred to in subparagraph *a* of the first paragraph, the amounts deducted by the transferor as reserves under sections 140, 140.1 and 140.2, the second paragraph of section 152 and paragraphs *a* and *a*.1 of section 840 in its particular taxation year in respect of the transferred property referred to in subparagraph *b* of the first paragraph or the obligations referred to in subparagraph *c* of that paragraph, are deemed to have been deducted by the transferee, and not the transferor, for its particular taxation year;";

(2) by replacing subparagraph *g* by the following subparagraph:

"(*g*) for the purposes of this chapter, sections 87 to 87.4, 89 to 92.7, 92.22, 128, 130 and 130.1, paragraph *b* of section 135, sections 137 to 143, 145 to 154, 155, 156, 157 to 157.3, 157.5 to 158, 160 to 163.1, 167, 167.1, 176 to 179, 183 and 835 to 851.22, paragraphs *c* and *d* of section 851.22.11 and sections 966 to 977.1, the transferee is deemed, for its taxation years following its taxation year that ended immediately before the time referred to in subparagraph *a* of the first paragraph, to be a continuation of the transferor in respect of the transferred property, the business referred to in subparagraph *a* of the first paragraph and the obligations referred to in subparagraph *c* of that paragraph;";

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

"(*h*) for the purposes of this section and section 832.5, the fair market value of consideration received by the transferor from the transferee in respect of the assumption or reinsurance of a particular obligation referred to in subparagraph *c* of the first paragraph is deemed to be equal to the aggregate of the amounts deducted by the transferor as reserves under the second paragraph of section 152 and paragraphs *a* and *a*.1 of section 840 in its taxation year that ended immediately before the time referred to in subparagraph *a* of the first paragraph in respect of the particular obligation; and".

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

118. (1) Section 832.6 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) for the purposes of paragraphs *d* and *e* of section 87, sections 818 and 825 and paragraph *a* of section 844, the insurer is deemed to have carried on the insurance business in Canada in the preceding taxation year referred to in paragraph *a* and to have deducted, in computing its income for that year, the maximum amounts to which it would have been entitled under sections 140, 140.1 and 140.2, the second paragraph of section 152 and paragraphs *a* and *a*.1 of section 840;".

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

119. (1) Section 832.9 of the Act is amended by replacing the portion of subparagraph *b* of the first paragraph before subparagraph i by the following:

"(*b*) the transferor has, at that time or within 60 days after that time, transferred to a corporation resident in Canada (in this section referred to as the "transferee") that is a prescribed corporation for the purposes of subparagraph *b* of the first paragraph of section 832.3 and that, immediately after that time, began to carry on the insurance business in Canada referred to in subparagraph *a* for consideration that includes shares of the capital stock of the transferee, all or substantially all of the property (in section 832.3 referred to as the "transferred property") that is,".

(2) Subsection 1 applies in respect of a transfer made after 31 October 2004.

120. (1) Section 835 of the Act is amended, in subparagraph *l* of the first paragraph,

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

"(2) the total of all amounts each of which is a portion of a non-capital loss that was deemed under section 736.1, as it read for the taxation year 1977, to have been deductible in computing the insurer's taxable income for a taxation year ending before 1 January 1977, and";

(2) by striking out subparagraph 8 of subparagraph ii.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

121. (1) Section 840 of the Act is amended by striking out paragraph *d*.

(2) Subsection 1 applies in respect of a taxation year that begins after 31 October 2011.

122. (1) Section 841 of the Act is amended

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

"(*a*) an amount equal to the amount by which the aggregate of the policy dividends (to the extent that they are not paid out of a segregated fund) that became payable by the insurer after its 1968 taxation year and before the end of the year under its participating life insurance policies exceeds the aggregate of the amounts deductible under this paragraph (including the amounts that were referred to in section 841.1, as it read before being repealed) in computing its income for the preceding taxation years;";

(2) by striking out paragraph *g*.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

123. (1) Section 841.1 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

124. (1) Section 844 of the Act is amended by replacing paragraph *a* by the following paragraph:

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

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

125. (1) Sections 844.1 and 844.2 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

126. (1) Section 851.22.2 of the Act is amended by striking out ", "mark-to-market property"" in the first paragraph.

(2) Subsection 1 has effect from 12 December 2013.

127. (1) Sections 851.22.17 to 851.22.20 of the Act are repealed.

(2) Subsection 1 applies in respect of a taxation year that begins after 31 October 2011.

128. (1) Section 999.0.5 of the Act is replaced by the following section:

"**999.0.5.** For the purposes of this Part, in computing the taxable income of an insurer for a particular taxation year, the insurer is deemed to have deducted, in each of the taxation years preceding the particular taxation year and in respect of which paragraph *k* of section 998 applied to the insurer, the

greater of the amount it claimed or deducted under paragraph *a* of section 130, the second paragraph of section 152, section 832, paragraphs *a* and *a*.1 of section 840 and paragraphs *a* and *b* of section 841, and the greatest amount that could have been claimed or deducted under those provisions to the extent that the total thereof does not exceed the amount that would be its taxable income for that preceding year if no amount had been claimed or deducted under those provisions."

(2) Subsection 1 applies in respect of a taxation year that begins after 31 October 2011.

129. (1) Section 1003 of the Act is amended

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

"**1003.** Where section 217.9.1 applies in computing an individual's income for a taxation year from a business, or where an individual who carries on a business in a taxation year dies in the year and after the end of a fiscal period of the business that ends in the year, another fiscal period of the business (in this section referred to as the "short period") ends in the year because of the individual's death, and the individual's legal representative elects that this section apply, the following rules apply:";

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

"A – B";

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

"(*b*) B is the aggregate of all amounts each of which is an amount included under section 217.9.1 in computing the individual's income for the taxation year in which the individual dies;";

(4) by striking out subparagraph *c* of the second paragraph.

(2) Subsection 1 applies to a taxation year that ends after 22 March 2011.

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

(1) by inserting the following paragraph after paragraph *a*.1 of subsection 2:

"(*a*.2) within three years after the day on which the information return described in section 1079.7 is filed, in relation to a claim or deduction made by the taxpayer in respect of a tax shelter, if that information return is not filed in the manner and within the time specified; and";

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

"(3) However, the Minister may, under paragraph *a*.1 or *a*.2 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, or to the claim or deduction referred to in that paragraph *a*.2, as the case may be."

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

131. (1) Section 1011 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**1011.** For the purposes of paragraph *b* of subsection 2 of section 1010, the Minister shall not, in computing the income of a taxpayer upon a reassessment or additional assessment made after the expiry of the time limits provided for in paragraphs *a* to *a*.2 of that subsection 2, include any amount other than an amount".

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

132. (1) Section 1014 of the Act is amended by replacing "paragraph *a*, *a*.0.1 or *a*.1" in the second paragraph by "any of paragraphs *a* to *a*.2".

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

133. (1) Section 1015.0.0.1 of the Act is replaced by the following section:

"**1015.0.0.1.** For the purposes of subparagraph *a* of the second paragraph of section 1015 in respect of an amount received or enjoyed by an individual for the performance of duties as a volunteer firefighter or a volunteer assisting in the search and rescue of individuals or in other emergency operations, section 39.6 is to be read without reference to its second paragraph."

(2) Subsection 1 applies from the taxation year 2014.

134. (1) Section 1029.6.0.0.1 of the Act, amended by section 363 of chapter 21 of the statutes of 2015, is again amended, in the second paragraph,

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

"For the purposes of Divisions II.4 to II.5.2, II.6 to II.6.0.8, II.6.0.10, II.6.0.11, II.6.2, II.6.4.2, II.6.4.2.1, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.15 and II.22 to II.24, the following rules apply:";

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

"(*b*) in the case of each of Divisions II.4.2, II.5.1.1, II.5.1.2, II.5.2, II.6.0.0.1, II.6.0.0.4.1, II.6.0.1.7, II.6.0.1.8, II.6.0.4 to II.6.0.7, II.6.0.10, II.6.0.11, II.6.2, II.6.4.2, II.6.4.2.1, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.6.7 and II.6.14.3 to II.6.14.5, government assistance or non-government assistance does not include an amount that is deemed to have been paid to the Minister for a taxation year under that division;".

(2) Subsection 1 has effect from 1 January 2015.

135. (1) Section 1029.8.34 of the Act, amended by section 412 of chapter 21 of the statutes of 2015, is again amended

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

"Where a property to which the ninth paragraph does not apply is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, the definition of "qualified labour expenditure" in the first paragraph is to be read, in respect of the property, as if "25/9 or 25/7" were replaced wherever it appears by "100/44.72 or 100/36.56" if section 1029.8.35.1.1 applies in respect of the property, or by "25/11 or 25/9" in any other case.";

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

"Where section 1029.8.35.1.1 applies in respect of a property that is not referred to in the eleventh paragraph, the definition of "qualified labour expenditure" in the first paragraph is to be read, in respect of that property, as if "25/9 or 25/7" were replaced wherever it appears by "100/36.72 or 100/28.56"."

(2) Subsection 1 has effect from 3 December 2014.

136. (1) Section 1029.8.35 of the Act, amended by section 414 of chapter 21 of the statutes of 2015, is again amended by replacing "sections 1029.8.35.1 and 1029.8.35.3" in the portion of the first paragraph before subparagraph *a* by "sections 1029.8.35.1 to 1029.8.35.3".

(2) Subsection 1 has effect from 3 December 2014.

137. (1) The Act is amended by inserting the following section after section 1029.8.35.1:

"**1029.8.35.1.1.** For the purposes of subparagraph *a* of the first paragraph of section 1029.8.35 in respect of property for which an application

for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 2 December 2014, but before 1 January 2017, the qualified labour expenditure of a corporation for a particular taxation year in respect of the property is deemed to be equal to 102/100 of the qualified labour expenditure otherwise determined."

(2) Subsection 1 has effect from 3 December 2014.

138. (1) Section 1029.8.35.3 of the Act, replaced by section 415 of chapter 21 of the statutes of 2015, is amended by replacing the portion before paragraph *a* by the following:

"**1029.8.35.3.** The amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable for a taxation year under this Part in respect of property, must not exceed the amount obtained by multiplying the amount of the qualified labour expenditure for the year in respect of the property by".

(2) Subsection 1 has effect from 3 December 2014.

139. (1) Section 1029.8.36.0.3.57 of the Act is amended by replacing "2012" in the portion of the first paragraph before subparagraph *a* by "2015".

(2) Subsection 1 has effect from 1 January 2012. In addition, where section 1029.8.36.0.3.57 of the Act applies in respect of an amount paid after 31 December 2011, the following rules apply:

(1) for the purposes of section 1029.6.0.1.2 of the Act, a corporation that files with the Minister of Revenue the prescribed form more than 12 months after the corporation's filing-due date for the taxation year in which the amount is paid, so as to be deemed to have paid an amount to the Minister of Revenue for that year under that section 1029.8.36.0.3.57, is deemed to have filed with the Minister of Revenue the prescribed form on or before the day that is 12 months after the corporation's filing-due date for the taxation year, so as to be so deemed to have paid an amount, if the corporation files an application to that effect with the Minister of Revenue on or before 23 April 2016; and

(2) for the purposes of the second paragraph of section 1029.8.36.0.3.57 of the Act, a corporation that files with the Minister of Revenue the prescribed form referred to in the third paragraph of that section more than 12 months after the corporation's filing-due date for the taxation year in which the amount is paid, so as to elect to have the provisions of section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) apply for the year, is deemed to have filed with the Minister of Revenue the prescribed form on or before the day that is 12 months after the corporation's filing-due date for the taxation year, so as to make that election, if the corporation files the form with the Minister of Revenue on or before 23 April 2016.

