NATIONAL ASSEMBLY OF QUÉBEC

FIRST SESSION FORTY-THIRD LEGISLATURE

Bill 6
(2023, chapter 2)

An Act to give effect to fiscal measures announced in the Budget Speech delivered on 22 March 2022 and to certain other measures

Introduced 9 December 2022
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EXPLANATORY NOTES

The purpose of this Act is to give effect to measures announced in the Budget Speech delivered on 22 March 2022 and in various Information Bulletins published in 2021 and 2022.

For the purpose of introducing or modifying measures specific to Québec, the Act provides for the payment of a refundable tax credit granting a new one-time amount to mitigate the increase in the cost of living. It also amends the Taxation Act, the Act respecting the sectoral parameters of certain fiscal measures and the Act respecting the Québec sales tax to, in particular,

(1) relax both the refundable tax credit to foster the retention of experienced workers and the refundable tax credit for small and medium-sized businesses in respect of persons with a severely limited capacity for employment;

(2) make the non-refundable tax credit for major cultural gifts permanent;

(3) extend the refundable tax credit for the repair of septic systems;

(4) ensure that expenses related to oil, gas and coal no longer give entitlement to the tax credit relating to resources;

(5) extend and restructure the refundable tax credit for the production of pyrolysis oil in Québec and introduce the refundable tax credit for the production of biofuel in Québec;

(6) extend the temporary enhancement of the tax credit relating to investment and innovation;

(7) make adjustments to the tax credits for the production of multimedia titles and to the tax credits for international financial centres, in relation to the criteria governing an employee's connection to an establishment;

(8) maintain the patronage dividend tax deferral mechanism; and

(9) for the application of the incentive deduction for the commercialization of innovations in Québec, clarify the notion of intellectual property asset.

The Act also provides that a financial compensation program may be established and implemented to subsidize, among others, the development, installation and maintenance costs of a technological means for managing the tax exemption applicable to First Nations members as regards the fuel tax and the tax on alcoholic beverages.

In addition, the Act amends, among others, the Taxation Act and the Act respecting the Québec sales tax to make amendments similar to those made to the Income Tax Act and the Excise Tax Act mainly by federal bills assented to in 2021 and 2022. More specifically, the amendments deal with

(1) the deduction for individuals residing in remote areas;

(2) charitable partnerships;

(3) temporary immediate expensing in respect of certain property; and

(4) the conditions of eligibility for a rebate of the Québec sales tax in respect of new housing.

The Act also contains provisions to remedy the anticipated credit shortfall arising from the implementation of a new accounting standard pertaining to the accounting of asset retirement obligations.

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

LEGISLATION AMENDED BY THIS ACT:

– Unclaimed Property Act (chapter B-5.1);

– Mining Tax Act (chapter I-0.4);

– Taxation Act (chapter I-3);

– Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);

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

REGULATION AMENDED BY THIS ACT:

– Regulation respecting the Taxation Act (chapter I-3, r. 1).

Bill 6

AN ACT TO GIVE EFFECT TO FISCAL MEASURES ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON 22 MARCH 2022 AND TO CERTAIN OTHER MEASURES

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

UNCLAIMED PROPERTY ACT

1. Section 3 of the Unclaimed Property Act (chapter B-5.1) is amended by replacing "the receipt of interest, dividends or" in subparagraphs 4 to 5.1 of the first paragraph by "the deposit of interest, dividends or any".

2. Section 28 of the Act is amended by replacing paragraph 4 by the following paragraph:

"(4) in the absence of a claim and in all cases where the property is administered on behalf of the State, once the Minister's liquidation of the property has ended and all operations for the delivery of the administered sums of money and of those deriving from the liquidation have been completed."

MINING TAX ACT

3. Section 36 of the Mining Tax Act (chapter I-0.4) is amended by striking out paragraph 3.

TAXATION ACT

4. (1) Section 94.1 of the Taxation Act (chapter I-3) is amended by replacing the first paragraph by the following paragraph:

"Despite section 94, the excess determined at the end of a taxation year under that section is not to be included in computing a taxpayer's income for the year where it is in respect of a passenger vehicle in respect of which paragraph *d*.3 or *d*.4 of section 99 or section 525.1 applied to the taxpayer, unless it was, at any time, designated immediate expensing property, within the meaning assigned by section 130R3 of the Regulation respecting the Taxation Act (chapter I-3, r. 1)."

(2) Subsection 1 applies to a taxation year that ends after 18 April 2021.

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

(1) by replacing the portion of paragraph *d*.5 before subparagraph ii by the following:

"(*d*.5) where the cost to a taxpayer of a zero-emission passenger vehicle exceeds the prescribed amount that is determined, in respect of the taxpayer, under section 99R1.1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), or where the cost to a taxpayer of a passenger vehicle that was, at any time, designated immediate expensing property, within the meaning of section 130R3 of that Regulation, exceeds the prescribed amount that is determined in its respect under section 99R1 of that Regulation, the following rules apply:

i. the capital cost to the taxpayer of the vehicle is deemed to be equal to the prescribed amount that is determined, in respect of the taxpayer, under section 99R1 or 99R1.1 of that Regulation, as the case may be, and";

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

"(*f*) where any part of a self-contained domestic establishment (in this paragraph referred to as the "work space") in which an individual resides is the principal place of business of the individual or a partnership of which the individual is a member, or is used exclusively for the purpose of earning income from a business and on a regular and continuous basis for meeting clients, customers or patients of the individual or partnership in the course of the business, as the case may be, except a work space that relates to the operation of a private residential home or a tourist accommodation establishment that is a principal residence establishment, bed and breakfast establishment or tourist home, within the meaning of the regulations made under the Tourist Accommodation Act (chapter H-1.01), where the tourist accommodation establishment is duly registered under that Act, the following rules apply:".

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 18 April 2021.

(3) Paragraph 2 of subsection 1 has effect from 1 September 2022. In addition, where section 99 of the Act applies after 30 April 2020 and before 1 September 2022, the portion of paragraph *f* of that section before subparagraph i is to be read as follows:

"(*f*) where any part of a self-contained domestic establishment (in this paragraph referred to as the "work space") in which an individual resides is the principal place of business of the individual or a partnership of which the individual is a member, or is used exclusively for the purpose of earning income from a business and on a regular and continuous basis for meeting clients, customers or patients of the individual or partnership in the course of the business, as the case may be, except a work space that relates to the operation

of a private residential home or a tourist accommodation establishment that is a principal residence establishment, tourist home or bed and breakfast establishment, within the meaning of the regulations made under the Act respecting tourist accommodation establishments (chapter E-14.2), where the individual or partnership holds a classification certificate of the appropriate class to which the tourist accommodation establishment belongs, issued under that Act, the following rules apply:".

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

"(*b*) an expenditure, other than an expenditure of a capital nature, made by the individual or partnership, that may reasonably be considered to relate to both the work space in connection with the operation of a tourist accommodation establishment that is a principal residence establishment, bed and breakfast establishment or tourist home, within the meaning of the regulations made under the Tourist Accommodation Act (chapter H-1.01), and the part of the establishment, other than the work space, is deemed to be an expenditure relating solely to the work space if the tourist accommodation establishment is duly registered under that Act;".

(2) Subsection 1 has effect from 1 September 2022. In addition, where section 175.5 of the Act applies after 30 April 2020 and before 1 September 2022, subparagraph *b* of the second paragraph of that section is to be read as follows:

"(*b*) an expenditure, other than an expenditure of a capital nature, made by the individual or partnership, that may reasonably be considered to relate to both the work space in connection with the operation of a tourist accommodation establishment that is a principal residence establishment, tourist home or bed and breakfast establishment, within the meaning of the regulations made under the Act respecting tourist accommodation establishments (chapter E-14.2), and the part of the establishment, other than the work space, is deemed to be an expenditure relating solely to the work space if the individual or partnership holds a classification certificate of the appropriate class to which the tourist accommodation establishment belongs, issued under that Act;".

7. (1) Section 311 of the Act is amended by striking out subparagraph ii of paragraph *e*.4.

(2) Subsection 1 has effect from 23 June 2022.

8. (1) The Act is amended by inserting the following section before section 350.1:

"**350.0.1.** In this chapter,

"amount on account of employer-provided travel benefits" of a taxpayer means, in respect of a trip made by the taxpayer or an eligible family member of the taxpayer, the amount that is the aggregate of

(*a*) the value of the assistance provided to the taxpayer in respect of the taxpayer's employment in respect of travel expenses for the trip; and

(*b*) the amount received by the taxpayer in respect of the taxpayer's employment in respect of travel expenses for the trip;

"eligible family member" of a taxpayer, at any time, means a member of the taxpayer's household who is at that time

(*a*) the taxpayer's spouse;

(*b*) a child of the taxpayer under the age of 18; or

(*c*) an individual who is

i. related to the taxpayer, and

ii. wholly dependent for support on the taxpayer, the taxpayer's spouse, or both of them, and, except in the case of the taxpayer's father, mother, grand-father or grand-mother, so dependent by reason of mental or physical infirmity;

"standard amount" applicable in respect of an individual for a taxation year means, subject to section 350.3.3, $1,200;

"trip cost" has the meaning assigned by Chapter IV of Title XXI of the Regulation respecting the Taxation Act (chapter I-3, r. 1)."

(2) Subsection 1 applies from the taxation year 2021.

9. (1) Section 350.1 of the Act is replaced by the following section:

"**350.1.** A taxpayer who is an individual and who, throughout a period (in this chapter referred to as the "qualifying period") of not less than six consecutive months commencing or ending in a taxation year, has resided in one or more particular areas each of which was a prescribed northern zone or prescribed intermediate zone for the year may, if the taxpayer encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file for the year under section 1000, deduct, in computing the taxpayer's income for the year, the amount determined in respect of the taxpayer under section 350.2."

(2) Subsection 1 applies from the taxation year 2021.

10. (1) Section 350.2 of the Act is amended

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

"(*a*) the aggregate of all amounts each of which is an amount determined, in respect of a particular period of the year, by the formula

A × B; and";

(2) by replacing all occurrences of "individual" and "individual's" in subparagraphs i and ii of subparagraph *b* of the first paragraph by "taxpayer" and "taxpayer's", respectively;

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

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

(*a*) A is the specified percentage for the year for the particular area in which the taxpayer resided during the particular period; and

(*b*) B is the aggregate of all amounts each of which is the trip cost to the taxpayer in respect of a trip that begins during the particular period.";

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

"For the purposes of the first and second paragraphs, the specified percentage for a taxation year for a particular area is".

(2) Subsection 1 applies from the taxation year 2021.

11. (1) Section 350.3 of the Act is replaced by the following section:

"**350.3.** The aggregate of the amounts determined for a taxation year under subparagraph *a* of the first paragraph of section 350.2 in respect of all the taxpayers in relation to an individual shall not be in respect of more than two trips made by the individual that begin in the year, other than trips to obtain medical services that are not available in the locality in which the taxpayer resided."

(2) Subsection 1 applies from the taxation year 2021.

12. (1) The Act is amended by inserting the following sections after section 350.3:

"**350.3.1.** For the purposes of the formula in subparagraph *a* of the first paragraph of section 350.2 in respect of a taxpayer for a taxation year in relation to a particular area, an amount may only be included in determining the value of B in that formula if

(*a*) the amount is not otherwise deducted in computing an individual's income for a taxation year, unless it is deducted in computing an employer's income in accordance with sections 80 to 82 and included in computing an employee's income;

(*b*) the amount is not taken into account in determining an amount deducted under section 752.0.11 for a taxation year;

(*c*) the amount is in respect of trips made by the taxpayer or an eligible family member of the taxpayer that begin during the part of the year in which the taxpayer resided in the particular area; and

(*d*) neither the taxpayer nor an eligible family member of the taxpayer is at any time entitled to a reimbursement or any form of assistance (other than a reimbursement or assistance included in computing the income of the taxpayer or the eligible family member) in respect of trips to which paragraph *c* applies.

"**350.3.2.** Where all the amounts determined under subparagraph *a* of the first paragraph of section 350.2R4 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of trips made by an individual that begin in a taxation year are nil, the aggregate of the amounts determined for the year for B in the formula in subparagraph *a* of the first paragraph of section 350.2 in respect of all the taxpayers in relation to the individual must not exceed the standard amount applicable in respect of the individual for the year.

"**350.3.3.** Where, under section 350.2R4 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), an amount on account of employer-provided travel benefits of a taxpayer was claimed by the taxpayer for a taxation year in respect of a trip made by an individual, the standard amount applicable in respect of the individual for the year is deemed to be nil."

(2) Subsection 1 applies from the taxation year 2021.

13. (1) Sections 350.4 and 350.5 of the Act are amended by replacing all occurrences of "individual" and "individual's" by "taxpayer" and "taxpayer's", respectively.

(2) Subsection 1 applies from the taxation year 2021.

14. (1) Section 350.6 of the Act is replaced by the following section:

"**350.6.** Where a taxpayer is, at any time in a taxation year, a foreign researcher within the meaning of section 737.19, a foreign researcher on a postdoctoral internship within the meaning of section 737.22.0.0.1, a foreign expert within the meaning of section 737.22.0.0.5, a foreign specialist within the meaning of section 737.22.0.1 or 737.22.0.4.1 or a foreign professor within the meaning of section 737.22.0.5, the following rules apply for the purpose of computing the amount that the taxpayer may deduct under section 350.1 for the year:

(*a*) the taxpayer may not include, in the aggregate referred to in subparagraph *b* of the second paragraph of section 350.2 in relation to a particular period in the year, an amount related to a trip beginning in the part of the particular period that is included in the taxpayer's research activity period, the taxpayer's eligible activity period or the taxpayer's specialized activity period, in relation to an employment, within the meaning of any of sections 737.19, 737.22.0.0.1, 737.22.0.0.5, 737.22.0.1, 737.22.0.4.1 and 737.22.0.5, as the case may be; and

(*b*) for the purposes of subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the first paragraph of section 350.2, the number of days in the year included in the qualifying period in which the taxpayer resided in the particular region does not include a day included in the taxpayer's research activity period, the taxpayer's eligible activity period or the taxpayer's specialized activity period, in relation to an employment, within the meaning of any of sections 737.19, 737.22.0.0.1, 737.22.0.0.5, 737.22.0.1, 737.22.0.4.1 and 737.22.0.5, as the case may be.