140. (1) Section 1029.8.36.0.107 of the Act, amended by section 439 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing the definition of "qualified tourist accommodation establishment" in the first paragraph by the following definition:

""qualified tourist accommodation establishment" means a tourist accommodation establishment (other than an excluded tourist accommodation establishment) that is located in Québec, elsewhere than in an excluded region, and in respect of which a classification certificate, valid for a corporation's taxation year or a partnership's fiscal period during which eligible work was carried out in respect of the tourist accommodation establishment, has been issued under the Act respecting tourist accommodation establishments (chapter E-14.2), certifying that the tourist accommodation establishment is a hotel establishment, tourist home, resort, bed and breakfast establishment or youth hostel;";

(2) by replacing the portion of the definition of "eligible work" in the first paragraph before paragraph *a* by the following:

""eligible work" in respect of a qualified tourist accommodation establishment of a qualified corporation or a qualified partnership means the following particular work carried out while the tourist accommodation establishment qualifies as a qualified tourist accommodation establishment and relating to eligible components of the tourist accommodation establishment (other than work consisting exclusively of repair or maintenance work on the tourist accommodation establishment), and work required to restore the land on which the tourist accommodation establishment is situated to the condition it was in before the particular work was carried out:";

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

"For the purposes of the definition of "qualified tourist accommodation establishment" in the first paragraph, a classification certificate, issued under the Act respecting tourist accommodation establishments, that is valid throughout the duration of the eligible work carried out in a taxation year or a fiscal period, as the case may be, in respect of a qualified tourist accommodation establishment is deemed to be valid, in relation to the eligible work, for the taxation year or fiscal period. However, for the purposes of that definition and this paragraph, a classification certificate that is suspended is deemed not to be valid during the suspension period."

(2) Subsection 1 has effect from 21 March 2012.

141. (1) The Act is amended by inserting the following after section 1029.8.36.53.20:

"**DIVISION II.6.4.2.1**

"CREDIT IN RESPECT OF INTEREST PAYABLE ON FINANCING OBTAINED UNDER THE SELLER-LENDER FORMULA OF LA FINANCIÈRE AGRICOLE DU QUÉBEC

"§1. — *Interpretation*

"**1029.8.36.53.20.1.** In this division,

"eligibility period", in relation to qualified financing, of an eligible taxpayer or a qualified partnership means the period that begins on the particular day on which the agreement giving rise to the qualified financing is entered into, or, if it is later, on 1 January 2015, and that ends 10 years after the particular day;

"eligible expenses", in respect of qualified financing, of an eligible taxpayer for a taxation year or of a qualified partnership for a fiscal period, means the interest, in respect of the qualified financing, that is attributable to the portion of the taxpayer's or partnership's eligibility period, in relation to the qualified financing, that is included in the taxation year or fiscal period, as the case may be;

"eligible taxpayer" for a taxation year means a taxpayer who, in the year, carries on a business in Québec and who is not a tax-exempt taxpayer;

"qualified financing" of an eligible taxpayer or a qualified partnership means a loan, within the meaning of section 2 of the Program for farm financing established under the Act respecting La Financière agricole du Québec (chapter L-0.1), that is granted to the taxpayer or partnership under the program by a lender, within the meaning of paragraph 3 of the definition of that expression in that section 2, as a consequence of an agreement entered into after 2 December 2014 and before 1 January 2020;

"qualified partnership" for a fiscal period means a partnership that, during the period, carries on a business in Québec;

"tax-exempt taxpayer" means

(1) a person exempt from tax under Book VIII;

(2) a trust one of the capital or income beneficiaries of which is a tax-exempt person under Book VIII or a corporation that would be exempt from tax under section 985, but for section 192; or

(3) a corporation described in paragraph 2.

For the purposes of this division, the share of a member of a partnership of an amount for a fiscal period is equal to the agreed proportion of the amount in respect of the member for that fiscal period.

"§2. — *Credits*

"**1029.8.36.53.20.2.** An eligible taxpayer for a taxation year who encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file for the year under section 1000, or would be required to so file if the taxpayer had tax payable for the year under this Part, is deemed, subject to the second paragraph, to have paid to the Minister on the taxpayer's balance-due day for the year, on account of the taxpayer's tax payable for the year under this Part, an amount equal to 40% of the aggregate of all amounts each of which is the amount of the taxpayer's eligible expenses for the year in respect of qualified financing of the taxpayer, to the extent that those eligible expenses are paid.

For the purpose of computing the payments that an eligible taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer's tax payable for the year under this Part and of the taxpayer's tax payable for the year under Parts IV.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.

"**1029.8.36.53.20.3.** A taxpayer who is a member of a qualified partnership at the end of a fiscal period of the qualified partnership and encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer's taxation year in which that fiscal period ends, or would be required to so file if the taxpayer had tax payable for that year under this Part, is deemed, subject to the second paragraph, to have paid to the Minister, on the taxpayer's balance-due day for that year, on account of the taxpayer's tax payable for that year under this Part, an amount equal to 40% of the taxpayer's share of the aggregate of all amounts each of which is the amount of eligible expenses of the partnership for the fiscal period in respect of qualified financing of the partnership, to the extent that those eligible expenses are paid.

For the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and

1175.19 where they refer to that subparagraph *a*, for the taxpayer's taxation year in which the partnership's fiscal period ends, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer's tax payable for the year under this Part and of the taxpayer's tax payable for the year under Parts IV.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.

"§3. — *Government assistance, non-government assistance and other particulars*

"**1029.8.36.53.20.4.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a taxpayer, for a taxation year, under section 1029.8.36.53.20.2 or 1029.8.36.53.20.3, the following rules apply:

(*a*) the amount of the eligible expenses referred to in the first paragraph of section 1029.8.36.53.20.2 is to be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the expenses that the taxpayer has received, is entitled to receive or may reasonably expect to receive, on or before the taxpayer's filing-due date for the year; and

(*b*) the taxpayer's share of the aggregate of the eligible expenses of a partnership, which are referred to in the first paragraph of section 1029.8.36.53.20.3, for a fiscal period of the partnership that ends in the taxation year is to be reduced, where applicable,

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

ii. by the amount of any government assistance or non-government assistance attributable to the expenses that the taxpayer has received, is entitled to receive or may reasonably expect to receive, on or before the taxpayer's filing-due date for the year.

"**1029.8.36.53.20.5.** If, in respect of eligible expenses of an eligible taxpayer or of a qualified partnership (in this section referred to as the "particular partnership"), a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the qualified financing to which the eligible expenses are attributable, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(*a*) for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.20.2, the amount of the eligible expenses referred to in the first paragraph of that section is to be reduced by the amount of the benefit or advantage relating to the eligible expenses that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the taxpayer's filing-due date for the taxation year; and

(*b*) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.53.20.3 by a taxpayer who is a member of the particular partnership, at the end of a fiscal period of the particular partnership that ends in the taxation year, the taxpayer's share, referred to in the first paragraph of that section, of the aggregate of the eligible expenses of the particular partnership for the fiscal period is to be reduced

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

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

"**1029.8.36.53.20.6.** If, before 1 January 2032, a taxpayer pays, in a taxation year (in this section referred to as the "repayment year"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of paragraph *a* of section 1029.8.36.53.20.4, the taxpayer's eligible expenses for a particular taxation year for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.53.20.2, the taxpayer is deemed, if the taxpayer encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file for the repayment year under section 1000, or would be required to so file if the taxpayer had tax payable for the repayment year under this Part, to have paid to the Minister on the

taxpayer's balance-due day for the repayment year, on account of the taxpayer's tax payable for that year under this Part, an amount equal to the amount by which the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.53.20.2 for the particular year, in respect of the eligible expenses, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in paragraph *a* of section 1029.8.36.53.20.4, exceeds the aggregate of

(*a*) the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.53.20.2 for the particular year in respect of the eligible expenses; and

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

"**1029.8.36.53.20.7.** If, before 1 January 2032, a partnership pays, in a fiscal period (in this section referred to as the "fiscal period of repayment"), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph i of paragraph *b* of section 1029.8.36.53.20.4, a taxpayer's share of the aggregate of the eligible expenses of the partnership for a particular fiscal period, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.53.20.3, in respect of the share, for the taxpayer's taxation year in which the particular fiscal period ended, the taxpayer is deemed to have paid to the Minister on the taxpayer's balance-due day for the taxpayer's taxation year in which the fiscal period of repayment ends, on account of the taxpayer's tax payable for that year under this Part, if the taxpayer is a member of the partnership at the end of the fiscal period of repayment and if the taxpayer encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file for that year under section 1000, or would be required to so file if the taxpayer had tax payable for that year under this Part, an amount equal to the amount by which the particular amount that the taxpayer would be deemed, subject to the second paragraph, to have paid to the Minister under section 1029.8.36.53.20.3 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(*a*) the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.53.20.3, for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the eligible expenses of the partnership, if the agreed proportion in respect of the taxpayer for the particular fiscal period were the same as that for the fiscal period of repayment; and

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

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

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

(*a*) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph i of paragraph *b* of section 1029.8.36.53.20.4; and

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

"**1029.8.36.53.20.8.** If a taxpayer is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the "fiscal period of repayment") and pays, before 1 January 2032 and in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of paragraph *b* of section 1029.8.36.53.20.4, the taxpayer's share of the aggregate of the eligible expenses of the partnership for a particular fiscal period, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.53.20.3, in respect of the share, for the taxpayer's taxation year in which the particular fiscal period ended, the taxpayer is deemed to have paid to the Minister on the taxpayer's balance-due day for the taxpayer's taxation year in which the fiscal period of repayment ends, on account of the taxpayer's tax payable for that year under this Part, if the taxpayer encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file for that year under section 1000, or would be required to so file if the taxpayer had tax payable for that year under this Part, an amount equal to the amount by which the particular amount that the taxpayer would be deemed, subject to the second paragraph, to have paid to the Minister under section 1029.8.36.53.20.3 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(*a*) the amount that the taxpayer would be deemed to have paid to the Minister under section 1029.8.36.53.20.3 for the taxpayer's taxation year in which the particular fiscal period ends, in respect of the share, if the agreed proportion in respect of the taxpayer for the particular fiscal period were the same as that for the fiscal period of repayment; and

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

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

(*a*) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of paragraph *b* of section 1029.8.36.53.20.4; and

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

"**1029.8.36.53.20.9.** For the purposes of sections 1029.8.36.53.20.6 to 1029.8.36.53.20.8, an amount of assistance is deemed to be repaid by a taxpayer or a partnership, as the case may be, at a particular time, pursuant to a legal obligation, if that amount

(*a*) reduced, because of section 1029.8.36.53.20.4, the taxpayer's eligible expenses or the taxpayer's share of the aggregate of the partnership's eligible expenses, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.53.20.2 or 1029.8.36.53.20.3;

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

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

(2) Subsection 1 has effect from 1 January 2015.

142. (1) Section 1029.8.36.166.40 of the Act, amended by section 459 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing the portion of paragraph *a* of the definition of "eligible expenses" in the first paragraph before subparagraph i by the following:

"(*a*) for a corporation, the amount by which the excluded expense amount relating to the qualified property in respect of the corporation for the particular year is exceeded by the aggregate of the following expenses, except expenses incurred with a person with whom the corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm's length:";

(2) by replacing the portion of paragraph *b* of the definition of "eligible expenses" in the first paragraph before subparagraph i by the following:

"(*b*) for a partnership, the amount by which the excluded expense amount relating to the qualified property in respect of the partnership for the particular fiscal period is exceeded by the aggregate of the following expenses, except expenses incurred with a corporation that is a member of the partnership or

with a person with whom such a corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm's length:";

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

""excluded expense amount" relating to qualified property means

(*a*) in respect of a corporation, for a taxation year, or a partnership, for a fiscal period, an amount equal to zero, where the qualified property is acquired before 3 December 2014 or after 2 December 2014 pursuant to an obligation in writing entered into on or before 2 December 2014, or where the construction of the qualified property, by or on behalf of the purchaser, has begun on that date;

(*b*) in respect of a corporation, for a taxation year, the lesser of the following amounts, where the qualified property is not referred to in paragraph *a*:

i. an amount that would be equal to the corporation's eligible expenses in respect of that property for the taxation year, if the definition of "eligible expenses" were read without reference to "the amount by which the excluded expense amount relating to the qualified property in respect of the corporation for the particular year is exceeded by" in the portion of its paragraph *a* before subparagraph i, and

ii. an amount equal to the amount by which the exclusion threshold in respect of the qualified property exceeds the aggregate of all amounts each of which is the excluded expense amount relating to the qualified property in respect of the corporation for each preceding taxation year; and

(*c*) in respect of a partnership, for a fiscal period, the lesser of the following amounts, where the qualified property is not referred to in paragraph *a*:

i. an amount that would be equal to the partnership's eligible expenses in respect of that property for the fiscal period, if the definition of "eligible expenses" were read without reference to "the amount by which the excluded expense amount relating to the qualified property in respect of the partnership for the particular fiscal period is exceeded by" in the portion of its paragraph *b* before subparagraph i, and

ii. an amount equal to the amount by which the exclusion threshold in respect of the qualified property exceeds the aggregate of all amounts each of which is the excluded expense amount relating to the qualified property in respect of the partnership for each preceding fiscal period;";

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

""exclusion threshold" in respect of qualified property means an amount equal to $12,500;";

(5) by inserting the following paragraph after the fourth paragraph:

"For the purposes of the definition of "exclusion threshold" in the first paragraph, where qualified property is acquired in connection with a joint venture, the exclusion threshold in respect of the qualified property for a corporation or partnership holding a share in the property as a party to such a venture is deemed to be equal to the amount obtained by multiplying $12,500 by the proportion that corresponds to the share of the corporation or partnership, as the case may be, in the property."

(2) Subsection 1 has effect from 3 December 2014.

143. (1) Section 1029.8.36.166.40.1 of the Act, amended by section 460 of chapter 21 of the statutes of 2015, is again amended

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

"(*a*) if the qualified corporation is not a member of an associated group in the particular year, to the amount by which $75,000,000 exceeds the aggregate of all amounts each of which would be the amount of the portion of the qualified corporation's eligible expenses, in respect of a qualified property, for any preceding taxation year that ends in a 24-month period preceding the beginning of the particular year, or its share of the portion of a partnership's eligible expenses, in respect of a qualified property, for a fiscal period of the partnership that ends in such a preceding taxation year, that would be referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.43 or 1029.8.36.166.44 and in respect of which an amount would be deemed to have been paid to the Minister by the corporation for that preceding year under section 1029.8.36.166.43 or 1029.8.36.166.44, as the case may be, but for the third paragraph of that section, if the excluded expense amount relating to the qualified property were equal to zero; or";

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

"The agreement to which subparagraph *b* of the first paragraph refers, in respect of a particular taxation year of the qualified corporation, is the agreement under which all the corporations that are members of the associated group in the particular taxation year attribute, for the purposes of this section, to one or more of the corporations that are members of the associated group, for the particular taxation year, one or more amounts the total of which is not greater than the amount by which $75,000,000 exceeds the aggregate of all amounts each of which would be

(*a*) the amount of the portion of the eligible expenses of a corporation that is a member of the associated group in the particular year, in respect of a

qualified property, for a taxation year that ends in a 24-month period preceding the beginning of the particular year, that would be referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.43 and in respect of which an amount would be deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.43 but for its third paragraph, if the excluded expense amount relating to the qualified property were equal to zero; or

(*b*) the amount of the share of a corporation that is a member of the associated group in the year of the portion of the eligible expenses of a partnership, in respect of a qualified property, for a fiscal period of the partnership that ended in a taxation year of the corporation that ends in a 24-month period preceding the beginning of the particular year, that would be referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.44 and in respect of which an amount would be deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.44 but for its third paragraph, if the excluded expense amount relating to the qualified property were equal to zero."

(2) Subsection 1 has effect from 3 December 2014.

144. (1) Section 1029.8.36.166.40.3 of the Act is replaced by the following section:

"**1029.8.36.166.40.3.** For the purposes of this division, the balance of a qualified partnership's cumulative eligible expense limit for a particular fiscal period is equal to the amount by which $75,000,000 exceeds the aggregate of all amounts each of which would be the amount of its eligible expenses, in respect of qualified property, for a fiscal period that ends in the 24-month period preceding the beginning of the particular fiscal period and in respect of which an amount would be deemed to have been paid to the Minister under section 1029.8.36.166.44 but for its third paragraph, if the excluded expense amount relating to the qualified property were equal to zero."

(2) Subsection 1 has effect from 3 December 2014.

145. (1) Section 1029.8.36.166.40.4 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1029.8.36.166.40.4.** For the purposes of this division, the balance of a joint venture's cumulative eligible expense limit for a particular fiscal period of the joint venture is equal to the amount by which $75,000,000 exceeds the aggregate of all amounts each of which would be the amount of the eligible expenses incurred by a corporation or a partnership, in respect of qualified property, as a party to the joint venture in a fiscal period of the joint venture that ends in the 24-month period preceding the beginning of the particular fiscal period and in respect of which an amount would be deemed to have been paid to the Minister under section 1029.8.36.166.43 or 1029.8.36.166.44 but for the third paragraph of that section, if the excluded expense amount relating to the qualified property were equal to zero."

(2) Subsection 1 has effect from 3 December 2014.

146. (1) Section 1029.8.36.166.43 of the Act, amended by section 462 of chapter 21 of the statutes of 2015, is again amended by replacing the second paragraph by the following paragraph:

"The total of all amounts each of which is an aggregate of amounts that is referred to in subparagraph i of subparagraph *a* of the first paragraph and determined in respect of a corporation for a taxation year, in relation to a qualified property, may not exceed the amount that is the amount by which the balance of its cumulative eligible expense limit for the year exceeds the aggregate of all amounts each of which is an aggregate of amounts that would be referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.44 for the year and in respect of which the corporation would be deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.44 but for its third paragraph, if the definition of "eligible expenses" in the first paragraph of section 1029.8.36.166.40 were read without reference to "the amount by which the excluded expense amount relating to the qualified property in respect of the partnership for the particular fiscal period is exceeded by" in the portion of its paragraph *b* before subparagraph i."

(2) Subsection 1 has effect from 3 December 2014.

147. (1) Section 1029.8.36.166.44 of the Act, amended by section 463 of chapter 21 of the statutes of 2015, is again amended by replacing the second paragraph by the following paragraph:

"The total of all amounts each of which is an aggregate of amounts that is referred to in subparagraph i of subparagraph *a* of the first paragraph and determined in respect of a corporation for a taxation year, in relation to a qualified property, may not exceed the amount that is the amount by which the balance of its cumulative eligible expense limit for the year exceeds the aggregate of all amounts each of which is an aggregate of amounts that would be referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.43 for the year and in respect of which the corporation would be deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.43 but for its third paragraph, if the definition of "eligible expenses" in the first paragraph of section 1029.8.36.166.40 were read without reference to "the amount by which the excluded expense amount relating to the qualified property in respect of the corporation for the particular year is exceeded by" in the portion of its paragraph *a* before subparagraph i."

(2) Subsection 1 has effect from 3 December 2014.

148. (1) Section 1029.8.116.1 of the Act is amended

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

““designated educational institution” means an educational institution that the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology designates for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses (chapter A-13.3);

““full-time student” for a taxation year means a person who began, in the year, a recognized term of study at a designated educational institution where the person was enrolled in a recognized educational program;”;

(2) by adding the following paragraph after paragraph *d* of the definition of “eligible individual”:

“(*e*) a person who, for the year, is a full-time student, unless, at the end of 31 December of the year or, where applicable, on the date of the person’s death, the person is the father or mother of a child with whom the person resides;”;

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

““recognized educational program” means an educational program that provides that each student taking the program spend not less than nine hours per week on courses or work in the program and that is,

(*a*) if the educational institution is situated in Québec, an educational program recognized by the Minister of Education, Recreation and Sports or the Minister of Higher Education, Research, Science and Technology for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses; and

(*b*) if the educational institution is situated outside Québec, an educational program at the college level or at the university level or the equivalent;”;

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

““recognized term of study” means a term of study that is completed and during which a person was in full-time attendance at a designated educational institution;”.

(2) Subsection 1 applies from the taxation year 2015.

149. (1) The Act is amended by inserting the following section after section 1029.8.116.2:

“**1029.8.116.2.0.1.** For the purposes of this division, if a person has a major functional deficiency within the meaning of the Regulation respecting

financial assistance for education expenses (chapter A-13.3, r. 1), and the person, for that reason, pursues studies on a part-time basis during a taxation year, the following rules apply:

(*a*) the person is deemed to be pursuing studies on a full-time basis during the year; and

(*b*) the definition of "recognized educational program" in section 1029.8.116.1 is to be read as if "spend not less than nine hours per week on courses or work in the program" were replaced by "receive a minimum of 20 hours of instruction per month"."

(2) Subsection 1 applies from the taxation year 2015.

150. (1) Section 1051 of the Act is amended by adding the following subparagraph after subparagraph *c* of the second paragraph:

"(*d*) within the three years following the day on which the information return described in section 1079.7 is filed, in relation to a claim or deduction made by the taxpayer in respect of a tax shelter, where paragraph *a*.2 of subsection 2 of section 1010 applies."

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

151. (1) The Act is amended by inserting the following section after section 1082.10:

"**1082.10.1.** Section 1082.4 does not apply to adjust an amount of consideration paid, payable or accruing to a corporation resident in Canada (in this section referred to as the "parent") in a taxation year of the parent for the provision of a guarantee to a person or a partnership (in this section referred to as the "lender") for the repayment, in whole or in part, of a particular amount owing to the lender by a person not resident in Canada, if

(*a*) the person not resident in Canada is a controlled foreign affiliate of the parent for the purposes of Division VII of Chapter II of Title III of Book III throughout the period in the year during which the particular amount is owing; and

(*b*) it is established that the particular amount would be an amount owing described in paragraph *a* or *b* of section 127.13 if it were owed to the parent."

(2) Subsection 1 applies to a taxation year that begins after 31 December 1997 and, where section 1082.10.1 of the Act applies to a taxation year that begins before 24 February 1998, Division VII of Chapter II of Title III of Book III of Part I of the Act, to which that section 1082.10.1 refers, applies as it read on 24 January 2005.