Where section 737.22.0.10 or 737.22.0.13 applies to a taxpayer for a taxation year, the taxpayer may not deduct, in computing income for the year, an amount under section 350.1."

(2) Subsection 1 applies from the taxation year 2021.

15. (1) Section 489 of the Act is amended

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

"(*b*.1) where the taxpayer is an individual (other than a trust), an amount ordinarily paid as a social assistance payment based on a means, needs or income test provided for under a program of the Government of Canada, of the government of a province or of an Indigenous governing body, within the meaning of section 2 of the Children's Special Allowances Act (Statutes of Canada, 1992, chapter 48), to the extent that it is received directly or indirectly by the taxpayer for the benefit of a particular individual, if";

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

"(*c*.1) an amount, other than a prescribed amount, ordinarily paid to an individual, other than a trust, as a social assistance payment based on a means, needs or income test under a program provided for by a law of Canada, of a province or of an Indigenous governing body, within the meaning of section 2 of the Children's Special Allowances Act, to the extent that it is received directly or indirectly by the individual for the benefit of another individual, other than the individual's spouse or a person who is related to the individual or to the individual's spouse, if".

(2) Subsection 1 has effect from 1 January 2020.

16. (1) Section 491 of the Act is amended by adding the following subparagraph at the end of subparagraph i of paragraph *g*:

"(4) the Settlement Agreement entered into by Her Majesty in Right of Canada on 15 September 2021 in respect of the class action relating to long-term drinking water quality for impacted First Nations, and".

(2) Subsection 1 applies from the taxation year 2022.

17. (1) Section 726.27 of the Act is amended by replacing "2023" in the definition of "qualified patronage dividend" by "2026".

(2) Subsection 1 applies in respect of a patronage dividend allocated after 31 December 2022.

18. (1) Section 726.27.1 of the Act is amended by replacing "2023" by "2026".

(2) Subsection 1 applies in respect of a patronage dividend allocated after 31 December 2022.

19. (1) Section 737.18.43 of the Act is amended by replacing the definition of "qualified intellectual property asset" by the following definition:

""qualified intellectual property asset" of a corporation means an incorporeal property that meets the following conditions:

(*a*) it is

i. a protected invention of the corporation,

ii. a protected plant variety of the corporation, or

iii. a protected software of the corporation; and

(*b*) it results from scientific research and experimental development activities that are carried on in whole or in part in Québec and that contribute significantly to the creation, development or improvement of the property."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2020.

20. (1) Section 752.0.0.5 of the Act is amended

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

"**752.0.0.5.** If section 752.0.0.3 applies to an individual in respect of a covered benefit attributable to a taxation year and the amount of which is determined by the Société de l'assurance automobile du Québec, there shall

be included, in computing for that year the aggregate referred to in the first paragraph of section 752.0.0.3, an amount equal to the aggregate of all amounts each of which is, for each day of the year for which the covered benefit is determined (in this section referred to as the "particular day"), equal to the product obtained by multiplying the lesser of the amounts determined for the particular day by the following formulas by the percentage determined for that day under the second paragraph:";

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

"The percentage to which the first paragraph refers for a particular day is

(*a*) where, for the particular day, the covered benefit attributable to the year is determined in accordance with the Regulation respecting computation of the income replacement indemnity paid under the second and third paragraphs of section 40 of the Automobile Insurance Act (chapter A-25, r. 2.2), the percentage determined by the formula

40% × I/14,610; or

(*b*) in any other case, 100%.";

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

"In the formulas in the first and second paragraphs,";

(4) by adding the following subparagraph at the end of the second paragraph:

"(*j*) I is the number of days corresponding to the value, established after applying the third paragraph of section 1 of the Regulation respecting computation of the income replacement indemnity paid under the second and third paragraphs of section 40 of the Automobile Insurance Act, of B in the formula that is provided for in that section 1 and that is used for the determination, for the particular day, of the covered benefit attributable to the year.";

(5) by replacing "second paragraph" in the third paragraph by "third paragraph";

(6) by adding the following paragraph at the end:

"Where this section applies in respect of a covered benefit attributable to the taxation year 2022 and that covered benefit is, as a consequence of the application of section 107 of the Act to amend the Automobile Insurance Act, the Highway Safety Code and other provisions (2022, chapter 13), determined, for a particular day of that taxation year that precedes 1 July 2022, in accordance with the Regulation respecting computation of the income replacement paid

under the second and third paragraphs of section 40 of the Automobile Insurance Act, the lesser of the amounts determined for that day by the formulas in the first paragraph is deemed to be equal to zero."

(2) Subsection 1 applies from the taxation year 2022.

21. (1) Section 752.0.10.1 of the Act is amended by striking out "before 1 January 2023" in the portion of the definition of "major cultural gift" in the first paragraph before paragraph *a*.

(2) Subsection 1 has effect from 1 January 2023.

22. (1) Section 752.0.17 of the Act is amended

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

"ii. because of a chronic disease, the individual must spend at least 14 hours per week on therapy, prescribed by a physician or a specialized nurse practitioner and administered at least twice a week, that is essential to sustain one of the individual's vital functions;";

(2) by replacing subparagraph ii of subparagraph *d*.1 of the first paragraph by the following subparagraph:

"ii. judgement,";

(3) by adding the following subparagraphs at the end of subparagraph *d*.1 of the first paragraph:

"iv. attention,

"v. concentration,

"vi. perception of reality,

"vii. problem solving,

"viii. goal setting,

"ix. regulation of behaviour and emotions, and

"x. verbal and non-verbal comprehension;";

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

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

(*a*) the therapy essential to sustain one of the vital functions of an individual who is suffering from a chronic disease does not include therapy that may reasonably be expected to have a beneficial effect on an individual who is not suffering from such a chronic disease; and

(*b*) an individual who is diagnosed with type 1 diabetes mellitus is deemed to spend at least 14 hours per week on therapy that is essential to sustain one of the individual's vital functions and is administered at least twice a week."

(2) Subsection 1 applies from the taxation year 2021 in respect of a certificate described in subparagraph *b* or *b*.1 of the first paragraph of section 752.0.14 of the Act that is filed with the Minister of Revenue after 23 June 2022.

23. (1) Section 766.3.1 of the Act is amended

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

"(*a*) if the preceding taxation year is the year 2004, an amount referred to in any of subparagraphs *a* to *c* of the first paragraph of section 766.8, other than

i. an amount that replaces income described in paragraph *e* of section 725, or

ii. an amount that is determined, as a consequence of the application of section 107 of the Act to amend the Automobile Insurance Act, the Highway Safety Code and other provisions (2022, chapter 13), in accordance with the Regulation respecting computation of the income replacement indemnity paid under the second and third paragraphs of section 40 of the Automobile Insurance Act (chapter A-25, r. 2.2); and";

(2) by adding the following subparagraph at the end of paragraph *b*:

"iii. an amount that is determined, as a consequence of the application of section 107 of the Act to amend the Automobile Insurance Act, the Highway Safety Code and other provisions, in accordance with the Regulation respecting computation of the income replacement indemnity paid under the second and third paragraphs of section 40 of the Automobile Insurance Act, to the extent that the amount so determined is attributable to a period that precedes 1 July 2022."

(2) Subsection 1 applies from the taxation year 2022.

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

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

"(*c*.1) "charitable purposes" includes making qualifying disbursements;";

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

"(*g*.1) "grantee organization" includes a person, club, society, association, organization or prescribed entity, but does not include a qualified donee;";

(3) by adding the following paragraph at the end:

"(*j*) "qualifying disbursement" means a disbursement made by a charity, by way of a gift or by otherwise making resources available, to a qualified donee, subject to section 985.2.0.1, or to a grantee organization, if, in the latter case,

i. the disbursement is in furtherance of a charitable purpose, determined without reference to paragraph *c*.1, of the charity,

ii. the charity ensures that the disbursement is exclusively applied to charitable activities in furtherance of a charitable purpose of the charity, and

iii. the charity maintains documentation sufficient to demonstrate

(1) the purpose for which the disbursement is made, and

(2) that the disbursement is exclusively applied by the grantee organization to charitable activities in furtherance of a charitable purpose of the charity."

(2) Subsection 1 has effect from 23 June 2022.

25. (1) Section 985.1.2 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) all its resources are devoted to charitable activities carried on by the organization itself or to making qualifying disbursements;".

(2) Subsection 1 has effect from 23 June 2022.

26. (1) Section 985.2 of the Act is replaced by the following section:

"**985.2.** A charitable organization is deemed to be devoting its resources to charitable activities carried on by it to the extent that it uses those resources in carrying on a related business."

(2) Subsection 1 has effect from 23 June 2022.

27. (1) The Act is amended by inserting the following section after section 985.2:

"**985.2.0.1.** Disbursements of part of a charitable organization's income that are made, in a taxation year, by way of gifts to a qualified donee (other than disbursements made to a registered charity that is deemed, under

section 985.3, to be a charity associated with the charitable organization) are not qualifying disbursements made by the charitable organization if the disbursements exceed 50% of the charitable organization's income for the year."

(2) Subsection 1 has effect from 23 June 2022.

28. (1) Section 985.6 of the Act is amended by replacing paragraphs *b* and *c* by the following paragraphs:

"(*b*) fails to expend in a taxation year, on charitable activities carried on by it or by way of gifts made by it that are qualifying disbursements, an amount that is at least equal to its disbursement quota for the year; or

"(*c*) makes a disbursement, other than

i. a disbursement made in the course of charitable activities carried on by it, or

ii. a qualifying disbursement."

(2) Subsection 1 has effect from 23 June 2022.

29. (1) Section 985.7 of the Act is amended by replacing paragraphs *b* and *b*.1 by the following paragraphs:

"(*b*) fails to expend in a taxation year, on charitable activities carried on by it or by way of gifts made by it that are qualifying disbursements, an amount that is at least equal to its disbursement quota for the year;

"(*b*.1) makes a disbursement, other than

i. a disbursement made in the course of charitable activities carried on by it, or

ii. a qualifying disbursement;".

(2) Subsection 1 has effect from 23 June 2022.

30. (1) Section 985.8 of the Act is amended by replacing subparagraphs *b* and *c* of the first paragraph by the following subparagraphs:

"(*b*) fails to expend in a taxation year, on charitable activities carried on by it or by way of gifts made by it that are qualifying disbursements, an amount that is at least equal to its disbursement quota for the year; or

"(*c*) makes a disbursement, other than

i. a disbursement made in the course of charitable activities carried on by it, or

ii. a qualifying disbursement."

(2) Subsection 1 has effect from 23 June 2022.

31. (1) Section 985.8.1 of the Act is amended by replacing paragraph *d* by the following paragraph:

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

(2) Subsection 1 has effect from 23 June 2022.

32. (1) Sections 985.20 and 985.21 of the Act are replaced by the following sections:

"**985.20.** Where a registered charity has expended a disbursement excess for a taxation year, the charity may, for the purpose of determining whether it complies with the requirements of paragraph *b* of section 985.6 or 985.7 or subparagraph *b* of the first paragraph of section 985.8, as the case may be, for the immediately preceding taxation year of the charity and five or less of its immediately subsequent taxation years, include, in computing the amounts expended on charitable activities carried on by it or by way of gifts made by it that are qualifying disbursements, such portion of the disbursement excess for that year as was not so included under this section for a preceding taxation year.

"**985.21.** For the purposes of section 985.20, "disbursement excess" of a charity for a taxation year means the amount by which the aggregate of the amounts expended in the year by the charity on charitable activities carried on by it or by way of gifts made by it that are qualifying disbursements exceeds its disbursement quota for the year."

(2) Subsection 1 has effect from 23 June 2022.

33. (1) Section 1010 of the Act is amended by inserting the following subparagraph after subparagraph vi of paragraph *a*.1 of subsection 2:

"vi.1. a redetermination of the taxpayer's tax is required to be made in respect of any income, loss or other amount in relation to a foreign affiliate of the taxpayer,".

(2) Subsection 1 applies to a taxation year of a taxpayer that begins after 26 February 2018.

34. (1) Section 1029.6.0.0.1 of the Act, amended by section 91 of chapter 23 of the statutes of 2022, is again amended

(1) by inserting the following subparagraph after subparagraph *i*.3 of the second paragraph:

"(*i*.4) in the case of Division II.6.0.9.3, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for a taxation year under that division, or

ii. subject to the fourth paragraph, the amount of federal government assistance directly attributable to the industry segment of a biofuel, in particular regarding market expansion, process improvement, energy efficiency and change in raw materials;";

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

"Government assistance includes, for the purposes of Divisions II.6.0.9.2 and II.6.0.9.3, the value of the compliance credits issued to a corporation, under a regulation adopted by the Government of Canada, aimed at reducing the carbon intensity of liquid fossil fuels or requiring that those fuels have a minimum low-carbon-intensity content, where

(*a*) within the framework of the regulation, a credit market is established;

(*b*) compliance credits are issued to the corporation in relation to its eligible production of pyrolysis oil or its eligible production of biofuel, as the case may be, within the meaning assigned to those expressions by Divisions II.6.0.9.2 and II.6.0.9.3; and

(*c*) a value is attributed to the credits so issued."

(2) Subsection 1 applies from 1 April 2023.

35. (1) Section 1029.8.36.0.3.8 of the Act is amended

(1) by striking out "of an establishment situated in Québec" in paragraphs *a* and *b* of the definition of "qualified labour expenditure" in the first paragraph;

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

"(*c*) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property, to a person or partnership with whom or which the corporation is dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the eligible

production work carried out in Québec, in the year and on its behalf, by the employees of that person or partnership, or that could be so attributed if that person or partnership had employees;";

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

""eligible employee", for a taxation year, means an individual in respect of whom the following conditions are met:

(*a*) the individual's name is specified in the qualification certificate issued by Investissement Québec, for the year and for the purposes of this division, to a corporation in respect of a property that is a multimedia title; and

(*b*) throughout the period in the year during which the individual carries out eligible production work relating to that property, the individual is an employee who reports for work at an establishment of the employer situated in Québec;";

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

""eligible production work", for a taxation year, relating to a property that is a multimedia title, means the work specified in the qualification certificate issued by Investissement Québec, for the year and for the purposes of this division, to a corporation in respect of the property and that is carried out, in whole or in part, by an eligible employee of the corporation or, as part of a contract, by a person or partnership whose name is specified in the qualification certificate;";

(5) by striking out the second paragraph;

(6) by adding the following paragraph at the end:

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

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

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

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

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

(2) Paragraphs 1 to 4 and 6 of subsection 1 apply to a taxation year that begins after 29 April 2022.