(3) However, where a taxpayer has made a valid election under subsection 2 of section 88 of the Economic Action Plan 2013 Act, No. 2 (Statutes of Canada, 2013, chapter 40), the following rules apply:

(1) despite section 1010 of the Taxation Act (chapter I-3), the Minister of Revenue shall, under Part I of the Act, make such assessments, reassessments or determinations as are necessary for a taxation year ending before 12 December 2013 to give effect to subsections 1 and 2, and sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply, with the necessary modifications; and

(2) where the taxpayer has so indicated in the election, subsection 1 does not apply to taxation years of the taxpayer that begin before 22 December 2012.

(4) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under subsection 2 of section 88 of the Economic Action Plan 2013 Act, No. 2. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 23 April 2016.

152. (1) Section 1089 of the Act is amended by adding the following paragraph after the fourth paragraph:

"For the purposes of subparagraph *a* of the first paragraph, in the case of an individual employed as an aircraft pilot, the individual's income from the duties of that employment performed by the individual in Québec, in relation to the individual's income that is attributable to a flight (including a leg of a flight) and paid directly or indirectly by a person resident in Canada, is

(*a*) all of the income attributable to the flight if the flight departs from a location in Québec and arrives at a location in Québec;

(*b*) one-half of the income attributable to the flight if the flight departs from a location in Québec and arrives at a location outside Québec;

(*c*) one-half of the income attributable to the flight if the flight departs from a location outside Québec and arrives at a location in Québec; or

(*d*) none of the income attributable to the flight if the flight departs from a location outside Québec and arrives at a location outside Québec."

(2) Subsection 1 applies from the taxation year 2013.

153. (1) Section 1090 of the Act is amended by adding the following paragraph after the fourth paragraph:

"For the purposes of subparagraph *a* of the first paragraph, in the case of an individual employed as an aircraft pilot, the individual's income from the duties

of that employment performed by the individual in Canada, in relation to the individual's income that is attributable to a flight (including a leg of a flight) and paid directly or indirectly by a person resident in Canada, is

(*a*) all of the income attributable to the flight if the flight departs from a location in Canada and arrives at a location in Canada;

(*b*) one-half of the income attributable to the flight if the flight departs from a location in Canada and arrives at a location outside Canada;

(*c*) one-half of the income attributable to the flight if the flight departs from a location outside Canada and arrives at a location in Canada; or

(*d*) none of the income attributable to the flight if the flight departs from a location outside Canada and arrives at a location outside Canada."

(2) Subsection 1 applies from the taxation year 2013.

154. (1) Section 1091.3 of the Act is amended

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

"(*c*) in the event that the person not resident in Canada is a member of a partnership,

i. the particular time is within one year after the time the partnership was formed,

ii. where the person not resident in Canada is, or is affiliated with, a person or partnership described in subparagraph 1 or 2, the fair market value, at the particular time, of all interests in the partnership is not less than four times the total of the fair market value of each interest in the partnership that is beneficially owned at the particular time by

(1) a particular person or a particular partnership (other than a designated entity in respect of the Canadian service provider), where persons or partnerships (other than designated entities in respect of the Canadian service provider) that are affiliated with the Canadian service provider are beneficial owners of more than 25% of the fair market value, at the particular time, of all shares of the particular person or all interests in the particular partnership, as the case may be, or

(2) a person or a partnership (other than a designated entity in respect of the Canadian service provider) that is affiliated with the Canadian service provider, or

iii. at the particular time, the person not resident in Canada is affiliated neither with the Canadian service provider nor with any person or partnership

(other than the partnership to which the services are provided) described in subparagraph 1 or 2 of subparagraph ii.";

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

"For the purposes of this paragraph and subparagraph iii of subparagraph *b* and subparagraph ii of subparagraph *c* of the first paragraph,".

(2) Subsection 1 applies from the taxation year 2002, except where the taxpayer has made a valid election under subsection 7 of section 244 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case subsection 1 has effect from 1 November 2011.

(3) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subsection 7 of section 244 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 23 April 2016.

155. (1) Section 1094 of the Act is amended by replacing the portion of paragraph *c* before subparagraph i by the following:

"(*c*) a share of the capital stock of a corporation (other than a mutual fund corporation) that is not listed on a designated stock exchange, an interest in a partnership or an interest in a trust (other than a unit of a mutual fund trust or an income interest in a trust resident in Canada), if, at any time during the 60-month period that ends at the particular time, more than 50% of the fair market value of the share or interest, as the case may be, was derived directly or indirectly (otherwise than through a corporation, partnership or trust the shares or interests in which were not themselves taxable Québec property) from one or any combination of".

(2) Subsection 1 applies for the purpose of determining after 4 March 2010 whether a property is a taxable Québec property of a taxpayer.

(3) In addition, for the purpose of determining, at any time that is included in a taxation year ending after 31 December 2007 and that is before 5 March 2010, whether an interest of a person not resident in Canada in a partnership is a taxable Québec property, property of the partnership is not considered to be used in Québec in carrying on a business if, because of section 1091.3 of the Act, the person is not considered to be carrying on a business in Canada at that time.

156. (1) Section 1102.1 of the Act is amended by replacing "interest in" in the second paragraph by "right, interest".

(2) Subsection 1 has effect from 24 December 1998.

157. (1) The Act is amended by inserting the following after section 1129.45.0.5:

"**PART III.10.0.2**

"SPECIAL TAX RELATING TO THE CREDIT IN RESPECT OF INTEREST PAYABLE ON FINANCING OBTAINED UNDER THE SELLER-LENDER FORMULA OF LA FINANCIÈRE AGRICOLE DU QUÉBEC

"**1129.45.0.6.** In this Part, "eligible expenses" has the meaning assigned by the first paragraph of section 1029.8.36.53.20.1.

"**1129.45.0.7.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.36.53.20.2, on account of the taxpayer's tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the taxpayer for the particular year, in respect of qualified financing, is required to pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the "repayment year") in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer is deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.53.20.2 or 1029.8.36.53.20.6, in relation to the eligible expenses, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.53.20.2 or 1029.8.36.53.20.6, in relation to the eligible expenses, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is a tax that the taxpayer is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the eligible expenses.

"**1129.45.0.8.** Every taxpayer who is a member of a partnership and is deemed to have paid an amount to the Minister, under section 1029.8.36.53.20.3, on account of the taxpayer's tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the partnership for the partnership's particular fiscal period that ends in that particular year, in respect of qualified financing, is required to pay the tax computed under the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends (in this section referred to as the "fiscal period of repayment") in which an amount relating to the eligible expenses is, directly or indirectly, refunded or

otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends under any of sections 1029.8.36.53.20.3, 1029.8.36.53.20.7 and 1029.8.36.53.20.8, in relation to the eligible expenses, if the agreed proportion in respect of the taxpayer for that preceding fiscal period were the same as that for the fiscal period of repayment, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under any of sections 1029.8.36.53.20.3, 1029.8.36.53.20.7 and 1029.8.36.53.20.8, for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends, in relation to the eligible expenses, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular fiscal period, and

ii. the agreed proportion in respect of the taxpayer for that preceding fiscal period were the same as that for the fiscal period of repayment; and

(*b*) the aggregate of all amounts each of which is a tax that the taxpayer would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the eligible expenses, if the agreed proportion in respect of the taxpayer for the partnership's fiscal period that ends in the preceding taxation year were the same as that for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph *a* of that paragraph that is refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer is deemed to be an amount

(*a*) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(*b*) that is determined by multiplying the amount refunded, paid or allocated, otherwise determined, by the reciprocal of the agreed proportion in respect of the taxpayer for the fiscal period of repayment.

"**1129.45.0.9.** For the purposes of Part I, except for Division II.6.4.2.1 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a taxpayer at any time, under this Part, in relation to eligible expenses, is deemed to be an amount of assistance repaid at that time in respect of those expenses, pursuant to a legal obligation, by

(*a*) the partnership referred to in section 1129.45.0.8, if the tax arises from an amount directly or indirectly refunded or otherwise paid to that partnership or allocated to a payment required to be made by the partnership; or

(*b*) the taxpayer, in any other case.

"**1129.45.0.10.** Unless otherwise provided for in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024 and 1026.0.1, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications."

(2) Subsection 1 has effect from 1 January 2015.

158. (1) Section 1159.1.0.1 of the Act is replaced by the following section:

"**1159.1.0.1.** The amount to which paragraph *a* of the definition of "base wages" in section 1159.1 refers is

(*a*) an amount equal to the value of the benefit that is received or enjoyed by the individual referred to in that paragraph *a* because of, or in the course of, the individual's office or employment, and that is derived from the amount paid by the person referred to in that paragraph *a* to obtain, for the benefit of the individual and after 31 December 2012, a share, within the meaning of section 1, referred to in paragraph *a* or *b* of section 776.1.1; or

(*b*) hourly, half-day or full-day fees that the individual referred to in that paragraph *a* receives as

i. a member, appointed by the Government, of a commission, including a public inquiry commission, an evaluation committee, a committee or panel of experts or a working group created for a definite period of time, or

ii. a member of a candidate selection or review committee formed for that purpose under an Act of Québec."

(2) Subsection 1 applies from 1 January 2014.

159. (1) Section 1167 of the Act is amended

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

"**1167.** Every insurance corporation carrying on business in Québec, except that mentioned in paragraph *b* of section 998, shall pay for each 12-month period, as tax on capital, on every premium payable to the corporation or its agent with respect to its business in Québec other than an annuity contract, except on any reinsurance premium paid to the corporation by another insurance corporation, a tax equal to 3% of the premium payable.";

(2) by striking out the fifth paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of a 12-month period ending after 2 December 2014. However, where section 1167 of the Act applies to a 12-month period ending after but including 2 December 2014, it is to be read as if the first paragraph were replaced by the following paragraph:

"**1167.** Every insurance corporation carrying on business in Québec, except that mentioned in paragraph *b* of section 998, shall pay for each 12-month period, as tax on capital, on every premium payable to the corporation or its agent with respect to its business in Québec other than an annuity contract, except on any reinsurance premium paid to the corporation by another insurance corporation, a tax equal to

(*a*) in the case of insurance relating to the life, health or physical well-being of the insured, the aggregate of

i. the proportion of 2% of the premium payable that the number of days in the 12-month period that precede 3 December 2014 is of the number of days in that period, and

ii. the proportion of 3% of the premium payable that the number of days in the 12-month period that follow 2 December 2014 is of the number of days in that period; and

(*b*) in all other cases, 3% of the premium payable."

(3) Paragraph 2 of subsection 1 applies in respect of a 12-month period that begins after 2 December 2014.

(4) In addition, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, in computing the amount of a payment that an insurance corporation is required to make under that subparagraph *a* for a 12-month period ending after but including 2 December 2014, and for the purposes of section 1038 of the Act, in computing the interest to be paid by the insurance corporation under that section, if applicable, in respect of that payment, its estimated tax or its tax payable, as the case may be, for that period

(1) must, in respect of a payment that the insurance corporation is required to make before 3 December 2014, be determined without reference to this section; and

(2) is, in respect of a payment that the insurance corporation is required to make after 2 December 2014, deemed to be equal to the total of the amount that would be its estimated tax or its tax payable, as the case may be, for the 12-month period if it were determined without reference to this section and the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make after 2 December 2014 for the 12-month period under subparagraph *a* of the first paragraph of that

section 1027, the amount by which the estimated tax or the tax payable, as the case may be, determined without reference to this subsection exceeds the amount that would be its estimated tax or its tax payable, as the case may be, for the 12-month period if it were determined without reference to this section.

160. Section 1170 of the Act is amended by replacing "to the insured" in the second paragraph by "to the policyholder".

161. (1) Section 1173.1 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1173.1.** Every insurance corporation carrying on business in Québec shall pay, as tax on capital, for every taxation year, on every taxable premium paid in the year to the corporation or its agent in respect of a person resident in Québec at the time of payment, a tax equal to 3% of the taxable premium."

(2) Subsection 1 applies in respect of a taxation year that ends after 2 December 2014. However, where section 1173.1 of the Act applies to a taxation year ending after but including 2 December 2014, it is to be read as if the first paragraph were replaced by the following paragraph:

"**1173.1.** Every insurance corporation carrying on business in Québec shall pay, as tax on capital, for every taxation year, on every taxable premium paid in the year to the corporation or its agent in respect of a person resident in Québec at the time of payment, a tax equal to the aggregate of

(*a*) the proportion of 2% of the taxable premium that the number of days in the taxation year that precede 3 December 2014 is of the number of days in that year; and

(*b*) the proportion of 3% of the taxable premium that the number of days in the taxation year that follow 2 December 2014 is of the number of days in that year."

(3) In addition, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, in computing the amount of a payment that an insurance corporation is required to make under that subparagraph *a* for a taxation year ending after but including 2 December 2014, and for the purposes of section 1038 of the Act, in computing the interest to be paid by the insurance corporation under that section, if applicable, in respect of that payment, its estimated tax or its tax payable, as the case may be, for the year

(1) must, in respect of a payment that the insurance corporation is required to make before 3 December 2014, be determined without reference to this section; and

(2) is, in respect of a payment that the insurance corporation is required to make after 2 December 2014, deemed to be equal to the total of the amount that would be its estimated tax or its tax payable, as the case may be, for that

taxation year if it were determined without reference to this section and the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make after 2 December 2014 for the taxation year under subparagraph *a* of the first paragraph of that section 1027, the amount by which the estimated tax or the tax payable, as the case may be, determined without reference to this subsection exceeds the amount that would be its estimated tax or its tax payable, as the case may be, for that taxation year if it were determined without reference to this section.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

162. (1) Section 33 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), amended by section 591 of chapter 21 of the statutes of 2015, is again amended, in the first paragraph,

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

""base year" of a specified employer means the first year of the specified employer that ends after 31 December 2012 and throughout which the specified employer carried on a business;";

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

""recognized employment" means an employment identified by any of the following codes and labels of the National Occupational Classification, as amended from time to time and established jointly by Human Resources and Skills Development Canada and Statistics Canada:

(*a*) code 2111 Physicists and astronomers;

(*b*) code 2112 Chemists;

(*c*) code 2113 Geoscientists and oceanographers;

(*d*) code 2114 Meteorologists and climatologists;

(*e*) code 2115 Other professional occupations in physical sciences;

(*f*) code 2121 Biologists and related scientists;

(*g*) code 2122 Forestry professionals;

(*h*) code 2123 Agricultural representatives, consultants and specialists;

(*i*) code 2131 Civil engineers;

(*j*) code 2132 Mechanical engineers;

(*k*) code 2133 Electrical and electronics engineers;

(*l*) code 2134 Chemical engineers;

(*m*) code 2141 Industrial and manufacturing engineers;

(*n*) code 2142 Metallurgical and materials engineers;

(*o*) code 2143 Mining engineers;

(*p*) code 2144 Geological engineers;

(*q*) code 2145 Petroleum engineers;

(*r*) code 2146 Aerospace engineers;

(*s*) code 2147 Computer engineers (except software engineers and designers);

(*t*) code 2148 Other professional engineers, n.e.c.;

(*u*) code 2151 Architects;

(*v*) code 2153 Urban and land use planners;

(*w*) code 2161 Mathematicians, statisticians and actuaries;

(*x*) code 2171 Information systems analysts and consultants;

(*y*) code 2172 Database analysts and data administrators;

(*z*) code 2173 Software engineers and designers;

(*z*.1) code 2174 Computer programmers and interactive media developers;

(*z*.2) code 2175 Web designers and developers;

(*z*.3) code 2211 Chemical technologists and technicians;

(*z*.4) code 2212 Geological and mineral technologists and technicians;

(*z*.5) code 2221 Biological technologists and technicians;

(*z*.6) code 2223 Forestry technologists and technicians;

(*z*.7) code 2231 Civil engineering technologists and technicians;

(*z*.8) code 2232 Mechanical engineering technologists and technicians;

(*z*.9) code 2233 Industrial engineering and manufacturing technologists and technicians;

(*z*.10) code 2241 Electrical and electronics engineering technologists and technicians;

(*z*.11) code 2243 Industrial instrument technicians and mechanics;

(*z*.12) code 2244 Aircraft instrument, electrical and avionics mechanics, technicians and inspectors;

(*z*.13) code 2251 Architectural technologists and technicians;

(*z*.14) code 2252 Industrial designers;

(*z*.15) code 2253 Drafting technologists and technicians;

(*z*.16) code 2255 Technical occupations in geomatics and meteorology;

(*z*.17) code 2281 Computer network technicians; and

(*z*.18) code 2283 Information systems testing technicians;";

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

""eligible employee" means an employee of a specified employer who holds in Québec—under a contract entered into after 4 June 2014, if the specified employer's base year is the year 2013, or after the end of the specified employer's base year, in any other case—a recognized employment requiring at least 26 hours of work per week, for an indeterminate period or an expected minimum period of 40 weeks and holds the diploma normally required to have access to the recognized employment;";

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

""eligible specified employer" for a year means a specified employer for the year whose total payroll for the year is both less than $5,000,000 and attributable, in a proportion of more than 50%,

(*a*) to activities in the agriculture, forestry, fishing and hunting sector that are included in the group described under code 11 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;

(*b*) to activities in the mining, quarrying, and oil and gas extraction sector that are included in the group described under code 21 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada; or

(*c*) to activities in the manufacturing sector that are included in the groups described under codes 31 to 33 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;";

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

""qualified wages" in relation to an eligible employee of a specified employer means the portion of the wages paid by the specified employer, in relation to the eligible employee, that is referred to in the first paragraph of section 34, other than the value of a benefit received or enjoyed by the employee because of a previous office or employment;".

(2) Paragraphs 1 to 3 and 5 of subsection 1 have effect from 4 June 2014.

(3) Paragraph 4 of subsection 1 has effect from 1 January 2015.

163. (1) Section 33.2 of the Act is replaced by the following section:

"**33.2.** In this subdivision and subdivisions 2 and 3.2, any reference to wages that a person or an employer pays or has paid is a reference to wages that the person or employer pays, allocates, grants or awards or has paid, allocated, granted or awarded."

(2) Subsection 1 has effect from 4 June 2014.

164. (1) Section 34 of the Act, amended by section 593 of chapter 21 of the statutes of 2015, is again amended

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

"i. where the employer is a specified employer for the year in which the employer pays or is deemed to pay the wages (other than an eligible specified employer for that year) and the employer's total payroll for that year is equal to or less than $1,000,000, 2.7%,";

(2) by inserting the following subparagraph after subparagraph i of subparagraph *a* of the second paragraph:

"i.1. where the employer is an eligible specified employer for the year in which the employer pays or is deemed to pay the wages and the employer's total payroll for that year is equal to or less than $1,000,000, 1.6%,";

(3) by replacing the portion of subparagraph ii of subparagraph *a* of the second paragraph before the formula by the following:

"ii. where the employer is a specified employer for the year in which the employer pays or is deemed to pay the wages (other than an eligible specified employer for that year) and the employer's total payroll for that year is more than $1,000,000 but less than $5,000,000, the percentage determined by the formula";

(4) by inserting the following subparagraph after subparagraph ii of subparagraph *a* of the second paragraph:

"ii.1. where the employer is an eligible specified employer for the year in which the employer pays or is deemed to pay the wages and the employer's total payroll for that year is more than $1,000,000 but less than $5,000,000, the percentage determined by the formula

0.935% + (0.665% × A), and";

(5) by replacing the third and fourth paragraphs by the following paragraphs:

"In the formulas in subparagraphs ii and ii.1 of subparagraph *a* of the second paragraph, A is the quotient obtained by dividing the employer's total payroll for the year by $1,000,000.

If the percentage determined by the formulas in subparagraphs ii and ii.1 of subparagraph *a* of the second paragraph has more than two decimal places, only the first two decimal digits are retained and the second is increased by one unit if the third is greater than 4."

(2) Subsection 1 has effect from 1 January 2015.

165. (1) The Act is amended by inserting the following after section 34.1.11:

"§3.2. — *Credit for the hiring of eligible employees*

"**34.1.12.** A specified employer for a particular year preceding the year 2021 whose total payroll for the particular year is less than $5,000,000 and who encloses the prescribed form containing prescribed information with the information return referred to in section 3 of the Regulation respecting contributions to the Québec Health Insurance Plan (chapter R-5, r. 1) that the employer is required to file for the particular year is deemed, on the date on or before which the employer is required to file the information return for the particular year or, where later, on the date on which the employer files, in the prescribed form, an application for a refund with the Minister of Revenue, to have made an overpayment to the Minister of Revenue, for the purposes of this division and in respect of the particular year, of an amount equal to the product obtained by multiplying the specified employer's adjusted reduction rate determined for the particular year by the least of

(*a*) the aggregate of all amounts each of which is the qualified wages paid or deemed to be paid by the specified employer in the particular year to an eligible employee;

(*b*) the amount by which the aggregate of all amounts each of which is the wages paid or deemed to be paid in the particular year by the specified employer to an employee exceeds the aggregate of all amounts each of which is the wages paid or deemed to be paid by the employer in the employer's base year to an employee; and

(*c*) where the specified employer is associated at the end of the particular year with at least one other employer (other than another employer whose base year does not precede the particular year), the amount attributed to the specified employer for the particular year in accordance with the agreement described in section 34.1.13 and filed with the Minister of Revenue in the prescribed form containing prescribed information or, if no amount is attributed to the specified employer under that agreement or in the absence of such an agreement, zero or the amount attributed to the employer by the Minister of Revenue, as the case may be, for the particular year in accordance with this subdivision.

A specified employer's adjusted reduction rate for a year is equal to the percentage determined in respect of the employer under subparagraph i or i.1 of subparagraph *a* of the second paragraph of section 34 for the year, if the employer's total payroll is no more than $1,000,000, and, in any other case, to the percentage determined by the formula

A – [A × (B – $1,000,000)/$4,000,000].

In the formula in the second paragraph,

(*a*) A is the percentage determined in respect of the specified employer under subparagraph ii or ii.1 of subparagraph *a* of the second paragraph of section 34 for the year; and

(*b*) B is the specified employer's total payroll for the year.

If the percentage determined by the formula in the second paragraph has more than two decimal places, only the first two decimal digits are retained and the second is increased by one unit if the third is greater than 4.

The application for a refund to which the first paragraph refers must be made no later than four years after the end of the particular year.

The Minister of Revenue shall refund to the specified employer referred to in the first paragraph the amount determined in respect of the employer under the first paragraph as an overpayment.

For the purposes of this subdivision,

(*a*) the expression "person" in the definition of "employer" in the first paragraph of section 33 is deemed to include a partnership;

(*b*) wages paid or deemed to be paid by an employer as a member of a partnership are deemed to be paid by the partnership and not by the employer; and

(*c*) the second paragraph of section 33.0.2 applies for the purpose of determining whether an employer is associated with another employer at the end of a year.