36. (1) Section 1029.8.36.0.3.9 of the Act is amended by replacing subparagraph *b* of the fourth paragraph by the following subparagraph:

"(*b*) a copy of the qualification certificate issued to the corporation by Investissement Québec, for the year and for the purposes of this division, in respect of a property that is a multimedia title."

(2) Subsection 1 applies to a taxation year that begins after 29 April 2022.

37. (1) Section 1029.8.36.0.3.18 of the Act is amended

(1) by replacing "qualified corporation" in the portion of the definition of "qualified labour expenditure" in the first paragraph before paragraph *a* by "corporation";

(2) by striking out "of an establishment situated in Québec" in paragraphs *a* and *b* of the definition of "qualified labour expenditure" in the first paragraph;

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

"(*c*) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to eligible multimedia titles, to a person or partnership with whom or which the corporation is dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out in Québec, in the year and on its behalf by the employees of that person or partnership, or that could be so attributed if that person or partnership had such employees;";

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

""eligible employee", for a taxation year, means an individual in respect of whom the following conditions are met:

(*a*) the individual's name is specified in the qualification certificate issued by Investissement Québec, for the year and for the purposes of this division, to a corporation in respect of eligible multimedia titles; and

(*b*) throughout the period in the year during which the individual carries out eligible production work, relating to those titles, the individual is an employee who reports for work at an establishment of the employer situated in Québec;";

(5) by replacing the portion of the definition of "qualified corporation" in the first paragraph before paragraph *a* by the following:

""qualified corporation", for a taxation year, means a corporation that, in the year, has an establishment in Québec, carries on a qualified business in Québec and holds a qualification certificate issued to it by Investissement Québec, for the year and for the purposes of this division, in respect of its activities, but does not include";

(6) by replacing the definition of "eligible multimedia title" in the first paragraph by the following definition:

""eligible multimedia title" of a corporation means a title that is not identified as being an excluded title on the qualification certificate issued to the corporation by Investissement Québec, for the year and for the purposes of this division, in respect of its activities;";

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

""eligible production work", for a taxation year, relating to eligible multimedia titles, means the work specified in the qualification certificate issued by Investissement Québec, for the year and for the purposes of this division, to a corporation in respect of those titles and that is carried out, in whole or in part, by an eligible employee of the corporation or, as part of a contract, by a person or partnership whose name is specified in the qualification certificate;";

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

"For the purposes of the definition of "qualified labour expenditure" in the first paragraph, an amount incurred in a taxation year that relates to work to be carried out in a subsequent taxation year is deemed not to have been incurred in that year, but to have been incurred in the subsequent year during which the work to which the amount refers is carried out.";

(9) by adding the following paragraph at the end:

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

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

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

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

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

(2) Paragraphs 2 to 7 and 9 of subsection 1 apply to a taxation year that begins after 29 April 2022.

38. (1) Section 1029.8.36.0.3.19 of the Act is amended

(1) by inserting "in respect of the corporation's activities" after "certificate" in the portion of subparagraph *b* of the third paragraph before subparagraph i;

(2) by replacing "valid qualification certificate issued to the corporation for the year" in subparagraphs i and ii of subparagraph *b* of the third paragraph by "qualification certificate issued to the corporation for the year in respect of its activities";

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

"(*b*) a copy of the qualification certificate issued to the corporation by Investissement Québec, for the year and for the purposes of this division, in respect of its activities; and";

(4) by adding the following subparagraph at the end of the fourth paragraph:

"(*c*) a copy of the qualification certificate issued to the corporation by Investissement Québec, for the year and for the purposes of this division, in respect of eligible multimedia titles."

(2) Subsection 1 applies to a taxation year that begins after 29 April 2022.

39. (1) Section 1029.8.36.0.106.7 of the Act is amended

(1) by striking out the definition of "residual forest biomass" in the first paragraph;

(2) by replacing the definition of "shipment of eligible pyrolysis oil" in the first paragraph by the following definition:

""shipment of eligible pyrolysis oil" of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of an eligible pyrolysis oil that the qualified corporation produces in Québec after 31 March 2018 and before 1 April 2033, that is sold in Québec in that period to a person or partnership that takes possession of the eligible pyrolysis oil in the particular month and before 1 April 2033, and that is intended for Québec.";

(3) by replacing the definition of "eligible pyrolysis oil" in the first paragraph by the following definition:

""eligible pyrolysis oil" means a pyrolysis oil that is produced by a corporation in a taxation year and in respect of which a certificate has been issued to the corporation for the year, for the purposes of this division;";

(4) by replacing the definition of "qualified corporation" in the first paragraph by the following definition:

""qualified corporation" for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of pyrolysis oil, that holds a certificate issued for the purposes of this division, for that year or a preceding taxation year, in respect of a pyrolysis oil included in its eligible production of pyrolysis oil for a particular month of the year, and that is not

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

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

(5) by replacing the definition of "pyrolysis oil production unit" in the first paragraph by the following definition:

""pyrolysis oil production unit" of a qualified corporation means a set of properties the qualified corporation uses in producing an eligible pyrolysis oil or another type of pyrolysis oil in Québec;";

(6) by adding the following paragraph at the end:

"If the result obtained by applying a formula in this division 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) Paragraphs 1, 2 and 4 to 6 of subsection 1 apply to a taxation year that ends after 31 March 2023. However, where the taxation year ends after 31 March 2023 and includes that date, paragraph 4 of subsection 1 applies to

a corporation only if the corporation has an eligible production of pyrolysis oil in relation to a month or part of a month, included in that taxation year, that begins after that date.

(3) Paragraph 3 of subsection 1 applies in respect of the litres of pyrolysis oil included in a qualified corporation's eligible production of pyrolysis oil for a month or part of a month that begins after 31 March 2023.

40. (1) Section 1029.8.36.0.106.8 of the Act is amended by replacing the portion before the formula in the first paragraph by the following:

"**1029.8.36.0.106.8.** Where, after 31 March 2018, a qualified corporation produces an eligible pyrolysis oil in Québec and stores it in a reservoir with another eligible pyrolysis oil it produced, with another type of pyrolysis oil it produced or with pyrolysis oil that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of pyrolysis oil the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed pyrolysis oil") is deemed to consist of distinct shipments derived from each of the qualified corporation's pyrolysis oil production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to that obtained by multiplying the number of litres making up the shipment of mixed pyrolysis oil by the proportion determined, in respect of each production unit or each of the other sources of supply, by the formula".

(2) Subsection 1 applies from 1 April 2023.

41. (1) Section 1029.8.36.0.106.9 of the Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

"A qualified corporation for a taxation year that encloses the documents described in the third paragraph with the fiscal return it is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.106.12 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the year, in respect of an eligible pyrolysis oil, by either of the following formulas:

(*a*) where subparagraph *b* does not apply,

A × B; or

(*b*) where the particular month includes 31 March 2023 and ends after that date,

(C × $0.08) + (D × B).

In the formulas in the first paragraph,

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

i. the qualified corporation's eligible production of pyrolysis oil, in relation to the eligible pyrolysis oil, for the particular month, and

ii. the qualified corporation's monthly ceiling on the production of pyrolysis oil, in respect of the eligible pyrolysis oil, for the particular month;

(*b*) B is

i. where the particular month ends before 1 April 2023, $0.08, or

ii. in any other case, the amount determined in accordance with section 1029.8.36.0.106.10.1, in respect of a litre of eligible pyrolysis oil;

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

i. the qualified corporation's eligible production of pyrolysis oil, in relation to the eligible pyrolysis oil, for the part of the particular month that precedes 1 April 2023, and

ii. the qualified corporation's monthly ceiling on the production of pyrolysis oil, in respect of the eligible pyrolysis oil, for that part of the particular month; and

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

i. the qualified corporation's eligible production of pyrolysis oil, in relation to the eligible pyrolysis oil, for the part of the particular month that follows 31 March 2023, and

ii. the qualified corporation's monthly ceiling on the production of pyrolysis oil, in respect of the eligible pyrolysis oil, for that part of the particular month.";

(2) by adding the following subparagraph at the end of the third paragraph:

"(*d*) a copy of any certificate that has been issued to the corporation for the purposes of this division, for the taxation year or a preceding taxation year, in respect of an eligible pyrolysis oil included in its eligible production of pyrolysis oil for a particular month of the year."

(2) Subsection 1 applies from 1 April 2023.

42. (1) Section 1029.8.36.0.106.10 of the Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

"For the purposes of subparagraph ii of subparagraphs *a*, *c* and *d* of the second paragraph of section 1029.8.36.0.106.9 and subject to the third paragraph, a qualified corporation's monthly ceiling on the production of pyrolysis oil, in respect of an eligible pyrolysis oil, for a particular month of a taxation year or a part of a particular month of a taxation year, is

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

(*b*) where subparagraph *a* does not apply, the product obtained by multiplying, by the number of days in the particular month or part of a particular month, as the case may be, the following number of litres:

i. 273,972, where the particular month or part of a particular month ends before 1 April 2023, or

ii. 821,917, where the particular month or part of a particular month begins after 31 March 2023.

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

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

"Where a qualified corporation has, for a particular month or a part of a particular month, an eligible production of pyrolysis oil in respect of more than one eligible pyrolysis oil and the amount determined in respect of any of those pyrolysis oils under section 1029.8.36.0.106.10.1, for the taxation year that includes that month or part of a month, is not equal to the amount so determined in respect of another of those pyrolysis oils, the following rules apply:

(*a*) the qualified corporation shall attribute, for the particular month or part of a particular month, a number of litres in respect of each eligible pyrolysis oil and the number of litres so attributed in respect of a pyrolysis oil is deemed to be the corporation's monthly ceiling on the production of pyrolysis oil, in respect of that pyrolysis oil, for the particular month or part of a particular month;

(*b*) the total number of litres attributed in accordance with subparagraph *a* must not exceed the qualified corporation's monthly ceiling on the production of pyrolysis oil, in respect of an eligible pyrolysis oil, that would be determined for the particular month or part of a particular month, under the first paragraph, if no reference were made to this paragraph; and

(*c*) if the total number of litres attributed in accordance with subparagraph *a* exceeds the qualified corporation's monthly ceiling on the production of pyrolysis oil, in respect of an eligible pyrolysis oil, that would be determined for the particular month or part of a particular month, under the first paragraph, if no reference were made to this paragraph, the Minister shall attribute a number of litres in respect of each eligible pyrolysis oil of the corporation and the number of litres so attributed in respect of a pyrolysis oil is deemed to be the corporation's monthly ceiling on the production of pyrolysis oil, in respect of that eligible pyrolysis oil, for the particular month or part of a particular month.";

(3) by replacing subparagraphs *a* and *b* of the third paragraph by the following subparagraphs:

"(*a*) 1 April 2018 and does not begin on that date, subparagraph *b* of the first paragraph is to be read as if "by the number of days in the particular month or part of a particular month, as the case may be," in the portion before subparagraph i were replaced by "by the number of days that follow 31 March 2018 and that are included in the particular month,"; and

"(*b*) 31 March 2033 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if "by the number of days in the particular month or part of a particular month, as the case may be," in the portion before subparagraph i were replaced by "by the number of days that precede 1 April 2033 and that are included in the particular month,"."

(2) Subsection 1 applies from 1 April 2023.

43. (1) The Act is amended by inserting the following section after section 1029.8.36.0.106.10:

"**1029.8.36.0.106.10.1.** The amount to which subparagraph ii of subparagraph *b* of the second paragraph of section 1029.8.36.0.106.9 refers in respect of a litre of eligible pyrolysis oil is the amount determined by the formula

A × B × C/1,000,000.

In the formula in the first paragraph,

(*a*) A is the result obtained by applying the formula

86.5 – D;

(*b*) B is

i. where the percentage represented by E, in respect of the eligible pyrolysis oil, is less than or equal to 45%, the amount determined by the formula

$30/0.45 × E,

ii. where the percentage represented by E, in respect of the eligible pyrolysis oil, is greater than 45% but less than or equal to 70%, the amount determined by the formula

$30 + [$30/0.25 × (E − 0.45)], or

iii. where the percentage represented by E, in respect of the eligible pyrolysis oil, is greater than 70%, the amount determined by the formula

$60 + [$65/0.30 × (E − 0.70)]; and

(*c*) C is the higher heating value of the eligible pyrolysis oil that is specified in the certificate issued in respect of the pyrolysis oil for the purposes of this division.

For the purposes of subparagraphs *a* and *b* of the second paragraph,

(*a*) D is the carbon intensity of the eligible pyrolysis oil that is specified in the certificate issued in respect of the pyrolysis oil for the purposes of this division; and

(*b*) E is the lesser of 100% and the result, expressed as a percentage, obtained by applying the formula

1 − (D/86.5).”

(2) Subsection 1 applies from 1 April 2023.

44. (1) The Act is amended by inserting the following division after section 1029.8.36.0.106.14:

“**DIVISION II.6.0.9.3**

“CREDIT FOR THE PRODUCTION OF BIOFUEL IN QUÉBEC

“§1. — *Interpretation and general rules*

“**1029.8.36.0.106.15.** In this division,

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

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

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

“biofuel production unit” of a qualified corporation means a set of properties the qualified corporation uses in producing an eligible biofuel or another type of biofuel in Québec;

“eligible biofuel” means a biofuel that is produced by a corporation in a taxation year and in respect of which a certificate has been issued to the corporation for the year, for the purposes of this division;

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

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

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of biofuel, that holds a certificate issued for the purposes of this division, for that year or a preceding taxation year, in respect of a biofuel included in its eligible production of biofuel for a particular month of the year, and that is not

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

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

"shipment of eligible biofuel" of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of an eligible biofuel that the qualified corporation produces in Québec after 31 March 2023 and before 1 April 2033, that is sold in Québec in that period to the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) (in subparagraph ii of subparagraph *a* of the second paragraph referred to as the "purchaser"), who takes possession of the eligible biofuel in the particular month and before 1 April 2033, and that is intended for Québec.

For the purposes of the definition of "shipment of eligible biofuel" in the first paragraph, the following rules apply:

(*a*) a shipment of biofuel is intended for Québec only if

i. where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec, or

ii. where subparagraph i does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec; and

(*b*) where, before 1 April 2023, a corporation has produced litres of biofuel in respect of which it could have been deemed to have paid an amount to the Minister under any of Divisions II.6.0.8 to II.6.0.9.1 if possession had been taken before that date, the litres of biofuel are deemed to be produced in Québec on 1 April 2023.

"**1029.8.36.0.106.16.** Where, after 31 March 2023, a qualified corporation produces an eligible biofuel in Québec and stores it in a reservoir with another eligible biofuel it produced, with another type of biofuel it produced or with a biofuel that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of biofuel the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed biofuel") is deemed to consist of distinct shipments derived from each of the qualified corporation's biofuel production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to that obtained by multiplying the number of litres making up the shipment of mixed biofuel by the proportion determined, in respect of each production unit or each of the other sources of supply, by the formula

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

In the formula in the first paragraph,

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

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

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

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

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

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

For the purposes of this division, where, after 31 March 2023, a qualified corporation produces eligible biofuel in Québec and stores it in a reservoir with biofuel that it produced before 1 April 2023 or that it acquired before that date (in this paragraph referred to as the "previous stock"), the following rules apply:

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

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

"§2. — *Credit*

"**1029.8.36.0.106.17.** A qualified corporation for a taxation year that encloses the documents described in the third paragraph with the fiscal return it is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.106.21 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the year, in respect of an eligible biofuel, by the formula

A × B.

In the formula in the first paragraph,

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

i. the qualified corporation's eligible production of biofuel, in relation to the eligible biofuel, for the particular month, and

ii. the qualified corporation's monthly ceiling on the production of biofuel, in respect of the eligible biofuel, for the particular month; and

(*b*) B is the amount determined in accordance with section 1029.8.36.0.106.19, in respect of a litre of the eligible biofuel.

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

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

(*b*) a copy of any certificate that has been issued to the corporation for the purposes of this division, for the taxation year or a preceding taxation year, in respect of an eligible biofuel that it produces and that is included in its eligible production of biofuel for a particular month of the year;

(*c*) a copy of a report specifying, in respect of each month of the taxation year, the qualified corporation's eligible production of biofuel; and

(*d*) if applicable, a copy of the agreement described in section 1029.8.36.0.106.18.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the taxation year under this Part and of its tax payable for the taxation 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.

"**1029.8.36.0.106.18.** For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.106.17 and subject to the third paragraph, a qualified corporation's monthly ceiling on the production of biofuel, in respect of an eligible biofuel, for a particular month of a taxation year, is

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

(*b*) where subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the particular month.

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

Where a qualified corporation has, for a particular month, an eligible production of biofuel in respect of more than one eligible biofuel and the amount determined in respect of any of those biofuels under section 1029.8.36.0.106.19, for the taxation year that includes that month, is not equal to the amount so determined in respect of another of those biofuels, the following rules apply:

(*a*) the qualified corporation shall attribute, for the particular month, a number of litres in respect of each eligible biofuel and the number of litres so attributed in respect of a biofuel is deemed to be the corporation's monthly ceiling on the production of biofuel, in respect of the biofuel, for the particular month;

(*b*) the total number of litres attributed in accordance with subparagraph *a* must not exceed the qualified corporation's monthly ceiling on the production of biofuel, in respect of an eligible biofuel, that would be determined for the particular month, under the first paragraph, if no reference were made to this paragraph; and

(*c*) if the total number of litres attributed in accordance with subparagraph *a* exceeds the qualified corporation's monthly ceiling on the production of biofuel, in respect of an eligible biofuel, that would be determined for the particular month, under the first paragraph, if no reference were made to this paragraph, the Minister shall attribute a number of litres in respect of each eligible biofuel of the corporation and the number of litres so attributed in respect of a biofuel is deemed to be the corporation's monthly ceiling on the production of biofuel, in respect of that eligible biofuel, for the particular month.

For the purposes of this section, where the particular month of a taxation year includes

(*a*) 1 April 2023 and does not begin on that date, subparagraph *b* of the first paragraph is to be read as if "that follow 31 March 2023" were inserted at the end; and

(*b*) 31 March 2033 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if "that precede 1 April 2033" were inserted at the end.

"**1029.8.36.0.106.19.** The amount to which subparagraph *b* of the second paragraph of section 1029.8.36.0.106.17 refers in respect of a litre of eligible biofuel is the amount determined by the formula

A × B × C/1,000,000.

In the formula in the first paragraph,

(*a*) A is the result obtained by applying the formula

D – E;

(*b*) B is

i. where the percentage represented by F, in respect of the eligible biofuel, is less than or equal to 45%, the amount determined by the formula

$30/0.45 × F,

ii. where the percentage represented by F, in respect of the eligible biofuel, is greater than 45% but less than or equal to 70%, the amount determined by the formula

$30 + [$30/0.25 × (F – 0.45)], or

iii. where the percentage represented by F, in respect of the eligible biofuel, is greater than 70%, the amount determined by the formula

$60 + [$65/0.30 × (F – 0.70)]; and

(*c*) C is the higher heating value of the eligible biofuel that is specified in the certificate issued in respect of that biofuel for the purposes of this division.

For the purposes of subparagraphs *a* and *b* of the second paragraph,

(*a*) D is

i. 83.1, where the certificate issued in respect of the eligible biofuel for the purposes of this division specifies that the biofuel replaces gasoline, or

ii. 92.9, where the certificate issued in respect of the eligible biofuel for the purposes of this division specifies that the biofuel replaces diesel fuel;

(*b*) E is the carbon intensity of the eligible biofuel that is specified in the certificate issued in respect of that biofuel for the purposes of this division; and

(*c*) F is the lesser of 100% and the result, expressed as a percentage, obtained by applying the formula

1 – (E/D).

If the result obtained by applying any of the formulas in this section 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.

"**1029.8.36.0.106.20.** No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.106.17 on account of its tax payable for a particular taxation year in relation to all or a portion of its eligible production of biofuel for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.

"§3. — *Government assistance, non-government assistance and other particulars*

"**1029.8.36.0.106.21.** The amount to which the first paragraph of section 1029.8.36.0.106.17 refers is equal to the aggregate of all amounts each of which is

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

(*b*) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation's eligible production of biofuel for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner.

"**1029.8.36.0.106.22.** A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.17, on account of its tax payable for a particular taxation year under this Part in relation to its eligible production of biofuel for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for a subsequent taxation year (in this section referred to as the "year concerned") in which either of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:

(*a*) the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *a* of section 1029.8.36.0.106.21, in the aggregate determined in respect of the corporation for the particular taxation year under that section; or

(*b*) a person or a partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *b* of section 1029.8.36.0.106.21, in the aggregate determined in respect of the corporation for the particular taxation year under that section.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.106.17 for a taxation year preceding the year concerned in relation to its eligible production of biofuel for a particular month of the particular taxation year, is exceeded by the total of

(*a*) the amount that the corporation would have been deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.17 if any of the events described in subparagraph *a* or *b* of the first paragraph or

in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.39.10, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of biofuel for a particular month of the particular taxation year, had occurred in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.39.10 for a taxation year preceding the year concerned in relation to its eligible production of biofuel for a particular month of the particular taxation year.

Section 1029.6.0.1.9 applies, with the necessary modifications, to the totality of the amount that the corporation is deemed, under this section, to have paid to the Minister on the corporation's balance-due day for the year concerned.

"**1029.8.36.0.106.23.** For the purposes of section 1029.8.36.0.106.22, an amount is deemed to be an amount paid by a corporation, a person or a partnership, as the case may be, in a particular taxation year as a repayment of an amount included in the aggregate determined for a preceding taxation year in respect of the corporation under section 1029.8.36.0.106.21, pursuant to a legal obligation, if that amount

(*a*) has been included in that aggregate;

(*b*) in the case of an amount referred to in paragraph *a* of section 1029.8.36.0.106.21, has not been received by the corporation;

(*c*) in the case of an amount referred to in paragraph *b* of section 1029.8.36.0.106.21, has not been obtained by the person or partnership; and

(*d*) ceased in the particular taxation year to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain."

(2) Subsection 1 applies from 1 April 2023.

45. (1) Section 1029.8.36.59.49 of the Act, amended by section 102 of chapter 23 of the statutes of 2022, is again amended

(1) by replacing the definitions of "qualified corporation" and "qualified partnership" by the following definitions:

""qualified corporation" for a taxation year means a corporation, other than an excluded corporation for the year, that, in the year, carries on a business in Québec and has an establishment in Québec;

""qualified partnership" for a fiscal period means a partnership that, in the fiscal period, carries on a business in Québec and has an establishment in Québec;";

(2) by striking out the definition of “primary and manufacturing sectors corporation”.

(2) Subsection 1 applies to a taxation year of a corporation or a fiscal period of a partnership that ends after 30 December 2022, in relation to an amount paid by the corporation or partnership, as the case may be, as an employer contribution in respect of a calendar year subsequent to 2021.

46. (1) The heading of Division II.6.5.9 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

“CREDIT FOR THE CONTINUED EMPLOYMENT OF PERSONS WITH A SEVERELY LIMITED CAPACITY FOR EMPLOYMENT”.

(2) Subsection 1 has effect from 1 January 2022.

47. (1) Section 1029.8.36.59.58 of the Act, amended by section 104 of chapter 23 of the statutes of 2022, is again amended

(1) by replacing the definitions of “qualified corporation” and “qualified partnership” by the following definitions:

““qualified corporation” for a taxation year means a corporation, other than an excluded corporation for the year, that, in the year, carries on a business in Québec and has an establishment in Québec;

““qualified partnership” for a fiscal period means a partnership that, in the fiscal period, carries on a business in Québec and has an establishment in Québec;”;

(2) by striking out the definition of “primary and manufacturing sectors corporation”.

(2) Subsection 1 applies to a taxation year of a corporation or a fiscal period of a partnership that ends after 30 December 2022, in relation to an amount paid by the corporation or partnership, as the case may be, as an employer contribution in respect of a calendar year subsequent to 2021.

48. (1) Section 1029.8.36.166.40 of the Act, amended by section 106 of chapter 23 of the statutes of 2022, is again amended by inserting the following paragraph after paragraph *c*.3 of the definition of “qualified property” in the first paragraph:

“(*c*.4) is not used in the course of operating a biofuel plant; and”.

(2) Subsection 1 applies in respect of a property acquired after 22 March 2022, other than a property acquired pursuant to an obligation in writing entered into before 23 March 2022 or the construction of which, if applicable, by or on behalf of the purchaser, had begun by 22 March 2022.

49. Section 1029.8.36.166.49 of the Act is amended by replacing the third paragraph by the following paragraph:

"The amount that the corporation may be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.46 in respect of the portion referred to in the second paragraph must be determined as if the total taxes used in establishing, for the particular year, the corporation's limit relating to an unused portion referred to in subparagraph *b* of the first paragraph of that section were the portion of such total taxes of the corporation for the particular year that may reasonably be attributed to the carrying on of that business and — if the corporation sold, leased, rented or developed properties or rendered services in the course of carrying on that business before that time — of any other business all or substantially all of the income of which is derived from the sale, leasing, rental or development, as the case may be, of similar properties, or the rendering of similar services."

50. Section 1029.8.36.166.50 of the Act is amended by replacing the third paragraph by the following paragraph:

"The amount that the corporation may be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.47 in respect of the portion referred to in the second paragraph must be determined as if the reference to the total taxes in that section were a reference to the portion of the total taxes of the corporation for the particular year that may reasonably be attributed to the carrying on of that business and — if the corporation sold, leased, rented or developed properties or rendered services in the course of carrying on that business before that time — of any other business all or substantially all of the income of which is derived from the sale, leasing, rental or development, as the case may be, of similar properties, or the rendering of similar services."

51. Section 1029.8.36.166.54 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

"For the purpose of applying section 1029.8.36.166.53 to a corporation for a particular taxation year, the eligible expenses, in respect of a qualified property, of the corporation for a preceding taxation year or of a partnership for a fiscal period of the partnership that ends in that preceding year and at the end of which the corporation was a member of the partnership are deemed to be repaid to the corporation or partnership, as the case may be, at a particular time of the period described in the second paragraph, where the property ceases at that time, otherwise than by reason of its loss, of its involuntary destruction by fire, theft or water, or of a major breakdown of the property, to be used solely in Québec to earn income from a business carried on

(*a*) by the first purchaser of the property, where the first purchaser owns it at the particular time; or

(*b*) by a subsequent purchaser of the property that acquired it in any of the circumstances in which section 130R149 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) applies, where the subsequent purchaser owns it at the particular time.

The period to which the first paragraph refers is the period that begins on the particular day on which the property begins to be used by its first purchaser or by a subsequent purchaser that acquired the property in any of the circumstances in which section 130R149 of the Regulation respecting the Taxation Act applies and ends on the earlier of

(*a*) the 730th day following the particular day; and

(*b*) the last day of the particular taxation year or of the partnership's fiscal period that ends in that year, as the case may be."

52. (1) Section 1029.8.36.166.60.36 of the Act is amended by replacing paragraph *f* of the definition of "specified property" in the first paragraph by the following paragraph:

"(*f*) the property is not used in the course of operating an ethanol, biodiesel fuel, pyrolysis oil or biofuel plant;".

(2) Subsection 1 applies in respect of a property acquired after 22 March 2022, other than a property acquired pursuant to an obligation in writing entered into before 23 March 2022 or the construction of which, if applicable, by or on behalf of the purchaser, had begun by 22 March 2022.

53. Section 1029.8.36.166.60.41 of the Act is amended by striking out "to which the third paragraph refers" in the fourth paragraph.

54. Section 1029.8.36.166.60.44 of the Act is amended by replacing "qualified corporation" in the first and second paragraphs by "corporation".

55. (1) Section 1029.8.36.166.60.50 of the Act is amended by replacing the fourth paragraph by the following paragraph:

"The expenses referred to in subparagraph i of each of subparagraphs *a* to *c* of the first paragraph are those that are incurred in the particular period that begins on 26 March 2021 and ends on 31 December 2023, where

(*a*) the property is acquired in the particular period otherwise than pursuant to an obligation in writing entered into on or before 25 March 2021 and is not a property the construction of which, by or on behalf of the purchaser, had begun by that date; or

(*b*) the property is acquired after 31 December 2023 and before 1 April 2024 and either the acquisition is made pursuant to an obligation in writing entered into in the particular period, or the construction of the property, by or on behalf of the purchaser, began in that period."

(2) Subsection 1 has effect from 22 March 2022.

56. Section 1029.8.36.166.60.54 of the Act is amended by replacing "substantially all the income" in the third paragraph by "all or substantially all of the income".