"**34.1.13.** The agreement to which subparagraph *c* of the first paragraph of section 34.1.12 refers, in respect of a particular year, in relation to a specified employer is the agreement under which all the employers who are associated with each other at the end of the particular year attribute, for the purposes of section 34.1.12, to one or more of their number, one or more amounts the total of which is not greater than the amount by which the aggregate of the wages paid or deemed to be paid in the particular year by the specified employer and by another such employer so associated at the end of the particular year exceeds the aggregate of the wages paid or deemed to be paid by the specified employer in the employer's base year or by another such employer so associated at the end of the particular year, in that other employer's base year.

If the aggregate of the amounts attributed, in respect of a particular year, under an agreement described in the first paragraph and entered into by the employers who are associated with each other in the particular year is greater than the excess amount determined in that paragraph, the amount determined under subparagraph *c* of the first paragraph of section 34.1.12 in respect of each of those employers for the particular year is deemed, for the purposes of section 34.1.12, to be equal to the proportion of that excess amount that that amount otherwise determined is of the aggregate of the amounts attributed for the year under the agreement.

"**34.1.14.** If an employer who is associated at the end of a particular year with at least one other employer fails to file with the Minister of Revenue an agreement for the purposes of this subdivision within 30 days after notice in writing by the Minister of Revenue has been sent to any of the employers so associated that such an agreement is required for the purposes of this subdivision, the Minister of Revenue shall, for the purposes of this subdivision, attribute, for the particular year, an amount to one or more of the employers so associated in the year, which amount or the aggregate of which amounts, as the case may be, must be equal to the excess amount determined for the year under the first paragraph of section 34.1.13 and, in such a case, the amount determined under subparagraph *c* of the first paragraph of section 34.1.12, in respect of each of those employers for the particular year, is deemed, for the purposes of section 34.1.12, to be equal to the amount so attributed to the employer.

"**34.1.15.** For the purposes of this subdivision, the rules set out in the second paragraph apply where, in a particular year, there is

(*a*) a merger of two or more corporations (each of which is referred to in subparagraph *a* of the second paragraph as a "former employer") that are replaced to form one corporation (in that subparagraph *a* referred to as the "new employer"), or the formation of a new employer that is a corporation or partnership that immediately succeeds an employer (in that subparagraph *a* referred to as the "former employer");

(*b*) a transfer of property belonging or having belonged to a particular corporation or partnership (in this subparagraph and in subparagraph *b* of the

second paragraph referred to as the "former employer") made, as part of the winding-up or dissolution of the former employer or of a series of transactions or events including the winding-up or dissolution, in favour of another person or partnership (in that subparagraph *b* referred to as the "new employer") that, immediately after the transfer, would be associated with the former employer according to the rules set out in the second paragraph of section 33.0.2, with the necessary modifications, if any relevant factor to consider for that purpose, with respect to the ownership of a share of the capital stock of the particular corporation or of an interest in the particular partnership or with respect to the holding of a right relating to such a share or to such an interest, were established on the basis of the situation existing immediately before the beginning of the winding-up or dissolution or of the series of transactions or events and, where applicable, if the former employer existed immediately after the transfer; or

(*c*) a transfer of a business or part of a business from a corporation or a partnership (in subparagraph *c* of the second paragraph referred to as the "vendor"), other than a transfer of property to which subparagraph *b* applies, to another person or partnership (in that subparagraph *c* referred to as the "purchaser").

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

(*a*) in the case provided for in subparagraph *a* of that paragraph,

i. for the purpose of determining the amount described in subparagraph *a* of the first paragraph of section 34.1.12 in relation to the new employer and the former employer, wages paid or deemed to be paid to an eligible employee by the former employer for a period of the particular year that precedes the merger or the formation of the new employer are deemed to be wages paid or deemed to be paid for that period by the new employer to an eligible employee and not to be paid or deemed to be paid by the former employer,

ii. an eligible employee of the former employer qualifies as an eligible employee of the new employer if the employee holds, after the merger or formation, full-time recognized employment requiring at least 26 hours of work per week,

iii. where a former employer has a base year preceding the particular year, the new employer's base year is deemed to be the year that precedes the particular year, and where no former employer has a base year preceding the particular year, for the purpose of determining the new employer's base year, the new employer is deemed to have carried on a business during any month of the particular year during which a business was carried on by a former employer,

iv. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the new employer, where the new employer's base year is deemed to be the year preceding the particular year, wages paid or deemed to be paid by a former employer that has a base year preceding the particular year to an employee in the part of the

particular year that precedes the merger or formation and the proportion of wages paid or deemed to be paid by a former employer that does not have a base year preceding the particular year to an employee in the part of the particular year that precedes the merger or formation that the number of days in the particular year that precede the merger or formation is of the number of days in the particular year during which the former employer carried on a business, are deemed to be wages paid or deemed to be paid by the new employer to an employee in the particular year, and any of the following are deemed to be wages paid or deemed to be paid by the new employer to an employee in the new employer's base year:

(1) wages paid or deemed to be paid by a former employer that has a base year preceding the particular year to an employee in the former employer's base year,

(2) the proportion of wages paid or deemed to be paid by a former employer that does not have a base year preceding the particular year to an employee in the part of the particular year that precedes the merger or formation that the number of days in the particular year that precede the merger or formation is of the number of days in the particular year during which the former employer carried on a business, or

(3) wages paid or deemed to be paid by the new employer to an employee of a former employer that does not have a base year preceding the particular year, or to an employee substituted for such an employee, in the part of the particular year that begins at the time of the merger or formation, and

v. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the new employer, where the new employer's base year is the particular year, the proportion of wages paid or deemed to be paid by a former employer to an employee in the part of the particular year that precedes the merger or formation that the number of days in the particular year that precede the merger or formation is of the number of days in the particular year during which the former employer carried on a business is deemed to be wages paid or deemed to be paid by the new employer to an employee in the new employer's base year;

(*b*) in the case provided for in subparagraph *b* of that paragraph,

i. for the purpose of determining the amount described in subparagraph *a* of the first paragraph of section 34.1.12 in relation to the new employer and the former employer, wages paid or deemed to be paid to an eligible employee by the former employer for a period of the particular year that precedes the transfer are deemed to be wages paid or deemed to be paid for that period by the new employer to an eligible employee and not to be paid or deemed to be paid by the former employer,

ii. an eligible employee of the former employer qualifies as an eligible employee of the new employer if the employee holds, after the transfer, full-time recognized employment requiring at least 26 hours of work per week,

iii. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the new employer, where the new employer does not have a base year preceding the particular year and the former employer has a base year preceding the particular year,

(1) the new employer's base year is deemed to be the year that precedes the particular year,

(2) wages paid or deemed to be paid by the former employer to an employee in the former employer's base year are deemed to be wages paid or deemed to be paid by the new employer to an employee in the new employer's base year,

(3) wages paid or deemed to be paid by the former employer to an employee in the part of the particular year that precedes the transfer are deemed to be wages paid or deemed to be paid by the new employer to an employee in the particular year, and

(4) wages paid or deemed to be paid by the new employer in the particular year to an employee (other than an employee of the former employer or an employee substituted for such an employee) are deemed to be wages paid or deemed to be paid by the new employer to an employee in the new employer's base year in the proportion that 365 is of the number of days in the particular year during which the new employer carried on a business,

iv. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the new employer, where the new employer and the former employer have a base year preceding the particular year,

(1) wages paid or deemed to be paid to an employee by the former employer in the former employer's base year are deemed to be wages paid or deemed to be paid by the new employer to an employee in the new employer's base year, and

(2) wages paid or deemed to be paid by the former employer to an employee in the particular year are deemed to be wages paid or deemed to be paid by the new employer to an employee in the particular year,

v. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the new employer, where the new employer and the former employer do not have a base year preceding the particular year,

(1) for the purpose of determining the new employer's base year, the new employer is deemed to have carried on a business during any month of the particular year during which a business was carried on by the former employer, and

(2) wages paid or deemed to be paid to an employee by the former employer in the part of the particular year that precedes the transfer are deemed to be

wages paid or deemed to be paid in the particular year by the new employer to an employee of the new employer in the proportion that the number of days in the particular year that precede the transfer is of the number of days in the particular year during which the former employer carried on a business, and

vi. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the new employer, where the new employer has a base year preceding the particular year and the former employer does not have a base year preceding the particular year,

(1) wages paid or deemed to be paid to an employee by the former employer in the part of the particular year that precedes the transfer are deemed to be, in the proportion that the number of days in the particular year that precede the transfer is of the number of days in the particular year during which the former employer carried on a business, wages paid or deemed to be paid by the new employer to an employee in the new employer's base year and wages paid or deemed to be paid by the new employer to an employee in the particular year, and

(2) wages paid or deemed to be paid by the new employer in the part of the particular year that begins at the time of the transfer, to an employee of the former employer or to any employee substituted for such an employee, are deemed to be wages paid or deemed to be paid by the new employer to an employee in the new employer's base year; and

(*c*) in the case provided for in subparagraph *c* of that paragraph,

i. an eligible employee of the vendor qualifies as an eligible employee of the purchaser if the employee holds, after the transfer, full-time recognized employment requiring at least 26 hours of work per week,

ii. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the vendor, where the vendor's base year is the particular year, the aggregate of the wages paid or deemed to be paid by the vendor in the vendor's base year is deemed to be equal to the proportion of the aggregate of the wages paid or deemed to be paid by the vendor in the part of the particular year that begins at the time of the transfer that 365 is of the number of days in that part of the particular year,

iii. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the vendor, where the vendor has a base year preceding the particular year and has transferred all of its business to the purchaser, the aggregate of the wages paid or deemed to be paid by the vendor in the vendor's base year is deemed to be equal to the proportion of that aggregate otherwise determined that the number of days in the particular year that precede the transfer is of 365,

iv. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the vendor, where

the vendor has a base year preceding the particular year and has transferred a part of its business to the purchaser,

(1) in relation to the particular year, the aggregate of the wages paid or deemed to be paid by the vendor in the vendor's base year is deemed to be equal to the amount determined by the formula

$A - (A \times B/365 \times C)$, and

(2) in relation to a year subsequent to the particular year, the aggregate of the wages paid or deemed to be paid by the vendor in the vendor's base year is deemed to be equal to the amount determined by the formula

$A - (A \times C)$,

v. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the purchaser, where the purchaser's base year is the particular year, the aggregate of the wages paid or deemed to be paid by the purchaser in the purchaser's base year is deemed to be equal to the total of the aggregate of the wages paid or deemed to be paid by the purchaser in the particular year to employees (other than former employees of the vendor or employees substituted for such employees) and the proportion of the aggregate of the wages paid or deemed to be paid by the purchaser to former employees of the vendor or employees substituted for such employees that 365 is of the number of days in the part of the particular year that begins at the time of the transfer, and

vi. for the purpose of determining the amount described in subparagraph *b* or *c* of the first paragraph of section 34.1.12 in relation to the purchaser, where the purchaser's base year precedes the particular year and for the purpose of determining the amount of the overpayment that the purchaser is deemed to make in accordance with section 34.1.12,

(1) in relation to the particular year, the aggregate of the wages paid or deemed to be paid by the purchaser in the purchaser's base year is deemed to be equal to the total of that aggregate, determined without reference to this subparagraph vi, and the aggregate of the wages paid or deemed to be paid by the purchaser for the part of the particular year that begins at the time of the transfer and that is attributable to former employees of the vendor or employees substituted for such employees, and

(2) in relation to a year subsequent to the particular year, the aggregate of the wages paid or deemed to be paid by the purchaser in the purchaser's base year is deemed to be equal to the total of that aggregate, determined without reference to this subparagraph vi, and the proportion of the aggregate of the wages paid or deemed to be paid by the purchaser for the part of the particular year that begins at the time of the transfer and that is attributable to former employees of the vendor or employees substituted for such employees that 365 is of the number of days in the part of the particular year that begins at the time of the transfer.