57. Section 1029.8.36.166.60.55 of the Act is amended by replacing the third paragraph by the following paragraph:

"The amount that the corporation may be deemed to have paid to the Minister for the particular year under section 1029.8.36.166.60.52 in respect of the portion referred to in the second paragraph must be determined as if the reference to the total taxes in that section were a reference to the portion of the corporation's total taxes for the particular year that may reasonably be attributed to the carrying on of that business and — if the corporation sold, leased, rented or developed properties or rendered services in the course of carrying on that business before that time — of any other business all or substantially all of the income of which is derived from the sale, leasing, rental or development, as the case may be, of similar properties, or the rendering of similar services."

58. Section 1029.8.36.166.60.59 of the Act is amended

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

"**1029.8.36.166.60.59.** For the purpose of applying section 1029.8.36.166.60.58 to a corporation for a particular taxation year, the specified expenses, in respect of a specified property, of the corporation for a preceding taxation year or of a partnership for a fiscal period of the partnership that ends in that preceding year and at the end of which the corporation was a member of the partnership are deemed to be repaid to the corporation or partnership, as the case may be, at a particular time of the period described in the second paragraph, where the property ceases at that time, otherwise than by reason of its loss, of its involuntary destruction by fire, theft or water, or of a major breakdown of the property, to be used, where the property is referred to in subparagraph v of paragraph *b* of the definition of "specified property" in the first paragraph of section 1029.8.36.166.60.36, mainly in Québec or, in any other case, solely in Québec, to earn income from a business carried on";

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

"(*b*) the last day of the particular taxation year or of the partnership's fiscal period that ends in that year, as the case may be."

59. (1) The heading of Division II.6.15 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

"CREDIT RELATING TO MINING OR OTHER RESOURCES".

(2) Subsection 1 applies from 1 April 2023.

60. (1) Section 1029.8.36.167 of the Act is amended, in the definition of "eligible expenses" in the first paragraph,

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

"(*a*) any Canadian exploration expense that is incurred before 1 April 2023 and that would be described in paragraph *a* or *b*.1 of section 395 if the reference therein to "Canada", wherever it appears, except in subparagraph iv of that paragraph *b*.1, were a reference to "Québec, but outside the northern exploration zone" and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;";

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

"(*a*.0.1) any Canadian exploration expense (other than that described in paragraph *a*.1) that would be described in paragraph *c* of section 395 if the reference therein to "mineral resource in Canada" were a reference to "mineral resource in Québec, but outside the northern exploration zone, other than coal," and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;

"(*a*.0.2) any Canadian exploration expense (other than that described in paragraph *a*.1) that is incurred before 1 April 2023 and that would be described in paragraph *c* of section 395 if the reference therein to "mineral resource in Canada" were a reference to "mineral resource that is coal in Québec, but outside the northern exploration zone," and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;";

(3) by replacing paragraphs *a*.1 to *c*.0.1 by the following paragraphs:

"(*a*.1) any Canadian exploration expense that is incurred after 20 August 2002 but before 1 January 2008 and that would be described in paragraph *c* of section 395 if the reference therein to "Canada" were a reference to "Québec, but outside the northern exploration zone," and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;

"(*b*) any Canadian development expense that is incurred before 1 April 2023 and that would be described in paragraph *a* or *a*.1 of section 408 if the references therein to "Canada" and "Canada,", wherever they appear, were a reference to "Québec, but outside the northern exploration zone," and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;

"(*c*) any Canadian exploration expense that is incurred before 1 April 2023 and that would be described in paragraph *a* or *b*.1 of section 395 if the reference therein to "in Canada", wherever it appears, except in subparagraph iv of that paragraph *b*.1, were a reference to "in the northern exploration zone" and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;

"(*c*.0.1) any Canadian exploration expense that is incurred after 17 March 2016 and that would be described in paragraph *c* of section 395 if the reference therein to "mineral resource in Canada" were a reference to "mineral resource in the northern exploration zone, other than coal," and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;";

(4) by inserting the following paragraph after paragraph *c*.0.1:

"(*c*.0.2) any Canadian exploration expense that is incurred after 17 March 2016 but before 1 April 2023 and that would be described in paragraph *c* of section 395 if the reference therein to "mineral resource in Canada" were a reference to "mineral resource in the northern exploration zone that is coal" and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;";

(5) by replacing paragraphs *c*.1 and *d* by the following paragraphs:

"(*c*.1) any Canadian exploration expense that is incurred after 20 August 2002 but before 1 January 2008 and that would be described in paragraph *c* of section 395 if the reference therein to "in Canada" were a reference to "in the northern exploration zone" and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;

"(*d*) any Canadian development expense that is incurred before 1 April 2023 and that would be described in paragraph *a* or *a*.1 of section 408 if the reference therein to "in Canada", wherever it appears, were a reference to "in the northern exploration zone" and if, where the expense is incurred by the partnership, the partnership were deemed to be a taxpayer whose taxation year is the partnership's fiscal period;".

(2) Subsection 1 applies from 1 April 2023.

61. (1) Section 1029.8.36.168 of the Act is amended by replacing "of paragraph *c*.0.1" in subparagraph *b*.1 of the first paragraph by "of paragraph *c*.0.1 or *c*.0.2".

(2) Subsection 1 applies in respect of expenses incurred after 31 March 2023.

62. (1) Section 1029.8.36.169 of the Act is amended by replacing "of paragraph *c*.0.1" in subparagraph *b*.1 of the first paragraph by "of paragraph *c*.0.1 or *c*.0.2".

(2) Subsection 1 applies in respect of expenses incurred after 31 March 2023.

63. (1) Section 1029.8.36.170 of the Act is amended by replacing "of paragraph *c*.0.1" in subparagraph *c*.1 of the first paragraph by "of paragraph *c*.0.1 or *c*.0.2".

(2) Subsection 1 applies in respect of expenses incurred after 31 March 2023.

64. (1) Section 1029.8.36.171 of the Act is amended by replacing "of paragraph *c*.0.1" in subparagraph *c*.1 of the first paragraph by "of paragraph *c*.0.1 or *c*.0.2".

(2) Subsection 1 applies in respect of expenses incurred after 31 March 2023.

65. (1) Section 1029.8.174 of the Act is amended

(1) by replacing "2023" in the portion of the definition of "qualified expenditure" before paragraph *a* and in paragraph *b* of that definition by "2028";

(2) by replacing "2022" in the portion of the definition of "service agreement" before paragraph *a* by "2027".

(2) Subsection 1 has effect from 22 March 2022.

66. (1) Section 1029.8.177 of the Act is amended by replacing "2023" in the portion of the second paragraph before subparagraph *a* by "2028".

(2) Subsection 1 has effect from 22 March 2022.

67. (1) Section 1063 of the Act is amended

(1) by replacing "organization or association" in the portion before paragraph *a* by "charity, association or organization";

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

"(*f*) accepts a gift the granting of which was expressly or implicitly conditional on the charity, association or organization making a gift to another person, association, organization, society or club other than a qualified donee."

(2) Subsection 1 has effect from 23 June 2022.

68. (1) The heading of Part III.10.1.1.5 of the Act is replaced by the following heading:

"SPECIAL TAX RELATING TO THE CREDIT FOR THE CONTINUED EMPLOYMENT OF PERSONS WITH A SEVERELY LIMITED CAPACITY FOR EMPLOYMENT".

(2) Subsection 1 has effect from 1 January 2022.

69. (1) The Act is amended by inserting the following Part after section 1129.45.3.39.8:

"**PART III.10.1.9.3**

"SPECIAL TAX RELATING TO THE CREDIT FOR THE PRODUCTION OF BIOFUEL IN QUÉBEC

"**1129.45.3.39.9.** In this Part, "eligible production of biofuel" has the meaning assigned by section 1029.8.36.0.106.15.

"**1129.45.3.39.10.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.17, on account of its tax payable under Part I, for a particular taxation year, in relation to its eligible production of biofuel for a particular month of that taxation year, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the "year concerned") in which either of the following events occurs:

(*a*) an amount that may reasonably be considered to be an amount relating to its eligible production of biofuel for a particular month of the particular taxation year that, because of paragraph *a* of section 1029.8.36.0.106.21, would have been included in the aggregate determined in its respect for the particular taxation year under that section if it had been received by the corporation in that taxation year, is received by the corporation; or

(*b*) an amount that may reasonably be considered to be an amount relating to its eligible production of biofuel for a particular month of the particular taxation year that, because of paragraph *b* of section 1029.8.36.0.106.21, would have been included in the aggregate determined in its respect for the particular taxation year under that section if it had been obtained by a person or partnership in that taxation year, is obtained by the person or partnership.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.106.17 or 1029.8.36.0.106.22 for a taxation year preceding the year concerned in relation to its eligible production of biofuel for a particular month of the particular taxation year, exceeds the total of

(*a*) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.17 if any of the events described in the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.106.22, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of biofuel for a particular month of the particular taxation year, occurred in the particular taxation year; and

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

"**1129.45.3.39.11.** For the purposes of Part I, except Division II.6.0.9.3 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.45.3.39.10, in relation to an eligible production of biofuel, is deemed to be an amount of assistance repaid at that time by the corporation in respect of the eligible production of biofuel, pursuant to a legal obligation.

"**1129.45.3.39.12.** Unless otherwise provided 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, 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 applies from 1 April 2023.

70. (1) The heading of Part III.10.10 of the Act is replaced by the following heading:

"SPECIAL TAX RELATING TO THE CREDIT RELATING TO MINING OR OTHER RESOURCES".

(2) Subsection 1 applies from 1 April 2023.

71. (1) Section 1129.45.46 of the Act is amended by replacing "2023" in the definition of "qualified patronage dividend" by "2026".

(2) Subsection 1 applies in respect of a patronage dividend allocated after 31 December 2022.

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

72. (1) Section 1.1 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is amended by adding the following paragraphs at the end:

"(12) the tax credit for the production of pyrolysis oil in Québec provided for in sections 1029.8.36.0.106.7 to 1029.8.36.0.106.14 of the Taxation Act; and

"(13) the tax credit for the production of biofuel in Québec provided for in sections 1029.8.36.0.106.15 to 1029.8.36.0.106.23 of the Taxation Act."

(2) Subsection 1 applies from 1 April 2023.

73. (1) Schedule C to the Act is amended by adding the following chapters at the end:

"**CHAPTER XIII**

"SECTORAL PARAMETERS OF TAX CREDIT FOR PRODUCTION OF PYROLYSIS OIL IN QUÉBEC

"**DIVISION I**

"INTERPRETATION AND GENERAL RULES

"**13.1.** In this chapter,

"carbon intensity" of a pyrolysis oil means the lifetime greenhouse gas emission of the fuel compared to the energy generated when it is combusted, expressed in grams of carbon dioxide equivalent per megajoule of energy produced;

"higher heating value" of a pyrolysis oil means the amount of heat supplied by the complete combustion of a unit mass of fuel, expressed in megajoules of energy produced per litre;

"pyrolysis oil" means a liquid mixture of oxygenated organic compounds obtained from the condensation of vapours resulting from the thermal decomposition of residual forest biomass;

"residual forest biomass" means forest biomass resulting from harvesting activities or primary or secondary processing activities, including non-contaminated, additive-free wood from deconstruction, where it is not used in a 4R-D-type hierarchical use approach, within the meaning of the Québec residual materials management policy (chapter Q-2, r. 35.1), but excluding standing trees;

"tax credit for the production of pyrolysis oil in Québec" means the fiscal measure provided for in Division II.6.0.9.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

“**13.2.** To benefit from the tax credit for the production of pyrolysis oil in Québec in respect of a pyrolysis oil it produces in a taxation year, a corporation must obtain a certificate issued for the year by the Minister in respect of the pyrolysis oil. Such a certificate must be obtained in respect of each pyrolysis oil that has a different carbon intensity or higher heating value.

“**DIVISION II**

“CERTIFICATE

“**13.3.** A certificate issued to a corporation certifies that the pyrolysis oil referred to in the certificate is recognized as eligible pyrolysis oil for the taxation year for which the application for the certificate is made. The certificate certifies the carbon intensity and the higher heating value of the pyrolysis oil for the taxation year.

“**13.4.** To obtain a certificate in respect of a pyrolysis oil it produces in a taxation year, a corporation must calculate the carbon intensity and determine the higher heating value of the pyrolysis oil. The calculation and the determination are based on the pyrolysis oil produced in the calendar year that ended in the taxation year.

The carbon intensity is calculated and the higher heating value is determined using the GHGenius tool, version 4.03c, and, in the case of calculating the carbon intensity, done so in accordance with the terms and conditions provided for in Division III of the Ministerial Order concerning the measurement methods and tools for the purposes of the Regulation respecting the integration of low-carbon-intensity fuel content into gasoline and diesel fuel (chapter P-30.01, r. 0.2).

The corporation must submit its calculation of the carbon intensity and the higher heating value it determines to the Minister.

If unable to calculate the carbon intensity or determine the higher heating value of the pyrolysis oil in the manner described in the second paragraph, the corporation may use another method for calculating the carbon intensity or determining the higher heating value. That other method must first be approved by the Minister.

Where the corporation did not produce the pyrolysis oil in the calendar year that ended in the taxation year or where no calendar year ended in the taxation year, the carbon intensity of the pyrolysis oil is calculated, and the higher heating value of the pyrolysis oil is determined, for the taxation year.

“**CHAPTER XIV**

“SECTORAL PARAMETERS OF TAX CREDIT FOR PRODUCTION OF BIOFUEL IN QUÉBEC

“**DIVISION I**

“INTERPRETATION AND GENERAL RULES

“**14.1.** In this chapter,

“biofuel” means a low-carbon-intensity fuel that is a liquid fuel at a temperature of 15.6 degrees Celsius and a pressure of 101.325 kilopascals, that is produced from eligible materials and that may be blended with gasoline or diesel fuel;

“carbon intensity” of a biofuel means the lifetime greenhouse gas emission of the fuel compared to the energy generated when it is combusted, expressed in grams of carbon dioxide equivalent per megajoule of energy produced;

“eligible materials” means the following materials, except material from an oil palm:

(*a*) an organic material;

(*b*) residual materials, within the meaning assigned by section 1 of the Environment Quality Act (chapter Q-2);

(*c*) carbon monoxide or carbon dioxide; and

(*d*) a combination of the materials listed in paragraphs *a* to *c*;

“higher heating value” of a biofuel means the amount of heat supplied by the complete combustion of a unit mass of fuel, expressed in megajoules of energy produced per litre;

“tax credit for the production of biofuel in Québec” means the fiscal measure provided for in Division II.6.0.9.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

“**14.2.** To benefit from the tax credit for the production of biofuel in Québec in respect of a biofuel it produces in a taxation year, a corporation must obtain a certificate issued for the year by the Minister in respect of the biofuel. Such a certificate must be obtained in respect of each biofuel that has a different carbon intensity or higher heating value.

“**DIVISION II**

“CERTIFICATE

“**14.3.** A certificate issued to a corporation certifies that the biofuel referred to in the certificate is recognized as eligible biofuel for the taxation year for which the application for the certificate is made. The certificate certifies the carbon intensity and the higher heating value of the biofuel for the taxation year. It also identifies which fuel, between gas and diesel fuel, is replaced by the biofuel.

“**14.4.** To obtain a certificate in respect of a biofuel it produces in a taxation year, a corporation must calculate the carbon intensity and determine the higher heating value of the biofuel. The calculation and the determination are based on the biofuel produced in the calendar year that ended in the taxation year.

The carbon intensity is calculated and the higher heating value is determined using the GHGenius tool, version 4.03c, and, in the case of calculating the carbon intensity, done so in accordance with the terms and conditions provided for in Division III of the Ministerial Order concerning the measurement methods and tools for the purposes of the Regulation respecting the integration of low-carbon-intensity fuel content into gasoline and diesel fuel.

The corporation must submit its calculation of the carbon intensity and the higher heating value it determines to the Minister.

If unable to calculate the carbon intensity or determine the higher heating value of the biofuel in the manner described in the second paragraph, the corporation may use another method for calculating the carbon intensity or determining the higher heating value. That other method must first be approved by the Minister.

Where the corporation did not produce the biofuel in the calendar year that ended in the taxation year or where no calendar year ended in the taxation year, the carbon intensity of the biofuel is calculated, and the higher heating value of the biofuel is determined, for the taxation year.”

(2) Subsection 1 applies from 1 April 2023.

74. (1) Section 2.1 of Schedule E to the Act is amended by inserting the following definition in alphabetical order:

““qualified establishment” has the meaning assigned by section 4 of the Act respecting international financial centres;”.

(2) Subsection 1 applies in respect of a taxation year that ends after 28 April 2022.

75. (1) Section 2.5 of Schedule E to the Act is amended by striking out ", within the meaning of section 4 of the Act respecting international financial centres,".

(2) Subsection 1 applies in respect of a certificate that is issued for a taxation year that ends after 28 April 2022.

76. (1) Section 2.6 of Schedule E to the Act is amended by striking out ", within the meaning of section 4 of the Act respecting international financial centres," in subparagraph *b* of subparagraph 2 of the first paragraph.

(2) Subsection 1 applies in respect of an application for a certificate that is filed for a taxation year that ends after 28 April 2022.

77. (1) Section 2.11 of Schedule E to the Act is amended by replacing paragraph 3 by the following paragraph:

"(3) the individual's duties with the corporation meet the following conditions:

(*a*) they were

i. devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation in respect of which a business qualification certificate was valid, or

ii. directly attributable, in a proportion of at least 75%, to the carrying out of the activities provided for in a contract that was entered into by the corporation and in respect of which a contract qualification certificate was valid; and

(*b*) all or substantially all of the duties were performed in Québec and at least 50% of the individual's working time was spent performing duties in a qualified establishment of the corporation."

(2) Subsection 1 applies in respect of an application for a certificate that is filed for a taxation year that begins after 29 April 2022 or, if the corporation so requests in writing to the Minister of Finance, for a taxation year that ends on or after that date.

78. (1) Schedule E to the Act is amended by inserting the following section after section 2.12:

"**2.12.1.** An individual is recognized as an eligible employee of a corporation for the taxation year for which an application for an employee certificate was made in respect of the individual, or for a part of that taxation year, only if the condition concerning the proportion of the individual's working

time spent performing duties in a qualified establishment of the corporation is met for each month or, if applicable, part of a month that is included in that year or part of year."

(2) Subsection 1 applies in respect of an application for a certificate that is filed for a taxation year that begins after 29 April 2022 or, if the corporation so requests in writing to the Minister of Finance, for a taxation year that ends on or after that date.

79. (1) Section 9.1 of Schedule E to the Act is amended by inserting the following definition in alphabetical order:

""qualified establishment" has the meaning assigned by section 4 of the Act respecting international financial centres;".

(2) Subsection 1 applies in respect of a taxation year that ends after 28 April 2022.

80. (1) Section 9.6 of Schedule E to the Act is amended by striking out ", within the meaning of section 4 of the Act respecting international financial centres,".

(2) Subsection 1 applies in respect of a certificate that is issued for a taxation year that ends after 28 April 2022.

81. (1) Section 9.7 of Schedule E to the Act is amended by striking out ", within the meaning of section 4 of the Act respecting international financial centres," in subparagraph *b* of subparagraph 2 of the first paragraph.

(2) Subsection 1 applies in respect of an application for a certificate that is filed for a taxation year that ends after 28 April 2022.

82. (1) Section 9.12 of Schedule E to the Act is amended by replacing paragraph 3 by the following paragraph:

"(3) the individual's duties with the corporation meet the following conditions:

(*a*) they were devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation in respect of which a business qualification certificate was valid; and

(*b*) all or substantially all of the duties were performed in Québec and at least 50% of the individual's working time was spent performing duties in a qualified establishment of the corporation."

(2) Subsection 1 applies in respect of an application for a certificate that is filed for a taxation year that begins after 29 April 2022 or, if the corporation so requests in writing to the Minister of Finance, for a taxation year that ends on or after that date.

83. (1) Schedule E to the Act is amended by inserting the following section after section 9.13:

"**9.13.1.** An individual is recognized as an eligible employee of a corporation for the taxation year for which an application for an employee certificate was made in respect of the individual, or for a part of that taxation year, only if the condition concerning the proportion of the individual's working time spent performing duties in a qualified establishment of the corporation is met for each month or, if applicable, part of a month that is included in that year or part of year."

(2) Subsection 1 applies in respect of an application for a certificate that is filed for a taxation year that begins after 29 April 2022 or, if the corporation so requests in writing to the Minister of Finance, for a taxation year that ends on or after that date.

ACT RESPECTING THE QUÉBEC SALES TAX

84. (1) Section 193 of the Act respecting the Québec sales tax (chapter T-0.1) is amended by replacing the definition of "freight transportation service" by the following definition:

""freight transportation service" means a particular service of transporting corporeal movable property and includes a service of delivering mail, a service of driving an automotive vehicle designed or adapted to be used on highways and streets for the purpose of delivering the vehicle to a destination and any other property or service supplied to the recipient of the particular service by the person who supplies the particular service, where the other property or service is part of or incidental to the particular service, whether or not there is a separate charge for the other property or service, but does not include a service provided by the supplier of a passenger transportation service of transporting an individual's baggage in connection with the passenger transportation service;".

(2) Subsection 1 has effect from 18 May 2019. It also applies in respect of a supply made before 18 May 2019 if the supplier did not, before that date, charge, collect or remit an amount as or on account of tax under Title I of the Act in respect of the supply.

85. (1) The Act is amended by inserting the following section after section 301.10:

"**301.10.1.** For the purposes of this section and sections 301.11 to 301.13, a particular corporation is at a particular time an operating corporation of another person that is a corporation, a partnership or a trust if at the particular

time all or substantially all of the property of the particular corporation is property that was last manufactured, produced, acquired or imported into Canada by the particular corporation for consumption, use or supply by the particular corporation exclusively in the course of its commercial activities and if

(1) where the other person is a corporation or a trust, the particular corporation is at the particular time related to the other person; or

(2) where the other person is a partnership, the particular corporation is, at the particular time, controlled by

(*a*) the other person,

(*b*) a corporation that is controlled by the other person,

(*c*) a corporation that is related to a corporation referred to in subparagraph *b*, or

(*d*) a combination of persons referred to in subparagraphs *a* to *c*."

(2) Subsection 1 applies in respect of a property or service acquired or brought into Québec after 27 July 2018. However, where section 301.10.1 of the Act applies in respect of a property or service acquired or brought into Québec before 18 May 2019, it is to be read as follows:

"**301.10.1.** For the purposes of this section and sections 301.11 to 301.13, a particular corporation is at a particular time an operating corporation of another corporation if at the particular time the particular corporation is related to the other corporation and all or substantially all of the property of the particular corporation is property that was last manufactured, produced, acquired or imported into Canada by the particular corporation for consumption, use or supply by the particular corporation exclusively in the course of its commercial activities."

86. (1) Section 301.11 of the Act is replaced by the following section:

"**301.11.** Subject to section 301.12, where a registrant (in this section referred to as the "parent") that is a corporation, partnership or trust resident in Canada acquires or brings into Québec a particular property or service at a particular time and where at the particular time a particular corporation is an operating corporation of the parent, the parent is deemed, for the purpose of determining the input tax refund of the parent, to have acquired or brought into Québec the particular property or service for use in the course of commercial activities of the parent to the extent that

(1) the parent acquired or brought into Québec the particular property or service for the purpose of

(*a*) selling or otherwise disposing of, purchasing or otherwise obtaining, or holding units or indebtedness of the particular corporation by the parent, or

(*b*) redeeming, issuing or converting or otherwise modifying units or indebtedness of the particular corporation by the particular corporation;

(2) the parent acquired or brought into Québec the particular property or service in order to issue or sell units or indebtedness of the parent, the parent transfers to the particular corporation the proceeds from the issuance or sale by lending money to the particular corporation or by purchasing or otherwise obtaining from the particular corporation units or indebtedness of the particular corporation, and the proceeds that are transferred to the particular corporation are for use in the course of its commercial activities; or

(3) if at the particular time all or substantially all of the property of the parent is property that was last manufactured, produced, acquired or imported into Canada by the parent for consumption, use or supply exclusively in the course of its commercial activities, property that is units or indebtedness of operating corporations of the parent or a combination of such property, the parent acquired or brought into Québec the particular property or service for the purpose of carrying on, engaging in or conducting its activities other than

(*a*) an activity that is primarily in respect of units or indebtedness of a person that is neither the parent nor an operating corporation of the parent, or

(*b*) an activity that is carried on, engaged in or conducted in the course of making an exempt supply by the parent unless the activity is a financial service that is

i. the lending or borrowing of units or indebtedness of an operating corporation of the parent,

ii. the issue, granting, allotment, acceptance, endorsement, renewal, processing, variation, transfer of ownership or repayment of units or indebtedness of the parent or an operating corporation of the parent,

iii. the provision, variation, release or receipt of a guarantee, acceptance or indemnity in respect of units or indebtedness of the parent or an operating corporation of the parent,

iv. the payment or receipt of money as dividends (other than patronage dividends), interest, principal, benefits, or similar payment or receipt of money in respect of units or indebtedness of the parent or an operating corporation of the parent, or

v. the underwriting of units or indebtedness of an operating corporation of the parent."

(2) Subsection 1 applies in respect of a property or service acquired or brought into Québec after 27 July 2018. However, where section 301.11 of the Act applies in respect of a property or service acquired or brought into Québec before 18 May 2019, it is to be read as if the portion before paragraph 1 were replaced by the following:

"**301.11.** Subject to section 301.12, where a registrant (in this section referred to as the "parent") that is a corporation resident in Canada acquires or brings into Québec a particular property or service at a particular time and where at the particular time a particular corporation is an operating corporation of the parent, the parent is deemed, for the purpose of determining the input tax refund of the parent, to have acquired or brought into Québec the particular property or service for use in the course of commercial activities of the parent to the extent that".

(3) In addition, where section 301.11 of the Act applies in respect of a property or service acquired or brought into Québec before 28 July 2018 and where the tax in respect of the acquisition or bringing into Québec became payable or was paid without having become payable, it is to be read as if paragraph 2 were replaced by the following paragraph:

"(2) at the time that tax in respect of the acquisition or bringing into Québec of the property or service becomes payable, or is paid without having become payable, by the parent, all or substantially all of the property of the other corporation is property that was last manufactured, produced, acquired or imported into Canada by the other corporation for consumption, use or supply by the other corporation exclusively in the course of its commercial activities."

87. (1) Section 301.12 of the Act is amended by replacing subparagraph 2 of the first paragraph by the following subparagraph:

"(2) throughout the period beginning when the performance of the service began or when the purchaser acquired or brought into Québec the property and ending on the later of the days described in subparagraph 1 of the second paragraph, all or substantially all of the property of the other corporation was property that was last manufactured, produced, acquired or imported into Canada for consumption, use or supply exclusively in the course of commercial activities."

(2) Subsection 1 applies to the acquisition or bringing into Québec of a property or service in respect of which tax is payable or is paid without having become payable.

88. (1) Section 301.13 of the Act is replaced by the following section:

"**301.13.** For the purposes of sections 301.11 and 301.12, where at a particular time a particular corporation is an operating corporation of another corporation, all units of the particular corporation owned by, and all indebtedness

of the particular corporation owed to, the other corporation are deemed to be, at the particular time, property that was acquired by the other corporation for use exclusively in the course of its commercial activities."

(2) Subsection 1 applies in respect of a property or service acquired or brought into Québec after 27 July 2018. In addition, where section 301.13 of the Act applies in respect of a property or service acquired or brought into Québec before 28 July 2018 and where the tax in respect of the acquisition or bringing into Québec of the service or property became payable or was paid without having become payable, it is to be read as follows:

"**301.13.** For the purposes of sections 301.11 and 301.12, where at a particular time all or substantially all of the property of a particular corporation is property that was last manufactured, produced, acquired or imported into Canada by it for consumption, use or supply exclusively in the course of its commercial activities, all the shares of the capital stock of the particular corporation owned by, and all the indebtedness of the particular corporation owed to, any other corporation that is related to the particular corporation are deemed to be, at that time, property that was acquired by the other corporation for use exclusively in the course of its commercial activities."