In the formulas in subparagraphs 1 and 2 of subparagraph iv of subparagraph *c* of the second paragraph,

(*a*) A is the aggregate of the wages paid or deemed to be paid by the vendor in the vendor's base year, determined without reference to that subparagraph iv;

(*b*) B is the number of days in the period of the particular year that begins at the time of the transfer; and

(*c*) C is the part, expressed as a percentage, of the vendor's business that is the subject of the transfer.

"**34.1.16.** The Minister of Revenue shall, with dispatch, examine the prescribed form containing prescribed information that is filed with the Minister of Revenue by an employer in accordance with the first paragraph of section 34.1.12, determine the amount of the deemed overpayment that the Minister of Revenue must refund to the employer and send a notice of determination to the employer.

Paragraph *f* of section 312 of the Taxation Act (chapter I-3), paragraph *e* of section 336 of that Act, the provisions of Book IX of Part I of that Act and Chapters III.1 and III.2 of the Tax Administration Act (chapter A-6.002), as they relate to an assessment or a reassessment and to a determination or redetermination of tax, apply, with the necessary modifications, to a determination or redetermination of the amount of the overpayment referred to in the first paragraph."

(2) Subsection 1 has effect from 4 June 2014. However, where section 34.1.12 of the Act has effect before 1 January 2015, it is to be read as if "subparagraph i or i.1" in the portion of the second paragraph before the formula were replaced by "subparagraph i" and as if "subparagraph ii or ii.1" in subparagraph *a* of the third paragraph were replaced by "subparagraph ii".

166. (1) Section 37.16 of the Act, amended by section 596 of chapter 21 of the statutes of 2015, is again amended

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

""eligible preceding year" of an individual, in relation to a particular year, means a year throughout which the individual was resident in Canada and that precedes the particular year;

""taxation year" means a taxation year within the meaning of Part I of the Taxation Act;";

(2) by replacing the definition of "income" by the following definition:

""income" of an individual for a particular year means, subject to section 37.16.1, the aggregate of all amounts each of which is the income of

the individual for a taxation year ending in the particular year, determined under Part I of the Taxation Act;".

(2) Subsection 1 applies from the year 2013.

167. (1) Section 37.16.1 of the Act, enacted by section 597 of chapter 21 of the statutes of 2015, is replaced by the following section:

"**37.16.1.** For the purposes of this division, the following rules apply:

(*a*) for the purposes of the first paragraph of section 37.17, if an individual becomes a bankrupt, within the meaning of the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3), in a year, the individual's income for the year is deemed to be equal to the individual's income determined under Part I of the Taxation Act (chapter I-3) for the taxation year that, under section 779 of that Act, is deemed to begin on the date of the bankruptcy; and

(*b*) an individual's income for a particular year is reduced, if the individual so elects, by the portion, relating to one or more eligible preceding years of the individual, in relation to the particular year, of the aggregate of all amounts each of which is an amount described in the second paragraph that would otherwise be included in the individual's income for the particular year, where the portion is at least $300.

The amount to which subparagraph *b* of the first paragraph refers is an amount received in the particular year as, or in lieu of, full or partial payment of

(*a*) income from an office or employment, under the terms of a court judgment, arbitration award or a contract by which the parties put an end to a lawsuit;

(*b*) a benefit under the Labour Adjustment Benefits Act (Revised Statutes of Canada, 1985, chapter L-1), under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), under the Act respecting parental insurance (chapter A-29.011) or under the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act;

(*c*) an amount that is a support amount within the meaning of the first paragraph of section 312.3 of the Taxation Act or an amount referred to in the first paragraph of section 312.5 of that Act; or

(*d*) any other amount, other than income from an office or employment, that would be, in the opinion of the Minister, an additional undue tax burden on the individual were the individual to include it in computing income for the particular year in which it is received by the individual."

(2) Subsection 1 applies from the year 2013.

168. (1) Section 37.17 of the Act, replaced by section 598 of chapter 21 of the statutes of 2015, is amended

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

"**37.17.** Every individual described in section 37.18 in respect of a particular year is required to pay for the particular year, on the due date applicable to the individual for the particular year, a contribution that is, without exceeding $1,000, equal to the aggregate of the amount—where an election is made under subparagraph *b* of the first paragraph of section 37.16.1—determined under the second paragraph and";

(2) by adding the following paragraphs:

"The amount to which the first paragraph refers is equal to the aggregate of all amounts each of which is, for an eligible preceding year of the individual, in relation to the particular year, to which the amount deducted for the particular year in computing the individual's income under subparagraph *b* of the first paragraph of section 37.16.1 relates in whole or in part, either of the following amounts:

(*a*) where the eligible preceding year precedes 2013, zero; or

(*b*) where the eligible preceding year follows 2012, the aggregate of

i. the amount determined by the formula

A – B, and

ii. if the eligible preceding year is a year preceding the year immediately before the particular year, the amount of interest that would be computed, in respect of the eligible preceding year, in accordance with the second paragraph of section 28 of the Tax Administration Act (chapter A-6.002) for the period beginning on 1 May of the year following the eligible preceding year and ending immediately before the beginning of the particular year, on the amount determined, in respect of the eligible preceding year, under subparagraph i, if that amount were a refund due by the Minister under a fiscal law.

In the formula in subparagraph i of subparagraph *b* of the second paragraph,

(*a*) A is the amount by which the amount of the contribution that the individual would have been required to pay under this division for the eligible preceding year if the portion, relating to that eligible preceding year, of the aggregate of the amounts deducted in computing the individual's income under subparagraph *b* of the first paragraph of section 37.16.1, for the particular year or for a preceding year, had been received immediately before the end of the eligible preceding year and included in computing the individual's income for the eligible preceding year, exceeds the amount of the contribution payable by the individual under this division for that eligible preceding year; and

(*b*) B is the aggregate of all amounts each of which is equal to the amount determined, in respect of the eligible preceding year, by the formula in subparagraph i of subparagraph *b* of the second paragraph for a year preceding the particular year.

For the purpose of determining the aggregate referred to in the portion of subparagraph *b* of the second paragraph before subparagraph i, in respect of the eligible preceding year, where an individual was resident in Canada outside Québec on the last day of the eligible preceding year, the individual is deemed to have been resident in Québec on the last day of that eligible preceding year."

(2) Subsection 1 applies from the year 2013.

ACT RESPECTING THE QUÉBEC SALES TAX

169. (1) Section 108 of the Act respecting the Québec sales tax (chapter T-0.1), amended by section 642 of chapter 21 of the statutes of 2015, is again amended by replacing the portion of the definition of "practitioner" before paragraph 1 by the following:

""practitioner" means a person who practices the profession of acupuncture, audiology, chiropody, chiropractic, dietetics, midwifery, naturopathy as a naturopathic doctor, occupational therapy, optometry, osteopathy, physiotherapy, podiatry, psychology or speech-language pathology in Québec and who".

(2) Subsection 1 applies in respect of a supply made after 11 February 2014.

170. (1) Section 114 of the Act is replaced by the following section:

"**114.** A supply of an acupuncture, audiological, chiropodic, chiropractic, midwifery, naturopathic, occupational therapy, optometric, osteopathic, physiotherapy, podiatric, psychological or speech-language pathology service is exempt if the service is rendered to an individual by a practitioner of the service."

(2) Subsection 1 applies in respect of a supply made after 11 February 2014.

171. (1) Section 119.2 of the Act is amended

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

"**119.2.** A supply (other than a zero-rated supply or a prescribed supply) of a training service or of a service of designing a training plan is exempt if

(1) the training is specially designed to assist individuals with a disorder or disability in coping with the effects of the disorder or disability or to alleviate or eliminate those effects and is given or, in the case of a service of designing a training plan, is to be given to a particular individual with the disorder or

disability or to another individual who provides personal care or supervision to the particular individual otherwise than in a professional capacity; and";

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

"(*a*) a person acting in the capacity of a practitioner, medical practitioner, social worker or nurse, and in the course of a professional-client relationship between the person and the particular individual, has certified in writing that the training is or, in the case of a service of designing a training plan, will be an appropriate means to assist the particular individual in coping with the effects of the disorder or disability or to alleviate or eliminate those effects,

"(*b*) a prescribed person, or a member of a prescribed class of persons, has, subject to prescribed circumstances or conditions, certified in writing that the training is or, in the case of a service of designing a training plan, will be an appropriate means to assist the particular individual in coping with the effects of the disorder or disability or to alleviate or eliminate those effects, or";

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

"For the purposes of this section, a training service or a service of designing a training plan does not include training that is similar to the training ordinarily given to individuals who".

(2) Subsection 1 applies in respect of a supply made after 11 February 2014.

172. (1) Section 176 of the Act, amended by section 660 of chapter 21 of the statutes of 2015, is again amended by inserting the following paragraph after paragraph 8:

"(8.1) a supply of eyewear that is specially designed to correct or treat a defect of vision by electronic means, if the eyewear is supplied on the written order of a person that is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of medicine or optometry for the correction or treatment of a defect of vision of a consumer who is named in the order;".

(2) Subsection 1 applies in respect of a supply made after 11 February 2014.

173. Section 177 of the Act is amended by replacing paragraph 1.1 by the following paragraph:

"(1.1) grapes, juice and must, whether concentrated or not, malt, malt extract and other similar products intended for the making of wine or beer;".

174. (1) Section 327.2 of the Act is amended by replacing subparagraph *a* of subparagraph 3 of the first paragraph by the following subparagraph:

"(*a*) states the consignee's name and registration number assigned under section 415 or 415.0.6, and".

(2) Subsection 1 has effect from 19 June 2014.

175. (1) Section 330.1 of the Act is amended by replacing paragraph 2 by the following paragraph:

"(2) as the case may be,

(*a*) has property (other than financial instruments and property having a nominal value) and has last manufactured, produced, acquired or brought into Québec all or substantially all of its property (other than financial instruments and property having a nominal value) for consumption, use or supply exclusively in the course of commercial activities of the registrant,

(*b*) has no property (other than financial instruments and property having a nominal value) and has made supplies and all or substantially all of the supplies made by the registrant are taxable supplies, or

(*c*) has no property (other than financial instruments and property having a nominal value) and has not made taxable supplies and it is reasonable to expect that

i. the registrant will be making supplies throughout the next 12 months,

ii. all or substantially all of the supplies referred to in subparagraph i will be taxable supplies, and

iii. all or substantially all of the property (other than financial instruments and property having a nominal value) to be manufactured, produced, acquired or brought into Québec by the registrant within the next 12 months will be for consumption, use or supply exclusively in the course of commercial activities of the registrant."