89. (1) The Act is amended by inserting the following section after section 327.6.5:

"**327.6.6.** For the purposes of sections 327 to 327.6.5, substitute corporeal movable property is deemed to be the original corporeal movable property if

(1) one of the following conditions is met:

(*a*) a registrant acquires physical possession of the original corporeal movable property for the purpose of making a supply of a service of manufacturing or producing corporeal movable property (in this subparagraph referred to as the "manufactured property") and the substitute corporeal movable property is used or consumed by being

i. incorporated or transformed into, attached to, or combined or assembled with, the manufactured property in the manufacture or production of the manufactured property, or

ii. directly consumed or used in the manufacture or production of the manufactured property,

(*b*) the following conditions are met:

i. a registrant acquires physical possession of the original corporeal movable property for the purpose of making a supply of a commercial service in respect of that property,

ii. if the commercial service is not a storage service, a service identical to the commercial service is performed in respect of the substitute corporeal movable property,

iii. the registrant causes physical possession of the substitute corporeal movable property to be transferred to another person under the agreement for the supply, and

iv. if the substitute corporeal movable property is a continuous transmission commodity, it is not being transferred to the other person by means of a wire, pipeline or other conduit, or

(*c*) a registrant acquires physical possession of the original corporeal movable property for the purpose of making a supply of a commercial service in respect of corporeal movable property (in this subparagraph referred to as the "serviced property") that is neither the original corporeal movable property nor the substitute corporeal movable property and the substitute corporeal movable property is used or consumed by being

i. incorporated into, attached to, or combined or assembled with, the serviced property in the provision of the commercial service, or

ii. directly consumed or used in the provision of the commercial service; and

(2) the properties of the original corporeal movable property are essentially identical to the properties of the substitute corporeal movable property and the original corporeal movable property and the substitute corporeal movable property

(*a*) are of the same class or kind of property,

(*b*) are in the same measure and state, and

(*c*) are interchangeable for commercial purposes."

(2) Subsection 1 applies in respect of a supply made after 17 May 2019. It also applies in respect of a supply made before 18 May 2019 if the supplier did not, before that date, charge, collect or remit an amount as or on account of tax under Title I of the Act in respect of the supply.

90. (1) Section 350.51 of the Act is amended by replacing subparagraph 2 of the third paragraph by the following subparagraph:

"(2) to a supply of property or services made in a room in a tourist accommodation establishment duly registered under the Tourist Accommodation Act (chapter H-1.01) as a general tourist accommodation establishment."

(2) Subsection 1 has effect from 1 September 2022.

91. (1) Section 362 of the Act is replaced by the following section:

"**362.** Where a supply of a residential complex or a share in the capital stock of a cooperative housing corporation is made to two or more individuals, or where two or more individuals construct or substantially renovate, or engage another person to construct or substantially renovate, a residential complex, the following rules apply in respect of those individuals:

(1) subject to paragraphs 2 and 3, the references in subdivisions II to II.3 to a particular individual are to be read as references to all of those individuals as a group;

(2) the references in paragraph 1 of section 362.2, subparagraph 2 of the first paragraph of section 370.0.1, paragraph 3 of section 370.5, the portion before paragraph 1 of section 370.9 and subparagraph 2 of the first paragraph of section 370.11 to any use as primary place of residence by the particular individual, an individual related to the particular individual or a former spouse of the particular individual are to be read as references to that use but by any of those individuals, an individual related to any of them or a former spouse of any of those individuals;

(3) the references in subparagraph i of subparagraph *a* of paragraph 6 of section 362.2, subparagraph *a* of subparagraph 7 of the first paragraph of section 370.0.1, subparagraph *a* of paragraph 6 of section 370.5, subparagraph *a* of paragraph 3 of section 370.9 and subparagraph 3 of the first paragraph of section 370.11 to the particular individual, an individual related to the particular individual or a former spouse of the particular individual are to be read as references to any of those individuals, an individual related to any of them or a former spouse of any of those individuals; and

(4) only one of those individuals may apply for a rebate under any of subdivisions II to II.3 in respect of the complex or share."

(2) Subsection 1 applies to

(1) a rebate provided for in any of sections 362.2, 370.0.1 and 370.5 of the Act in respect of which the agreement referred to in paragraph 1 of section 362.2, subparagraph 1 of the first paragraph of section 370.0.1 or paragraph 3 of section 370.5 of the Act, as the case may be, is entered into after 19 April 2021; and

(2) a rebate provided for in section 370.9 of the Act

(*a*) in respect of a residential complex (other than a mobile home or floating home) if the construction or substantial renovation of the residential complex is substantially completed after 19 April 2021; or

(*b*) in respect of a mobile home or floating home acquired or brought into Québec after 19 April 2021.

92. (1) Section 411 of the Act is amended by replacing subparagraph 2.2 of the first paragraph by the following subparagraph:

"(2.2) is resident in Canada and is

(*a*) a particular corporation, a partnership or a trust that owns units of, or holds indebtedness of, a corporation that is, for the purposes of sections 301.11 to 301.13, an operating corporation of the particular corporation, the partnership or the trust, or

(*b*) a corporation that is acquiring, or proposes to acquire, all or substantially all of the issued and outstanding shares of the capital stock of another corporation, having full voting rights under all circumstances, if all or substantially all of the property of the other corporation is, for the purposes of sections 301.11 to 301.13, property that was last manufactured, produced, acquired or imported into Canada by the other corporation for consumption, use or supply exclusively in the course of its commercial activities;".

(2) Subsection 1 applies in respect of an application for registration made after 17 May 2019. In addition, where section 411 of the Act applies in respect of an application for registration made after 31 December 2012 and before 18 May 2019, it is to be read as if subparagraph 2.2 of the first paragraph were replaced by the following subparagraph:

"(2.2) is a particular corporation resident in Canada that owns shares of the capital stock of, or holds indebtedness of, any other corporation that is related to the particular corporation, or that is acquiring, or proposes to acquire, all or substantially all of the issued and outstanding shares of the capital stock of another corporation, having full voting rights under all circumstances, where all or substantially all of the property of the other corporation is, for the purposes of sections 301.11 to 301.13, property that was last manufactured, produced, acquired or imported into Canada by the other corporation for consumption, use or supply exclusively in the course of its commercial activities;".

93. (1) Section 457.2 of the Act is amended by replacing subparagraph 2 of the third paragraph by the following subparagraph:

"(2) in relation to the operation of a tourist accommodation establishment that is a principal residence establishment, bed and breakfast establishment or tourist home, within the meaning of the regulations made under the Tourist Accommodation Act (chapter H-1.01), where the tourist accommodation establishment is duly registered under that Act."

(2) Subsection 1 has effect from 1 September 2022. In addition, where section 457.2 of the Act applies after 30 April 2020 and before 1 September 2022, subparagraph 2 of the third paragraph of that section is to be read as follows:

"(2) in relation to the operation of a tourist accommodation establishment that is a principal residence establishment, tourist home or bed and breakfast establishment, within the meaning of the regulations made under the Act respecting tourist accommodation establishments (chapter E-14.2), where the registrant holds a classification certificate of the appropriate class issued under that Act."

REGULATION RESPECTING THE TAXATION ACT

94. (1) The heading of Chapter I of Title XII of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is replaced by the following heading:

"DEDUCTIONS".

(2) Subsection 1 has effect from 19 April 2021.

95. (1) The Regulation is amended by inserting the following sections before section 130R1:

"**130R0.1.** The amounts described in sections 130R0.2 and 130R1 are the prescribed amounts of the capital cost of property that a taxpayer may deduct in computing income under paragraph *a* of section 130 of the Act and under other special provisions of that Act.

"**130R0.2.** An eligible person or partnership may deduct, in computing income for a taxation year, as allowances in respect of capital cost of property, in addition to the amount prescribed by section 130R1, an amount equal to the least of

(*a*) the eligible person or partnership's immediate expensing limit for the taxation year;

(*b*) the undepreciated capital cost, as of the end of the taxation year, of property that is designated immediate expensing property of the eligible person or partnership for the taxation year, such undepreciated capital cost being determined before making any deduction under this Title for the taxation year; and

(*c*) if the eligible person or partnership is not a Canadian-controlled private corporation, the income, if any, computed without reference to paragraph *a* of section 130 of the Act, earned from a source that is a business or property in which the relevant designated immediate expensing property is used for the eligible person or partnership's taxation year.

"**130R0.3.** Before computing any other deduction permitted under this Title or any of the provisions of Part XI of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) that are referred to in paragraphs *a* and *b* of section 130R1, the amount of any deduction made under section 130R0.2 by an eligible person

or partnership in respect of a designated immediate expensing property of a prescribed class is to be subtracted from the undepreciated capital cost of the particular class to which the property belongs.

"**130R0.4.** For the purposes of paragraph *b* of section 130R0.2, in respect of property of a class in Schedule B that is immediate expensing property of an eligible person or partnership solely because of subparagraph i of paragraph *c* of the definition of "immediate expensing property" in section 130R3, and subject to the second paragraph, an amount incurred by a person or partnership in respect of the property is not to be included in determining the undepreciated capital cost to the eligible person or partnership as of the end of the taxation year of property that is designated immediate expensing property for the taxation year, such undepreciated capital cost being determined before making any deduction under this Title for the taxation year, if the amount is incurred

(*a*) before 19 April 2021, where the eligible person or partnership is a Canadian-controlled private corporation; or

(*b*) before 1 January 2022, where the eligible person or partnership is an individual or a Canadian partnership.

The first paragraph does not apply where

(*a*) the property was acquired by an eligible person or partnership from another person or partnership (in this paragraph referred to as the "transferee" and the "transferor", respectively) and the acquisition occurred

i. after 18 April 2021, where the transferee is a Canadian-controlled private corporation, or

ii. after 31 December 2021, where the transferee is an individual or a Canadian partnership;

(*b*) the transferee was either

i. the eligible person or partnership, or

ii. a person or partnership that does not deal at arm's length with the eligible person or partnership; and

(*c*) the transferor

i. dealt at arm's length with the transferee, and

ii. held the property as property described in the inventory of a business carried on by the transferor."

(2) Subsection 1 has effect from 19 April 2021.

96. (1) Section 130R1 of the Regulation is amended

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

"**130R1.** A taxpayer may deduct, in computing the taxpayer's income for a taxation year, as allowances in respect of capital cost of property, the amounts prescribed by Chapters II to VII and by the following provisions of Part XI of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement):";

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 19 April 2021.

97. (1) Section 130R3 of the Regulation is amended, in the first paragraph,

(1) by inserting "to deduct" after "been allowed" in subparagraph 1 of subparagraph ii of paragraph *b* of the definition of "accelerated investment incentive property";

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

""designated immediate expensing property", for a taxation year, means property of an eligible person or partnership, in respect of which the following conditions are met:

(*a*) the property is immediate expensing property of the eligible person or partnership;

(*b*) the property became available for use by the eligible person or partnership in the taxation year; and

(*c*) the eligible person or partnership designates, in the prescribed form, the property as designated immediate expensing property and the prescribed form is filed with the Minister for the taxation year within the following time limit:

i. if the eligible person or partnership is a partnership, on or before the day that is 12 months after the day on which any member of the partnership is required to file an information return under section 1086R78 for the fiscal period to which the designation relates, or

ii. in any other case, on or before the day that is 12 months after the eligible person or partnership's filing-due date for the taxation year to which the designation relates;

““immediate expensing property”, for a taxation year, means a particular property of a class in Schedule B of an eligible person or partnership (other than accelerated investment incentive property that is qualified intellectual property, accelerated investment incentive property included in Class 50 in Schedule B that is used primarily in Québec in the course of a business and that became available for use before 1 January 2024, or property included in any of Classes 1 to 6, 14.1, 17, 47, 49 and 51 in that schedule), where the particular property

(*a*) is acquired by the eligible person or partnership

i. after 18 April 2021, where the eligible person or partnership is a Canadian-controlled private corporation, or

ii. after 31 December 2021, where the eligible person or partnership is an individual or a Canadian partnership;

(*b*) becomes available for use

i. before 1 January 2025, where the eligible person or partnership is an individual or a Canadian partnership all the members of which are individuals throughout the taxation year, or

ii. before 1 January 2024, in any other case; and

(*c*) meets any of the following conditions:

i. the particular property

(1) has not been used for any purpose before it was acquired by the eligible person or partnership, and

(2) is not a property in respect of which an amount has been deducted by a person or partnership under paragraph *a* of section 130 or the second paragraph of section 130.1 of the Act for a taxation year that ends before the time the property was acquired by the eligible person or partnership, or

ii. the particular property

(1) was not acquired in circumstances where the eligible person or partnership was deemed to have been allowed to deduct or deducted an amount under paragraph *a* of section 130 of the Act in respect of the particular property in computing income for previous taxation years, or where the undepreciated capital cost of depreciable property of a class in Schedule B of the eligible person or partnership was reduced by an amount determined by reference to the amount by which the capital cost of the particular property to the eligible person or partnership exceeds its cost amount, and

(2) was not previously owned or acquired by the eligible person or partnership or by a person or partnership with which the eligible person or partnership did not deal at arm's length at any time when the property was owned or acquired by the person or partnership;";

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

""taxpayer" includes an eligible person or partnership;";

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

""eligible person or partnership", for a taxation year, means

(*a*) a corporation that is a Canadian-controlled private corporation throughout the year;

(*b*) an individual, other than a trust, who is resident in Canada throughout the year; or

(*c*) a Canadian partnership all of the members of which are, throughout the period, persons described in paragraph *a* or *b*;".

(2) Subsection 1 has effect from 19 April 2021.

98. (1) The Regulation is amended by inserting the following sections after section 130R11:

"**130R11.0.1.** For the purposes of this Title and Schedule B, an eligible person or partnership's immediate expensing limit for a taxation year is $1,500,000 unless the eligible person or partnership is associated, within the meaning of Chapter IX of Title II of Book I of Part I of the Act and section 130R11.0.5, in the year, with one or more other eligible persons or partnerships, in which case, except as otherwise provided in this chapter, its immediate expensing limit is nil.

"**130R11.0.2.** Despite section 130R11.0.1, where an eligible person or partnership is associated, within the meaning of Chapter IX of Title II of Book I of Part I of the Act and section 130R11.0.5, in a taxation year, with one or more other eligible persons or partnerships and all those eligible persons or partnerships filed with the Minister in prescribed form an agreement in which they assign, for the purposes of this Title and Schedule B, a percentage to one or more of them for the year, the immediate expensing limit for the year of each of them is equal to

(*a*) where the percentage or aggregate of percentages so assigned, as the case may be, does not exceed 100%, the lesser of

i. the product obtained by multiplying $1,500,000 by the percentage it was so assigned, and

ii. the amount it was assigned, if applicable, for the year under subsection 3.3 or 3.4 of section 1104 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or, if it was not so assigned an amount, zero; or

(*b*) in any other case, zero.