(2) Subsection 1 has effect from 1 January 2015. In addition, where subsection 2 of section 330.1 of the Act applies after 31 December 2012, it is to be read as follows:

"(2) last manufactured, produced, acquired or brought into Québec all or substantially all of its property (other than financial instruments) for consumption, use or supply exclusively in the course of commercial activities of the registrant or, if the registrant has no property (other than financial instruments), all or substantially all of the supplies made by the registrant are taxable supplies."

176. (1) Section 331.0.1 of the Act is amended by replacing paragraph 6 by the following paragraph:

"(6) that, before receiving the supply, does not carry on any business or have any property (other than financial instruments); and".

(2) Subsection 1 has effect from 1 January 2013.

177. (1) Section 334 of the Act is amended

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

"**334.** If at any time after 31 December 2014 a person that is a specified member of a qualifying group files an election made jointly by the person and another specified member of the group to have this section apply, every taxable supply made between them at a time when the election is in effect is deemed to have been made for no consideration.";

(2) by striking out the third paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of a supply made after 31 December 2014.

(3) Paragraph 2 of subsection 1 applies in respect of an election or a revocation the effective date of which is after 31 December 2014 and in respect of an election that is in effect on 1 January 2015.

178. (1) The Act is amended by inserting the following section after section 334:

"**334.1.** For the purposes of this division, if an election made under section 334 has been filed with the Minister by a person before 1 January 2015, the election is deemed never to have been filed."

(2) Subsection 1 has effect from 1 January 2015.

179. (1) The Act is amended by inserting the following sections after section 335:

"**335.1.** An election under section 334 made jointly by a particular specified member of a qualifying group and another specified member of the group and a revocation of the election by those specified members must

(1) be made in the prescribed form containing prescribed information and specify the day (in this section referred to as the "effective day") on which the election or revocation is to become effective; and

(2) be filed with the Minister in the manner determined by the Minister, on or before

(*a*) the day on or before which the specified member must file a return under Chapter VIII for the reporting period of the specified member that includes the

effective day, or, if it is earlier, the day on or before which the other member must file a return under Chapter VIII for the reporting period of the other member that includes the effective day, or

(*b*) any day after the day described in subparagraph *a* that the Minister may determine.

"**335.2.** A particular person and another person are solidarily liable for all obligations that arise from the application of this Title because of a failure to account for or pay as and when required under this Title an amount of net tax of the particular person or of the other person if that tax is attributable to a supply made at any time between the particular person and the other person and if

(1) an election under section 334 made jointly by the particular person and the other person

(*a*) is in effect at that time, or

(*b*) ceased to be in effect before that time but the particular person and the other person are conducting themselves as if the election were in effect at that time; or

(2) the particular person and the other person purport to have jointly made an election under section 334 before that time and are conducting themselves as if the election were in effect at that time."

(2) Subsection 1, where it enacts section 335.1 of the Act, applies in respect of an election or a revocation the effective date of which is after 31 December 2014 and in respect of an election that is in effect on 1 January 2015. However, where paragraph 2 of that section 335.1 applies in respect of an election that is in effect before 1 January 2015 and in respect of a revocation of such an election that is to become effective before 1 January 2016, it is to be read as follows:

"(2) be filed with the Minister in the manner determined by the Minister, after 31 December 2014 and before 1 January 2016 or any later day that the Minister may determine."

(3) Subsection 1, where it enacts section 335.2 of the Act, applies in respect of a supply made after 31 December 2014.

180. (1) Section 350.49 of the Act is amended by replacing "section 415" in subparagraph 3 of the first paragraph by "section 415 or 415.0.6".

(2) Subsection 1 has effect from 19 June 2014.

181. Section 383 of the Act, amended by section 709 of chapter 21 of the statutes of 2015, is again amended

(1) by striking out “or public hospital” in the definition of “specified activities”;

(2) by striking out “, public hospital” in subparagraph *b* of paragraph 1 and in paragraph 2 of the definition of “home medical supply”;

(3) by striking out “, public hospital” in the portion of paragraph 1 before subparagraph *a* of the definition of “facility supply”;

(4) by striking out “, public hospital” in subparagraph *a* of paragraph 1 of the definition of “facility supply”, in the portion of subparagraph *c* of that paragraph 1 before subparagraph i and wherever it appears in subparagraphs i, ii and iv of that subparagraph *c*;

(5) by striking out “, public hospital” in paragraph 2 of the definition of “facility supply”.

182. Section 385.1 of the Act, amended by section 710 of chapter 21 of the statutes of 2015, is again amended

(1) by striking out “or public hospital” in the portion before paragraph 1;

(2) by striking out “, public hospital” in paragraph 1.

183. Section 386.2 of the Act, amended by section 713 of chapter 21 of the statutes of 2015, is again amended by striking out “or public hospital” in subparagraph ii of subparagraph *b* of paragraph 2.

184. (1) The Act is amended by inserting the following section after section 386.3:

“**386.4.** Despite sections 386, 386.1.1 and 386.2, where a person (other than a qualifying non-profit organization or a selected public service body described in any of paragraphs 1 to 3 of the definition of that expression in section 383) is a charity for the purposes of this subdivision only because the person is a non-profit organization that operates, otherwise than for profit, one or more health care facilities within the meaning of paragraph 2 of the definition of that expression in section 108, no amount in respect of property or a service is to be included in determining a rebate to be paid under this subdivision to the person in respect of the property or service except to the extent to which the person intended, at the relevant time specified in the second paragraph, to consume, use or supply the property or service

(1) in the course of the activities engaged in by the person in the course of operating those health care facilities; or

(2) if the person is designated to be a municipality for the purposes of this subdivision in respect of activities specified in the designation, in the course of those activities.

The relevant time to which the first paragraph refers is

(1) in the case of an amount of tax in respect of a supply made to, or the bringing into Québec by, the person at any time, that time;

(2) in the case of an amount deemed to have been paid or collected at any time by the person, that time;

(3) in the case of an amount required to be added under sections 341.2 and 341.3 in determining the person's net tax as a result of a branch or division of the person becoming a small supplier division at any time, that time; and

(4) in the case of an amount required to be added under paragraph 2 of section 210 in determining the person's net tax as a result of the person ceasing, at any time, to be a registrant, that time."

(2) Subsection 1 applies for the purpose of determining a rebate for which an application is filed with the Minister of Revenue after 7 April 2004.

185. (1) The Act is amended by inserting the following sections after section 415.0.3, enacted by section 736 of chapter 21 of the statutes of 2015:

"**415.0.4.** If the Minister has reason to believe that a person who is not registered is required to be registered and has failed to apply for registration as and when required under this division, the Minister may send a notice in writing that the Minister proposes to register the person under section 415.0.6.

"**415.0.5.** Upon receiving a notice referred to in section 415.0.4, a person shall apply for registration or establish to the satisfaction of the Minister that the person is not required to be registered.

"**415.0.6.** The Minister may register a person to whom a notice referred to in section 415.0.4 has been sent if, after 60 days after the day on which the notice was sent, the person has not applied for registration and the Minister is not satisfied that the person is not required to be registered, in which case the Minister shall assign a registration number to the person and notify the person in writing of the registration number and the effective date of the registration.

The effective date of a person's registration under the first paragraph is not to be earlier than 60 days after the day on which the notice in writing referred to in that paragraph was sent to the person."

(2) Subsection 1 has effect from 19 June 2014.

186. (1) Section 501 of the Act is amended by replacing "section 415" by "section 415 or 415.0.6".

(2) Subsection 1 has effect from 19 June 2014.

187. (1) Section 512 of the Act is amended by replacing the first paragraph by the following paragraph:

"**512.** Every person subject to the tax shall, when paying an insurance premium, pay a tax equal to 9% of the premium."

(2) Subsection 1 applies in respect of a premium paid after 31 December 2014. In addition, despite sections 525, 527 and 527.1 of the Act, the following rules apply:

(1) a person referred to in section 527 of the Act and not referred to in sections 527.1 and 527.2 of the Act has until 30 June 2015 to collect and until 31 July 2015 to remit to the Minister of Revenue that portion of the tax collectible on an automobile insurance premium paid in the period beginning on 1 January 2015 and ending on 30 June 2015 that exceeds the tax that would have been so collectible in the absence of subsection 1, except where the person collected that portion before 1 June 2015, in which case the person must remit it to the Minister of Revenue on or before the last day of the calendar month following that in which that portion was collected; and

(2) a person referred to in section 527.1 of the Act has until 31 March 2015 to remit to the Minister of Revenue the tax that the person collected, or should have collected, on any automobile insurance premium paid in the quarterly reporting period ending on 31 January 2015.

188. (1) Section 526.1 of the Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of this Title, sections 412, 415 and 415.0.4 to 415.0.6 apply, with the necessary modifications."

(2) Subsection 1 has effect from 19 June 2014.

189. (1) Section 536 of the Act is amended by replacing the first paragraph by the following paragraph:

"**536.** No person to whom section 526 applies may institute or continue any proceedings in Québec for the recovery of a debt arising from an insurance policy unless the person holds a registration certificate issued in accordance with section 415 or 415.0.6."

(2) Subsection 1 has effect from 19 June 2014.

190. Section 541.24 of the Act is amended by replacing the portion of subparagraph 3 of the first paragraph before subparagraph *a* by the following:

"(3) for the period beginning after 31 January 2010 and ending before 1 February 2025, where the establishment is situated in a class 3 prescribed tourist region,".

191. (1) Section 541.30 of the Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of this Title, sections 412, 415 and 415.0.4 to 415.0.6 apply, with the necessary modifications."

(2) Subsection 1 has effect from 19 June 2014.

FUEL TAX ACT

192. Section 10 of the Fuel Tax Act (chapter T-1), amended by section 795 of chapter 21 of the statutes of 2015, is again amended

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

"viii. was used to operate a motor vehicle registered for use exclusively on private land or a private road and used for farming, forest or mining operations as defined by regulation;";

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

"iv. was used to operate a motor vehicle registered for use exclusively on private land or a private road and used for farming, forest or mining operations as defined by regulation; or".

ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS

193. (1) Section 161 of the Act to amend the Taxation Act and other legislative provisions (2001, chapter 7) is amended

(1) by replacing the portion of subsection 3 before paragraph 1 by the following:

"(3) Paragraph 2 of subsection 1, where it enacts paragraph *g* of section 1104 of the said Act, applies, with reference to subsection 10, to taxation years of a corporation that begin after 20 June 1996. However, except as provided for in subsections 4 to 9, paragraph *g* of section 1104 of the said Act, enacted by paragraph 2 of subsection 1, does not apply to the corporation, with respect to a particular person and persons related to the particular person, where";

(2) by inserting ", with reference to subsection 10" at the end of paragraph 2 of subsection 9;

(3) by adding the following subsection after subsection 9:

"(10) Where paragraph *g* of section 1104 of the said Act, enacted by paragraph 2 of subsection 1, applies to taxation years that begin after 20 June 1996 but before 1 November 2011, it is to be read

(1) as if the following subparagraph were inserted after subparagraph ii:

"ii.1. paragraph *b* of section 21.18 were read as if "(except a beneficiary of a trust governed by a registered education savings plan who has not attained 19 years of age)" were inserted after "each beneficiary of a trust",";

(2) as if the following subparagraph were inserted after subparagraph iii:

"iii.1. paragraph *e* of section 21.18 were read as if "(except a beneficiary of a trust governed by a registered education savings plan who has not attained 19 years of age)" were inserted after "the beneficiary", and"."

(2) Subsection 1 has effect from 23 May 2001.

194. This Act comes into force on 26 October 2015.