Where an amount is assigned to an eligible person or partnership for the year in accordance with subparagraph ii of subparagraph *a* of the first paragraph, each person that is such an eligible person or partnership and each member of a partnership that is such an eligible person or partnership must notify the Minister of the assignment and enclose with the notice a copy of any document sent to the Minister of National Revenue in connection with the assignment.

"**130R11.0.3.** Where one or more eligible persons or partnerships that are associated with each other in a taxation year, within the meaning of Chapter IX of Title II of Book I of Part I of the Act and section 130R11.0.5, have failed to file with the Minister the agreement described in the first paragraph of section 130R11.0.2 or a copy of the documents sent to the Minister of National Revenue, in accordance with the requirement prescribed by that section 130R11.0.2, within 30 days after notice in writing by the Minister has been forwarded to one or more of them that such an agreement or the sending of a copy of such documents is required for the purposes of any assessment of tax under Part I of the Act, the Minister shall, for the purposes of this Title and Schedule B, allocate an amount to one or more of those eligible persons or partnerships for the taxation year.

"**130R11.0.4.** Despite sections 130R11.0.1 to 130R11.0.3, the following rules apply:

(*a*) where an eligible person or partnership (in this paragraph referred to as the "first entity") has more than one taxation year ending in the same calendar year and it is associated, within the meaning of Chapter IX of Title II of Book I of Part I of the Act and section 130R11.0.5, in two or more of those taxation years with another eligible person or partnership that has a taxation year ending in that calendar year, the immediate expensing limit of the first entity for each particular taxation year ending both in the calendar year in which it is so associated with the other eligible person or partnership and after the first taxation year ending in that calendar year is, subject to paragraph *b*, an amount equal to the lesser of

i. its immediate expensing limit for the first taxation year ending in the calendar year, determined in accordance with section 130R11.0.2 or 130R11.0.3, and

ii. its immediate expensing limit for the particular taxation year ending in the calendar year, determined in accordance with section 130R11.0.2 or 130R11.0.3; and

(*b*) where an eligible person or partnership has a taxation year that is less than 51 weeks, its immediate expensing limit for the year is equal to its immediate expensing limit, determined without reference to this section, multiplied by the proportion that the number of days in the year is of 365.

"**130R11.0.5.** For the purposes of this Title and Schedule B and for the purpose of determining whether an eligible person or partnership is associated, within the meaning of Chapter IX of Title II of Book I of Part I of the Act, in a taxation year with another eligible person or partnership, the following rules apply:

(*a*) if the eligible person or partnership is a partnership,

i. the partnership is deemed, for the year, to be a corporation having a capital stock of a single class of voting shares divided into 100 issued and outstanding shares,

ii. each member of the partnership is deemed to own a number of shares of the capital stock of the deemed corporation described in subparagraph i equal either to the agreed proportion, determined in respect of the member for the last fiscal period of the partnership, of the 100 shares referred to in subparagraph i or, if no such agreed proportion has been determined in its respect, to the proportion of 100 that the fair market value, at that time, of the member's interest in the partnership is of the fair market value, at that time, of the aggregate of the members' interests in the partnership, and

iii. the partnership's fiscal period is deemed to be the taxation year of the deemed corporation referred to in subparagraph i; and

(*b*) if the eligible person or partnership is an individual, other than a trust, who carries on a business or has acquired immediate expensing property, the following rules apply:

i. the individual, in respect of that business or property, is deemed to be a corporation that is controlled by the individual, and

ii. the corporation's taxation year is deemed to be the same as the individual's taxation year."

(2) Subsection 1 has effect from 19 April 2021.

99. (1) Section 130R11.1 of the Regulation, replaced by section 7 of the Regulation to amend the Regulation respecting the Taxation Act, enacted by Order in Council 90-2023 (2023, G.O. 2, 99), is again replaced by the following section:

"**130R11.1.** For the purposes of sections 130R0.4 and 130R120.2 and the definitions of "accelerated investment incentive property" and "immediate expensing property" in the first paragraph of section 130R3, a person or a partnership is deemed not to be dealing at arm's length with another person or

partnership, in respect of the acquisition or ownership of a property, where, in the absence of this section, they would be considered to be dealing at arm's length with each other and it may reasonably be considered that the principal purpose of a transaction or series of transactions was to

(*a*) cause the property to qualify as accelerated investment incentive property or immediate expensing property; or

(*b*) cause the person or partnership and the other person or partnership to deal at arm's length with each other."

(2) Subsection 1 has effect from 19 April 2021.

100. (1) Section 130R109 of the Regulation is replaced by the following section:

"**130R109.** The depreciation that a taxpayer may claim for a particular taxation year under section 130R1 in respect of property of Class 10 or 12 in Schedule B, where the taxpayer acquired a property of that class that is a certified feature film, a certified production, a certified Québec film or a Québec film production, may not exceed the amount that could be deducted under that section 130R1, with reference to section 130R19, in respect of property of that class for the particular year if the capital cost of the property to the taxpayer were reduced by the amount prescribed by section 130R110."

(2) Subsection 1 has effect from 19 April 2021.

101. (1) Section 130R112 of the Regulation is amended

(1) by inserting "under this Title" before "in computing";

(2) by replacing "would otherwise be deducted under section 130R19" by "could otherwise be deducted under this Title".

(2) Subsection 1 has effect from 19 April 2021.

102. (1) Section 130R117 of the Regulation is amended by replacing "under this Title" in subparagraph i of subparagraphs *a* and *b* of the second paragraph by "under section 130R1".

(2) Subsection 1 has effect from 19 April 2021.

103. (1) Section 350.2R1 of the Regulation is amended

(1) by replacing the portion before the definition of "designated city" by the following:

"**350.2R1.** For the purposes of section 350.2R4,";

(2) by replacing the definition of "member of the taxpayer's household" by the following definition:

""member of the taxpayer's household" includes the taxpayer."

(2) Subsection 1 applies from the taxation year 2021.

104. (1) Sections 350.2R2 and 350.2R3 of the Regulation are repealed.

(2) Subsection 1 applies from the taxation year 2021.

105. (1) Section 350.2R4 of the Regulation is replaced by the following section:

"**350.2R4.** For the purposes of Chapter VII.1 of Title VI of Book III of Part I of the Act, the trip cost to a taxpayer in respect of a trip is the expenses relating to a trip made by an individual who was a member of the taxpayer's household at the time the trip was made and is the least of

(*a*) the amount that is claimed by the taxpayer in respect of the trip and that is, in relation to the trip, an amount on account of employer-provided travel benefits of the taxpayer, within the meaning assigned by section 350.0.1 of the Act;

(*b*) the total of

i. the value of the assistance described in paragraph *a* of the definition of "amount on account of employer-provided travel benefits" in section 350.0.1 of the Act that was provided to the taxpayer in respect of the trip, and

ii. the travel expenses incurred by the taxpayer or the taxpayer's spouse for the trip; and

(*c*) the lowest return airfare ordinarily available to the individual at the time the trip was made for a flight between the place in which the individual resided immediately before the trip, or the airport nearest to that place, and the designated city that is nearest to that place.

However, the amount that is claimed by the taxpayer in respect of the trip under subparagraph *a* of the first paragraph is deemed to be nil if, at the time the taxpayer's employer provided to the taxpayer, in respect of the trip, assistance or an amount described in paragraph *a* or *b*, as the case may be, of the definition of "amount on account of employer-provided travel benefits" in section 350.0.1 of the Act, the taxpayer and the employer were not dealing at arm's length."

(2) Subsection 1 applies from the taxation year 2021.

106. (1) The Regulation is amended by inserting the following section after section 350.2R4:

"**350.2R5.** For the purpose of determining the trip cost to a taxpayer in respect of a trip, where the amount determined under subparagraph *a* of the first paragraph of section 350.2R4 in respect of the trip is nil, that section is to be read without reference to that subparagraph *a*."

(2) Subsection 1 applies from the taxation year 2021.

107. (1) Section 1015R6 of the Regulation is amended by replacing subparagraph *h* of the first paragraph by the following subparagraph:

"(*h*) where the employee's remuneration includes a particular amount representing the value or amount of the benefits granted by the employer in relation to a trip and the particular amount is required to be included in the aggregate described, in respect of the employee in relation to the trip, in the definition of "amount on account of employer-provided travel benefits" in section 350.0.1 of the Act, the amount that the employee could deduct under section 350.1 of the Act because of subparagraph *a* of the first paragraph of section 350.2 of the Act, if the employee claimed in respect of the trip an amount under subparagraph *a* of the first paragraph of section 350.2R4 equal to the particular amount."

(2) Subsection 1 has effect from 1 January 2021.

MISCELLANEOUS AND FINAL PROVISIONS

108. An individual is deemed to have made an overpayment to the Minister of Revenue on account of the individual's tax payable under Part I of the Taxation Act (chapter I-3) for the particular taxation year ending on 31 December 2021, if

(1) at the end of 31 December 2021, the individual is resident in Québec for the purposes of the Taxation Act and is

(*a*) a Canadian citizen,

(*b*) a permanent resident within the meaning of subsection 1 of section 2 of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27),

(*c*) a temporary resident or the holder of a temporary resident permit, within the meaning of the Immigration and Refugee Protection Act, who was resident in Canada during the 18-month period preceding that time, or

(*d*) a protected person within the meaning of the Immigration and Refugee Protection Act;

(2) the individual did not die before 1 September 2022;

(3) the individual is not an individual who is confined to a prison or a similar institution, at the end of 31 August 2022, and who has been so confined during the calendar year 2022 and before 1 September of that year for one or more periods totalling more than 120 days;

(4) the individual is 18 years of age or over at the end of 31 December 2022 or would be if the individual had not died before that time, or the individual is, at the end of 31 December 2021, an emancipated minor or a minor who is the father or mother of a child with whom the minor resides;

(5) subject to the third paragraph, the individual files, for the particular taxation year, a fiscal return under section 1000 of the Taxation Act on or before 30 June 2023; and

(6) the individual is not exempt from tax for the particular taxation year under section 982 or 983 of the Taxation Act or any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002).

For the purposes of subparagraph 3 of the first paragraph, an individual who has been allowed, during a particular day of the calendar year 2022 that precedes 1 September, to be temporarily absent from a prison or similar institution to which the individual has been confined is deemed to be confined to that prison or similar institution throughout that day.

Subparagraph 5 of the first paragraph does not apply in respect of an individual where the individual, or the individual's cohabiting spouse, is entitled to receive, as a consequence of the application of sections 1029.8.116.18.1 and 1029.8.116.18.2 of the Taxation Act, an amount for the period beginning on 1 July 2022 and ending on 30 June 2023 on account of the amount deemed, under section 1029.8.116.16 of that Act, to be an overpayment of the tax payable.

The amount deemed to be an overpayment by the individual under the first paragraph is equal to

(1) where the individual's income for the particular taxation year is equal to or less than $50,000, $600;

(2) where the individual's income for the particular taxation year is greater than $50,000, but less than $54,000, the amount determined by the formula

$600 − 5% (A − $50,000);

(3) where the individual's income for the particular taxation year is equal to or greater than $54,000, but does not exceed $100,000, $400;

(4) where the individual's income for the particular taxation year is greater than $100,000, but less than $104,000, the amount determined by the formula

$400 − 10% (A − $100,000); or

(5) where the individual's income for the particular taxation year is equal to or greater than $104,000, zero.

In the formulas in subparagraphs 2 and 4 of the fourth paragraph, A is the individual's income for the particular taxation year.

For the purposes of the fourth paragraph, no account is taken of any redetermination of the individual's income for the particular taxation year made by the Minister of Revenue after 9 November 2022.

The Minister of Revenue shall pay to the individual, without the individual having to apply for it, the amount determined under the fourth paragraph on account of a deemed overpayment by the individual and shall send the individual a notice to that effect. However, where the amount so determined is less than $2, the Minister of Revenue is not required to pay it to the individual or send the individual a notice.

No interest is payable on an amount paid under the seventh paragraph.

Despite section 53 of the Act to facilitate the payment of support (chapter P-2.2), the amount determined in respect of the individual under the fourth paragraph may not be applied to the payment of an amount owed by the individual under that Act.

The sums necessary for the payment provided for in the seventh paragraph are taken out of the tax revenues collected under the Taxation Act.

In this section,

(1) "taxation year" has the meaning assigned by Part I of the Taxation Act;

(2) "cohabiting spouse" of an individual means the person who is the individual's cohabiting spouse at the end of 31 December 2021 for the purposes of Division II.17.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act;

(3) "child" has the meaning assigned by section 1 of the Taxation Act and, in that respect, section 2 of that Act applies for the purpose of determining whether an individual is the father or mother of a child; and

(4) "income" of an individual for a particular taxation year means, subject to the twelfth paragraph, the individual's income for the year determined under Part I of the Taxation Act.

For the purposes of the definition of "income" in the eleventh paragraph, the following rules apply:

(1) where an individual becomes a bankrupt in the calendar year 2021, section 779 of the Taxation Act does not apply for the purpose of determining the individual's income; and

(2) an individual's income for the particular taxation year is deemed to be equal to zero where the third paragraph applies in respect of the individual.

109. The Minister of Revenue may establish and implement a financial compensation program to subsidize the development, acquisition, installation, operating and maintenance costs of a technological means for managing the exemption provided for in section 87 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5), in respect of the tax on alcoholic beverages provided for in Title II of the Act respecting the Québec sales tax (chapter T-0.1) and the tax provided for in section 2 of the Fuel Tax Act (chapter T-1), and managing the exemption provided for in section 9.1 of that latter Act.

110. The following sums are taken out of the Consolidated Revenue Fund:

(1) for the fiscal year 2022–2023, the sum of $7,600,000,000 corresponding to the value of asset retirement obligations that arose before 1 April 2022; and

(2) the sums required to provide for

(*a*) the revision of those obligations, and

(*b*) the accretion and indexation expenses related to those obligations.

111. The following excess expenditures and investments of special funds are approved:

(1) for the fiscal year 2022–2023, those of $400,000,000 resulting from asset retirement obligations that arose before 1 April 2022;

(2) those resulting from any revision of those obligations; and

(3) those resulting from accretion and indexation expenses related to those obligations.

The sums to provide for the payment of those expenditures and investments are taken out of the Consolidated Revenue Fund, out of the sums credited to the special fund for which an excess amount was recorded.

112. This Act comes into force on 15 March 2023.